

Global Entry and Marketing Strategy for Indian MNC: Management Perspective

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[Abstract]

This paper offers international marketing tactics and examines whether Indian MNC are adapting or standardizing their marketing mix elements in international markets. Indian MNCs are chosen to test both the validity of the overall framework and the importance of factors influencing the international entry mode, export marketing strategies and performance. We created a framework and tested it, empirically, with a representative sample of medium to large Indian MNC. The findings indicate that managerial experience and market characteristics are important drivers for the global entry mode choice and in turn, are one of the key parameters of MNC performance. The study develops structural equation modeling technique to analyse the hybrid model using LISREL software. The research shows that the both adaptation and standardization are used at the same time within the respondent group and both marketing strategies and entry modes have significant impact on MNCs performance. In addition firm-specific assets and internationalization risk factors have substantial influence on marketing strategies and entry modes. The paper includes our conclusions, a discussion of the limitations of the study and the managerial implications, and suggestions for future research.

Keywords: *Marketing mix strategy, international performance, global mindset, global entry strategy.*

[Introduction]

In the early 21st century, higher education has become a competitive enterprise. Universities compete for status and ranking, and generally for funding from governmental or private sources (UNESCO, 2009).

The opening up of the world's markets via new legislative, technological and management developments, has resulted in an increased focus on international trade and competitiveness. Considerable research attention has been given to the internationalisation strategies of the larger MNCs. This study examines the market entry modes of a representative sample of Indian MNCs. It identifies several significant differences in their choice of market entry mode, and examines the possible explanations for export marketing strategies adopted by some of Indian well known MNCs. As evidenced in the rising of globalization across national boundaries, it becomes extremely vital for international marketers to understand the importance of the degree of standardization/adaptation of their international marketing strategy. Global market entry strategies involve decisions on the choice of a target market (country), entry mode, marketing plan and control system. The decision on which entry mode to use for a foreign market has a major impact on the success of entry and performance international

operations. The diversity of uncertainties faced by firms in foreign markets necessitates the balancing of control and flexibility in market entry decisions. Internationalization of a firm is a process in which the firm gradually increases their international involvement, acquiring, integrating, and using the knowledge about foreign markets and operations. With globalization of markets and competition, foreign markets have become increasingly viable and natural opportunities for growth-oriented domestic firms. Therefore, it is of practical as well as theoretical importance to address such strategy questions as (1) Can the marketing strategy and performance relationship be empirically verified in the context of export ventures? (2) To what extent is export market performance influenced by deliberate marketing strategy implementation? and (3) What are the factors that contribute to success in export market ventures?. These questions provide the rationale for the empirical investigation of export marketing strategy and performance reported here. The rest of the article is organized into six sections: First, key areas in which the present study extends the previous literature on the export marketing strategy-performance relationship are highlighted. Second, a broad conceptual framework of export marketing strategy and performance is proposed. Third, the design of the study and the methodological procedures are described. Fourth, the broad framework is operationalized into a testable model, and research hypotheses are developed. Fifth, the findings of the study are presented and discussed and finally, a set of managerial implications are drawn.

[Theories of Internationalisation]

Over the last two decades, there has been a growing body of research examining the internationalisation of firms. Nevertheless, two major opposing perspectives have emerged. The first of these is the internationalization perspective as expressed by the Uppsala Internationalisation Model (Johanson and Vahlne, 1977). This suggests that a new foreign market entrant should gradually become involved in the foreign market through a set pattern of entry modes beginning with exporting, moving through the establishment of an overseas sales subsidiary, and finally the establishment of an offshore production facility. An alternative view is that encompassed by the contingency perspective by Dunning 1980 (ie. Eclectic Paradigm and Transaction Cost Analysis). This suggests that a firm may choose any type of foreign market entry mode based on key variables.

[Market Entry Modes Adopted by MNCs]

Papadopoulos (1987) argues that large firms have an unlimited number of foreign market entry options, while SMEs are limited to exporting in their international operations. This is attributed to a lack of human resources, capital, production capacity and access to sophisticated market research information (Kaufmann, 1995). This may result in a restriction being placed on the growth of SMEs in the internationalisation process. Other than exporting, foreign market entry modes are used by SMEs include: sole venture, agents, distribution networks, strategic alliances, licensing and joint ventures. Joint ventures and other cooperative arrangements can be a useful way of commercialising products in overseas markets where firm resources are scarce (Shan, 1990; Van Horn, 1990). However, such cooperative arrangements are not frequently adopted by small firms. Direct exporting via agents or distributors appears to be the most popular form of market entry mode for non-service SMEs (Miesenbock, 1988; Vandermerwe and Chadwick, 1989). However, there is evidence to suggest that a higher degree of export success is likely via joint-venture alliances rather than sole venturing among smaller firms (Baird, et al., 1994). Most of the research into foreign market entry mode has been concentrated on the medium and large firm. It is questionable whether the strategies employed by SMEs are appropriate for large firms.

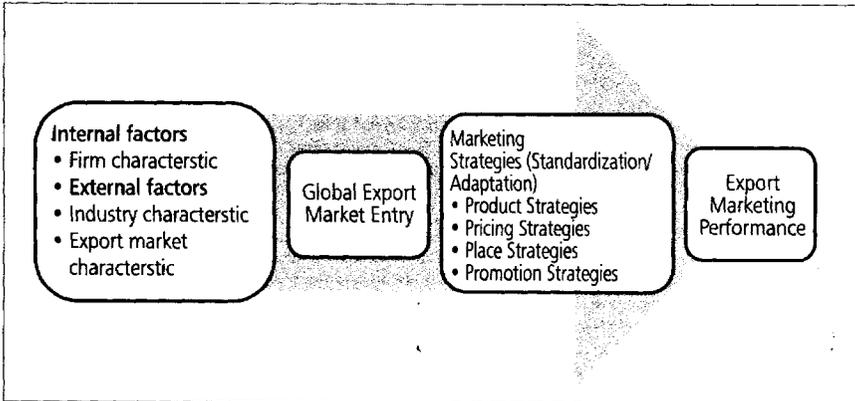
[A Proposed Conceptualization of Export Entry Strategy-Performance]

A conceptual framework of export marketing strategy and performance based on the marketing strategy mix principle is proposed in Figure 1. The framework postulates that marketing strategy in an export venture is determined by internal forces such as firm and market characteristics and external forces such as industry and export market characteristics. The performance of the export venture, in turn, is determined by export marketing

strategy and firm characteristics. In contrast to previous exporting studies that postulate direct links from product, industry, and export market characteristics to export performance (e.g., Cooper and Kleinschmidt 1985; Madsen 1989). The proposed conceptualization posits that these links are mediated by export marketing strategy, highlighting the central role of marketing strategy in determining performance. This is because for various states of the export venture's context as defined by product, industry, and export market characteristics, export marketing strategy must be adapted so that strategy-environment mix and subsequent positive performance can be achieved.

The proposed framework incorporates three key features. First, the unit of analysis underlying the framework is the individual product-market export venture, rather than the total export activity of the firm. Second, the framework posits that export performance involves both strategic and economic considerations. Third, the framework is presented in general terms, with export marketing strategy, internal forces, and external forces representing broad categories of variables. This is because the existing exporting literature is not very helpful in terms of suggesting specific constructs or measures for the proposed conceptualization. Therefore, no a priori testable model is assumed and further operationalization of the framework is sought through the empirical research reported in this article.

Figure 1: A Conceptualization Framework of Export Marketing Strategy and Performance



Source : Author Estimation

[Key Components and Relationships]

Export Marketing Performance: Export performance is defined as the extent to which a firm's objectives, both economic and strategic, with respect to exporting a product into a foreign market, are achieved through planning and execution of export marketing strategy. A firm usually initiates an export venture with a number of objectives, which can be economic (i.e., profits, sales, or costs) and/or strategic (i.e., market expansion, competitive response, gaining a foothold in foreign market, or increasing the awareness of the product/firm). Subsequent to formulation and implementation of export marketing strategy, some objectives can be achieved fully, others only marginally. The extent to which a venture's strategic and economic objectives are achieved is therefore a gauge of the performance in the export venture.

Export Marketing Strategy: Export marketing strategy is the means by which a firm responds to the interplay of internal and external forces to meet the objectives of the export venture. It involves all aspects of the conventional marketing plan, including product, promotion, pricing, and distribution. In international marketing, the key consideration is whether the marketing strategy should be standardized or adapted to the conditions of the foreign market (Douglas and Craig 1989). The degree of marketing adaptation versus standardization is a function of product, industry, market, organization, and environmental characteristics (Buzzell 1968; Jain 1989; Walters 1986). Therefore, we evaluate export marketing strategy along the standardization-adaptation continuum.

Firm Characteristics: Firms' capabilities and constraints profoundly influence their choice of marketing strategy and ability to execute the chosen strategy (Aaker 1988; Porter 1980). Key assets and skills of a firm constitute its sources of sustainable competitive advantage. In export marketing, the relevant assets and skills of a firm include size advantages (Reid 1982), international experience, extent of international business involvement, and resources available for export development (Terpstra 1987). Possession of such assets and skills enables an exporter to identify the idiosyncracies in the export markets, develop appropriate marketing strategy, and execute it effectively. Therefore, firm characteristics affect export marketing strategy and performance.

Industry Characteristics: The intensity of exporting activity and the nature of export marketing strategy vary considerably across industries. This is largely a result of the varying nature of industries. Industry structure has been considered a key determinant of firms' strategy in domestic market context (Mahajan, and Varadarajan 1990). In export marketing, analysis of the relationship between industry structure and marketing strategy must incorporate the significant variations in the market systems, government interventions, and presence of foreign competitors across markets. In addition, technology intensiveness and intensity of price competition in the industry also must be considered as the relevant correlates of adaptation of marketing strategy.

Export Market Characteristics: Conditions in foreign markets pose both opportunities and threats for exporters. Export marketing strategy must be formulated in such a way to match a firm's strengths with market opportunities and neutralize the firm's strategic weaknesses, or to overcome market threats. Consequently, export marketing strategy tends to be conditioned by export market characteristics (Cavusgil, Zou, and Naidu 1993). The key characteristics of the export market that can affect the choice of export marketing strategy include demand potential, cultural similarity to home market, familiarity with the product, brand familiarity of export customers, and similarity of legal and regulatory frameworks.

[Sample and Data Collection]

Data were collected through questionnaire technique and in-depth personal interviews with export marketing managers who were involved directly in the particular ventures under study. They also ensured that (1) the managers chosen were those who were directly involved in the export ventures studied, (2) the managers fully understood the purpose of the study and the exact measures solicited by the interviewers, and (3) a particular interview was focused on an individual product-market export venture, excluding other export ventures of the same company. Given the need to collect data at the export venture level and the complexity of the individual ventures studied, it was believed that the data collected through in-depth personal interviews were more

comprehensive, accurate, and reliable than what would have been possible through a mail survey. The data for analytical purpose come from a mail survey of Indian MNCs, actively exporting, for at least two years prior to the survey. A comprehensive questionnaire was developed and pilot tested before being mailed to a list of 202 firms, which constitute the majority of manufacturing firms actively exporting to above countries from India. The list of companies with export marketing operations, which constituted the study population, was compiled first from state export promotion agencies and from several trade associations. Following the semi-structured instrument as a guide and using an open-ended format, they probed the manager about the company's international business involvement; the export venture's planning and entry, export marketing strategies, strategic and economic goals, and performance; and other aspects pertaining to product, industry, and export market characteristics. They also collected background reports, product literature, and export marketing plans that were pertinent to the venture. Following the standard procedure established in the preliminary interviews, the researchers assigned a score to each of the variables measured by five-point bi-polar scales.

At the completion of data collection, information pertaining to 202 export venture cases from 85 firms across 16 industries was obtained. Of these 202 cases, about 47.5% were related to consumer products, 42.6% to industrial products, and 9.8% to products that could not be classified clearly. All respondents were from manufacturing firms, with average annual sales of \$200 million and average number of full-time employees of approximately greater than 500. Most of the sampled export ventures had a history of between 5 and 12 years, allowing for a long-term measure of export performance. Given the fact that we investigated export market performance, one might expect that only successful exporters would be willing to participate in the interviews. This was not the case, however. In fact, nearly 30% of the respondents perceived their ventures to be unsuccessful; about 20% of the ventures reported negative growth or no growth in export sales; and about 25% of the ventures were unprofitable.

[Operational Model and Hypotheses]

The sample was first split into two subsamples, the analysis subsample and the hold-out subsample each containing 101 cases. On the analysis subsample, an EFA with principal component extraction and varimax rotation was applied to each category of explanatory variables. In Table 1, which is arranged so that variables belonging to the same factor are grouped together, we present 19 factors extracted from the analyses and the preliminary labels assigned to them. We decided to include a factor in the operational model on the basis of whether there is theoretical or empirical relevance of the factor, the relationships between the factor and other included factors are consistent with the proposed theoretical framework, and the factor contributes to the explanatory power of the model. On the basis of export marketing, standardization/adaptation, and strategic management literature, 12 factors were selected for inclusion and the conceptual frame-work was operationalized into the testable model in Figure 2. The seven remaining factors were excluded from further analysis for one of two reasons: they were judged to be less relevant to the proposed conceptual framework based on review of the literature or, though making minimal explanatory contribution, they would reduce the parsimony of the model.

[Research Hypotheses]

Export marketing performance. The performance of an export venture is determined by export marketing strategies and management's capability to implement the strategies (Aaby and Slater 1989). When export marketing strategies are coaligned with the context of an export venture as defined by firm, product, industry, and export market characteristics, positive performance can be expected for the venture (Anderson and Zeithaml 1984; Venkatraman and Prescott 1990). Product, promotion, and competitive pricing strategies have been described as the means by which firms' offerings adapt to or fit the idiosyncracies of foreign markets (Douglas and Wind 1987; Quelch and Hoff 1986). Therefore, these strategies can be interpreted as the means by which a firm achieves coalignment between the marketing strategies and internal and external context of the export venture. It also is hypothesized that export performance is positively affected by a firm's international competence, commitment to the venture, and support to distributor. Competence in international operations enables firms

to select better export markets, formulate suitable marketing standardize strategy, and effectively implement the chosen strategy. When managers are committed to an export venture, they carefully plan the entry and allocate sufficient managerial and financial resources to the venture. With formal planning and resource commitment, uncertainty is reduced and marketing strategy can be implemented effectively (Christensen, da Rocha, and Gertner 1987), leading to better performance. Similarly, supporting a distributor in the export market can lead to a cooperative partnership between the manufacturer and the distributor. Cooperation in the export channel will lead to effective implementation of marketing strategy and better performance. Empirical evidence supports the positive relationship between export performance and a firm's international experience (competence) (Kirpalani and Macintosh 1980), management commitment (Bilke 1982; Daniels and Robles 1985), and support to distributor (Bello and Williamson 1985). Firms constantly monitor their export marketing strategies to accommodate changes in both internal and external factors that may impact on their performance. Thus, firm's export marketing strategies and management capability to implement the strategies are critical to the performance of firms. Product adaptation, promotion, competitive pricing and distribution strategies have been described as the means by which firm's offerings adapt to or fit the foreign market. Therefore, the following hypotheses will be tested.

H1: Export Marketing performance in an export entry is positively influenced by export marketing mix i.e. adaptation/standardization.

H2: Market knowledge is positively related to marketing mix strategies (a) product; (b) pricing; (c) promotion; and (d) distribution.

H3: Firm characteristic is positively related to marketing mix strategies (a) product; (b) pricing; (c) promotion; and (d) distribution.

H4: Industry characteristic is positively related to marketing mix strategies (a) product; (b) pricing; (c) promotion; and (d) distribution.

H5: Export market characteristic is positively related to marketing mix strategies (a) product; (b) pricing; (c) promotion; and (d) distribution.

It is posited that the degree of product adaptation is influenced positively by a firm's international competence, product uniqueness, cultural specificity of product, and export market competitiveness; As Douglas and Wind (1987) point out, somewhat ironically, the more internationally experienced (competent) a firm is, the more likely it is that standardization will not lead to optimal results. An inexperienced firm seeks the closest match between its current offerings and foreign market conditions so that minimal adaptation is required. When a product can meet universal needs, standardization of product and promotion is facilitated (Levitt 1983). Similarly, when a culture-specific product is exported to a foreign market, the cultural base on which the product is developed may not match the cultural base in the foreign market. Technology orientation of the industry negatively influences product and promotion adaptation. In technology-intensive industries (e.g., computers, consumer electronics, and aircraft), products appeal less to the generic needs such as tastes, habits, and customs, which tend to vary from market to market (Douglas and Urban 1977). Finally, export customers' familiarity with the brand can ease the entry of the product into the export market. Therefore, a familiar brand requires a lower degree of promotion adaptation in the export market than an unfamiliar one, because familiarity can translate into favorable attitude (Parameswaran and Yaprak 1987), which forms brand equity and can be exploited in the foreign market (Kashani and Quelch 1990). The aforementioned relationships are summarized in the following hypotheses.

H6: degree of product adaptation in an export entry is positively influenced by (a). firms' international competence increases; (b). product uniqueness increases; (c). cultural specificity of product increases;

H7: degree of promotion adaptation in an export entry is positively influenced by (a). export market competitiveness increases; (b). firms' experience with product increases; (c). brand familiarity of export customers increases; and (d). technology orientation of industry increases.

Both place and price competitiveness are influenced positively by commitment to the venture, export market competitiveness, and technology orientation of industry. The optimal amount of support to foreign distributor/subsidiary is influenced by the firm's commitment, nature of product, and export market forces. Because the foreign distributor/subsidiary is the vital link between manufacturer and export customers, management's commitment to the venture is likely to lead to a high level of support to the distributor/subsidiary. Similarly, because of the need to recover quickly huge investments in technology in today's market environment (Harrigan 1987; Ohmae 1989), firms in technology-intensive industries are likely to adopt a competitive pricing strategy in export ventures to broaden the demand base and facilitate scale efficiency. These relationships can be expressed in the following hypotheses:

H8: Support to foreign distributor in an export entry is positively influenced by (a). commitment to export venture increases; (b). export market competitiveness increases; and (c). technology orientation of industry increases.

H9: Price competitiveness in an export entry is positively influenced by (a). commitment to export venture increases; (b). export market competitiveness increases; and (c). technology orientation of industry increases

A firm's export marketing strategies are usually formulated in such a way to match the firm's strengths with foreign market opportunities and neutralize the firm's strategic weaknesses (Terpstra, 1987). Consequently, export marketing strategies tend to be conditioned by export market characteristics including the foreign environment in which businesses operate.

H10: Export market characteristic is positively related to marketing mix strategies (a) product; (b) pricing; (c) promotion; and (d) distribution.

Table 1: Exploratory Factor Analyses by Group on the Analysis Subsample

Group 1 : Export Marketing Mix Strategy				
Factors	Factor 1.1	Factor 1.2	Factor 1.3	Factor 1.4
Factor Label	Product Strategy	Pricing Strategy	Promotion Strategy	Place Strategy
Eigen Value	1.40	1.61	2.6	1.85
Percent Variance	8	7.5	14.3	11
Group 2 : Firm Characteristics				
Factors	Factor 2.1	Factor 2.2	Factor 2.3	Factor 2.4
Factor Label	Firms International Competence	Commitment to Entry	Global Entry Intensity	Firms International Experience
Eigen Value	4.40	2.81	1.96	1.85
Percent Variance	28.2	27.5	15.3	11.6
Group 3 : Industry Characteristics				
Factors	Factor 4.1			
Factor label	Industry characteristics			
Eigen value	1.40			
Percent variance	48.2			
Group 4 : Export Market Characteristics				
Factors	Factor 5.1	Factor 5.2	Factor 5.3	Factor 5.4
Factor Label	Export Market Attractiveness	Cultural/legal Similarity	Export Market Competitiveness	Brand Familiarity
Eigen Value	4.40	2.81	1.96	1.85
Percent Variance	28.2	27.5	15.3	11.6

[Research Results]

A confirmatory factor analysis (CFA), using the oblique centroid multiple groups analysis, was performed to (1) assess and validate the measurement model of export performance and the purified export marketing strategies and other factors included in the operational model (first part of Table 3) and (2) generate a disattenuated correlation matrix of the explanatory factors and performance to be used in path analysis. The CFA was performed on the hold-out subsample of 101 cases, with communalities placed on the diagonal of the correlation matrix. Therefore, the resultant correlation estimates among factors and export performance have been corrected for attenuation (Hunter and Gerbing 1982). The estimates of the item-factor correlations and the reliability for the explanatory factors and export performance are shown in Table 2.

Table 2 : Measurement Model and CFM on Sub-sample

FACTORS INCLUDED CORRELATION	ITEM-FACTOR ALPHA	COEFFICIENT
Export Marketing Performance		0.781
• Extent to which strategic goals are achieved	.61	
• Perceived success of the venture	.86	
• Average sales growth over the first five years	.59	
• Average profitability over the first five years	.64	
Product Capability		0.682
• Degree of initial product adaptation	.65	
• Degree of product adaptation subsequent to entry	.89	
• Extent of product labeling in local language	.96	
Promotion Capability		0.835
• Degree of adaptation of product positioning	.86	
• Degree of adaptation of packaging	.75	
• Degree of adaptation of promotional approach	.78	
Place Capability		0.857
• Overall support to foreign distributor/subsidiary	.95	
• Training provided to sales force of foreign distributor/subsidiary		68
• Promotion support to foreign distributor/subsidiary	.64	
International Competence		0.882
• Number of full-time employees	.84	
• Three-year average sales volume	.95	
• Amount of firm's international experience	.67	
• Years of firm's regular international operations	.94	
• Number of foreign markets in which firm operates	.72	
• Amount of resources available for export development	.81	
Commitment to the Venture		0.725
• Extent of planning for the entry of the venture	.74	
• Extent of management commitment to the venture	.86	
• Extent of (non-managerial) resource commitment	.95	
Cultural Specificity of Product		0.962
• Degree to which the product is culture-specific	n.a	
Product Uniqueness		0.869
• Degree to which the product is unique	n.a	
Technology Orientation of Industry		0.875
• Degree of technology orientation of industry	n.a	
Export Market Competitiveness		0.842
• Degree of competitive intensity in the export market	n.a	
Brand Familiarity of Export Customers		0.768
• Degree of brand familiarity in export market	n.a	

Table 3 : Means, Standard Deviations and Spearman Rank Order Correlations Matrix

VARIABLE	Mean	S.D	X1	X2	X3	X4	X5	X6	X7	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y14	Expected Entry Mode
X1: commitment to entr	12.05	10.9	1.00															+
Y1: Expt Competition	2.85	1.16	.02	1.00														+
Y2: product mix	2.45	1.12	-.01b	.09	1.00													-
Y3: pricing mix	3.49	1.13	.02	.13	.13	1.00												+
Y4: place mix	3.68	1.45	.10	.04	.09	.07	1.00											-
Y5: promotion mix	2.95	1.53	.21	-.07	-.03	.10	-.02	1.00										+
Y6: market know	3.59	1.86	.19	.21	.17	.13	.13	-.09b	1.00									+
Y7: firm char	3.87	1.89	.08	.13	.02	.15	.35	.02	.03	1.00								-
Y8: industry char	4.89	1.92	.16	.10	-.12b	.17	-.09	-.19	-.12	.29	1.00							+
Y9: exp mark char	4.45	1.91	.30	.07	.09	.08	.16	.03	.30	.14	.30	1.00						+
Y10: brand fam	3.98	1.58	.05	-.09	-.03	.16	.05	.05	.05	.09	-.12	.13	1.00					+
Y11: firm exp	3.58	1.60	.15a	-.31	-.10	-.07	-.16	-.05	-.18	-.18	.20	.30	.03	1.00				+
Y12: tech orientn	3.96	1.58	.22b	.07	.14b	.12	.00	-.04	.06	-.03	-.04	.11	.09	.16	1.00			+
Y13: exp from revenue	3.92	1.59	.24	.05	.12	.09	-.08	-.36	.05	.36	.65	.32	.12	.17	.03	1.00		+
Y14: market share	3.78	1.64	.56	.26	.14	.11	.03	.01	.00	-.36	-.05	.02	.08	.003	0.01	0.03	1.00	

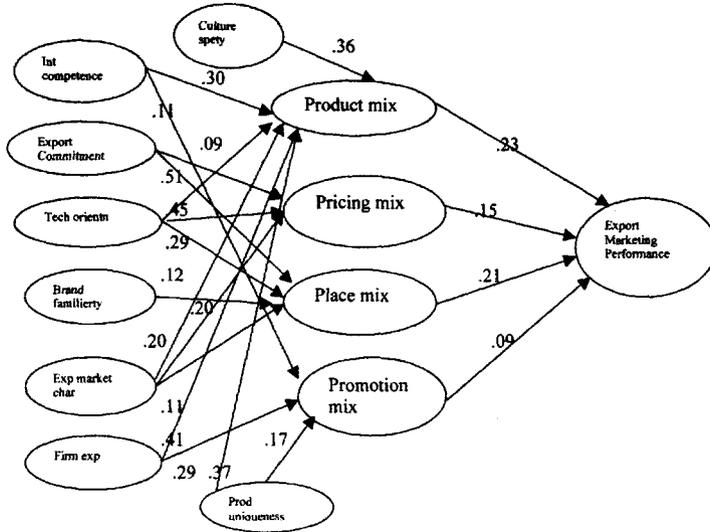
*p < 0.10; bp < 0.05; cp < 0.01.

+ = Encourages equity entry mode; - = Encourages non-equity entry mode

Given that the factors were uncovered initially by the EFA on the analysis subsample and the CFA was performed on the hold-out subsample, we believe that the reliability estimates for export performance and all explanatory factors measured by multiple indicators are acceptable. Though only item-factor correlations and coefficient alphas are reported in Table 2, the patterns of item-item correlations and item-factor correlations exhibit no apparent deviations from the internal consistency and external consistency criteria described by and Anderson, Gerbing, and Hunter (1987), suggesting unidimensionality of export performance and the factors as shown in table 3. The disattenuated correlation matrix of the factors and performance, which was part of the output of the CFA, is used subsequently in path analysis to test the operational model.

[Path Analysis on Hold-Out Subsample]

Path analysis, with the ordinary least squares (OLS) criterion, was performed to test the operational model. Specifically, a series of multiple regressions were performed according to the specification of the operational model in Figure 2. The estimates of the path coefficients (i.e., the regression beta weights) and the model fit chi-square statistic are presented in both Figure 2. As is evident, the path model demonstrates an acceptable fit ($\chi^2=35.81$, d.f.=14, CFI=.96, NNFI=.86 and RMSR=.05, smallest standardized residual=-2.06, median std residual=.001, longest std residual=2.43, Tucker-Lewis Index=.99), suggesting that the model fits the data well. Consequently, we consider the estimates of the path coefficients to represent the relationships among the factors adequately, and they can be depended on to test the research hypotheses. Model suggesting that the deviation between the model-reproduced correlations and the observed correlations is statistically minimal. Hence, we conclude that the operational model fits the hold-out subsample data. This implies that the operational model adequately accounts for the observed relationships between export performance, export marketing strategies, and the internal and external factors.



[Discussion]

This study of 202 export market ventures provides a positive answer to this research question. When export ventures are considered over a five-year period, performance can be explained clearly by marketing variables. The results also provide general support for the proposed conceptualization that the coalignment (via standardization/adaptation) of marketing strategy with the internal and external context of an export venture has positive performance implications.

[What Determines Export Marketing Performance?]

Marketing variables, firm competence, and management commitment all have a direct impact on export performance. This key finding supports the contention that success in export market ventures is within the reach of management. Managers have available to them several strategy options to influence export performance. Paramount to favorable results are deliberate resource allocation, commitment, accumulated experience, product adaptation, and channel support. By considering potential changes to product, providing sales and technical training to foreign distributor/subsidiary, and committing financial and managerial resources to the venture, firms can expect better results in export markets. Indeed, managers interviewed for the study often attributed their success to such measures. Performance in export ventures is enhanced when management has international competence, is committed to the venture, adapts the product to meet export customer requirements, and provides strong support to its foreign distributor.

A product that is unique to the domestic market, new to the company, or culture specific could have limited acceptance in the export market. Similarly, a competent firm understands the idiosyncracies of the export market and is able to respond to the local conditions by an marketing mix strategy. Responding managers in technology-intensive industries such as scientific instruments or medical equipment argued for universal acceptability of their products. This contention is verified in the findings. In fact, technology orientation emerges as the strongest determinant of product adaptation.

The results suggest, however, that promotion adaptation is prompted largely by the competitive pressures in the export market. Indeed, responding managers said that promotional efforts were very much dictated by market pressures, as well as environmental factors such as media availability in the export market. Contrary to expectations, the results suggest that promotion adaptation tends to be high for an established product. Presumably, greater experience with the product affords management a better understanding of what can facilitate or hinder a product's potential in the export markets.

Companies provide ongoing support to their foreign distributors/subsidiaries in the form of sales force training, technical assistance, marketing know-how, promotional support, and so on. Indeed, responding managers often cited channel support as a logical consequence of commitment to the venture. Competitiveness of export market also seems to compel managers to strengthen distributor capabilities in the export market. Finally, support to distributor appears to be more likely in technology-intensive industries.

It appears that managers are not resorting necessarily to price as a competitive weapon as a result of either market pressures or higher commitment to the venture. Nevertheless, a competitive pricing strategy is used more frequently in technology-intensive industries. Conceivably, firms try to recover their investments in technology by broadening the customer base in export markets via competitive pricing.

[Implications for Management]

Findings of this research provide several useful practical guidelines and recommendations. Companies can improve their performance in export market ventures through deliberate implementation of appropriate marketing strategies. Such strategies should be co-aligned with the context of the export venture as defined by internal forces, such as firm and product characteristics, and external forces, such as industry and export market characteristics. Planning and execution of an export venture must be incorporated into the firm's strategic management process. The nature and optimal degree of product adaptation/standardization, however, should be determined by the interplay of internal and external forces. Specifically, a high degree of product adaptation should be sought when a firm has substantial international competence or little experience with the product, the product is culture specific or unique, the industry is technology-intensive, and the export market is competitive. Second, because management's international experience, competence, and commitment to the venture also contribute to export performance, companies have much to gain if they hire or train qualified personnel, accumulate international experience in a programmatic manner, and allocate sufficient resources to fully capitalize on export market opportunities. A long-term approach to cultivating international market opportunities is clearly appropriate, given the amount of learning that has to take place for successful international marketing operations. Third, managers are advised to develop a network of competent foreign distributors and strengthen their ability to perform marketing, distribution, and customer service functions through appropriate support and training. Establishment of a mutually beneficial partnership with overseas distributors or subsidiaries would complement other strengths and contribute to success in foreign markets. Finally, companies can seek competitive pricing to maintain an advantageous position in the export market. Nevertheless, relative to strategies such as support to foreign distributor/subsidiary or product adaptation, competitive pricing is a minor determinant of export performance. Therefore, non-price competitive weapons such as emphasizing product features, technological superiority, quality, and patents should not be neglected. Similarly, companies with extensive experience with the product should not assume automatically that they know how to promote their products in foreign markets. It is essential that any decision in promotion adaptation be based on a sound analysis of costs, benefits, and competitive market considerations.

[Directions for Further Research]

Situation may arise in future research contexts in which it will be impossible or impractical to gather information on all 14 measures of export performances used here. Several limitations of this research should be noted with a view toward extending the present study. First, the strategy-performance relationship can be investigated by a longitudinal design spanning longer than the first five years of the ventures, thus gaining a richer understanding of the dynamics and complexity of the relationship. Second, despite the large number of variables included in

the study, not all potentially relevant variables have been explored. We investigated only technology intensiveness and intensity of price competition in the industry. Other industry structure variables, such as presence of foreign competition, government intervention, and competitors' strategy should be studied in the future. Similarly, the effects of industry classification and organization structure, which are not assessed in this study due to the intragroup heterogeneity of the sample in terms of technology intensiveness of the industry or lack of measures, should be studied in the future. Thirdly, the sample we used does not constitute a random sample, because only those managers who were qualified for and willing to participate in the study were interviewed. A fruitful direction for further research is to replicate the principal features of this study within different regions, and/or different countries. Finally, Additional research should attempt to provide estimates obtained by a full information technique such as Maximum Likelihood. To achieve this, a larger sample size and multiple indicators for all factors should be sought.

[Conclusion]

The present study has extended the literature on marketing strategy and export marketing performance in several areas. First, the present study has substantiated the empirical link between marketing strategy and performance in the context of export market ventures. The results support the contention that firms can achieve better performance in international markets through deliberate marketing strategy implementation. Second, the study has overcome the conceptual and methodological weaknesses inherent in previous exporting studies. Together with the constructs and the measurements developed, the unified theoretical framework of export marketing strategy and performance, which has been verified here, can serve as a foundation for further research in export marketing. Third, the study has contributed to a more comprehensive understanding of the success factors in export marketing. Marketing strategy, firms' international competence, and managerial commitment have emerged as key success factors in export marketing.

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