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Modelling the effects of firm-specific and environmental characteristics on export marketing performance

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Modelling the Effects of Firm-Specific and Environmental Characteristics on Export Marketing Performance

Abstract

This study considers potential influences of export marketing performance at the individual product-market level. Data were gathered via a mail survey of Thai exporters. The results indicate that are significant determinants of export marketing performance.

Key Words: Marketing Strategy, Export Performance

Introduction

The factors influencing export success have been the focus of much research and theoretical debate over recent times. Particularly so, in relation to issues of the determinants of firm export performance, how performance in export markets can be improved (see: Aaby and Slater, 1989; Cavusgil and Zou, 1994; Styles, 1998; Zou, Taylor and Osland, 1998) and on performance itself (Styles, 1998). The focus on performance is particularly relevant because it is widely recognised that success in the domestic market does not guarantee success in foreign markets (Shoham, 1999). As a result, it is not surprising to find a growing body of research attempting to link export performance to firm-specific characteristics (Diamantopoulos and Schlegelmilch, 1994), product characteristics (Cavusgil, Zou and Naidu, 1993), export market characteristics (Dominguez and Sequeira, 1993), export marketing strategy (Cavusgil and Zou, 1994) and the direct versus indirect effects of external and internal factors on performance (Lages, 1999).

With a belief that both firm-specific characteristics and environmental characteristics have a direct impact on performance, there is growing recognition that strategy may moderate this relationship (Moen, 2000). Another important issue regarding the current body of research is that the majority of exporting studies to date have been conducted in developed countries

(e.g., the United States, Canada and Western European countries) with very little attention given to developing countries, especially those in South East Asia and the performance measures used in previous studies often reflect the unique emphasis that different countries place on exporting (Zou, Taylor and Osland, 1998). Given the paucity of exporting studies in the South East Asian countries, the primary purpose of the present study was to examine export performance in a South East Asian country context and to examine the determinants of performance.

Market Mode of Entry

Whilst there have been a diversity of studies undertaken to determine why firms use certain modes of market entry, one research approach has dominated the study of the appropriate market entry mode structure, that approach being *stages research* (Calof and Beamish, 1995). Stages research is the main form of the pattern-oriented approach to analysing mode selection. It proposes that firms move sequentially through different stages as they develop their international activities (Calof and Beamish, 1995).

Regardless of the stages' process used or the element being institutionalised, each operates under the same basic philosophy. Each stage involves an increased commitment to international activities (Jain, 1994). Usually firms commence their international operations with some form of direct/indirect export. The internationalising firm can then move to establish a sales subsidiary in the foreign market of question. Once the sales subsidiary has produced satisfactory results, the internationalising firm may then get involved in some form of licensee/franchise agreement. Alternatively, the internationalising firm could move to establish some form of IJV with a suitable partner that has usually emerged from one of the earlier stages and is likely to have been a customer, consumer or user of the internationalising firm's products from one of the earlier stages. The final stage of the stages research process involves the internationalising firm establishing its own wholly-owned subsidiary. Each stage

the internationalising firm goes through involves an increased commitment to international activities and this increased commitment is likely to be as a result of increased trust between the parties' involved as each party goes through the internationalising process. Commitment increases as firms learn more and therefore become less uncertain about foreign markets (Kedia and Chokar, 1986). Direct export is, therefore, the first stage in the internationalisation process and the focus of this study.

Export Marketing Performance

Export marketing performance has been measured, principally, in three different ways. First, by measuring export marketing performance using the economic indicators of performance i.e. profit, sales, market share etc. The underlying theoretical justification for using economic indicators is that exporting is part of a firm's marketing program and performance should be measured in the same way that marketing operations are measured, in economic or financial terms (Zou, Taylor and Osland, 1998). Studies adopting such measures of export marketing performance have used indicators such as export sales, export sales growth, export profits, and export/sales ratio (Johnson and Arunthanes, 1995; Shoham, 1998; Styles, 1998, Thirkell and Dau, 1998).

Export marketing performance has also been measured via strategic outcomes, including expanding strategically into foreign markets, to gain a foothold in the export market or simply to increase the awareness of the product/company. Such measurement is justified because firms are argued to have a set of strategic goals as well as economic goals when exporting (Cavusgil and Zou, 1994). This suggests that the attainment of strategic goals such as, improved competitiveness, increased market share, or strengthened strategic position should be considered an integral part of export marketing performance (Johnson and Arunthanes, 1995; Zou, Taylor and Osland, 1998). Finally, measurement of export marketing performance has been undertaken via perceptual or attitudinal measures including perceived satisfaction. The theoretical perspective of using this approach is that being positively disposed toward

exporting and/or satisfied with exporting operations is a strong indication of success in exporting (Cavusgil and Zou, 1994).

In relation to measurement, there has not been sufficient effort expended in measuring performance, especially in the developing countries of South East Asia. Most previous research has been conducted in developed countries such as, the United States (Cavusgil and Zou, 1994), Canada (Francis and Collins-Dodd, 2000), New Zealand (Thirkell and Dou, 1998), United Kingdom, Australia (Styles, 1998) and various European countries (Sundqvist et al., 2000). As a result, it is still unclear whether the issues affecting export marketing success in a developed country are applicable to the developing countries of South East Asia. Given the growth in the literature on export marketing performance one ponders the lack of interest in South East Asia given the economic growth rates of several South East Asian countries over the past decade showing important trends and success in exporting.

Determinants of Export Performance

In the context of export performance four broad groups of determinants of export marketing performance have been identified, including; firm-specific characteristics (Diamantopoulos and Schlegelmilch, 1994), product characteristics (Cavusgil and Zou, 1994; Styles and Ambler, 1994), market characteristics (Cavusgil and Zou, 1994; Styles and Ambler, 1994), and export marketing strategy (Cavusgil and Zou, 1994; Dominguez and Sequeira, 1993).

It is argued that in the context of firm-specific characteristics, a firm's capabilities and constraints influence their choice of marketing strategy and ability to execute a chosen strategy (Aaker, 1988). The resources of a firm constitute its sources of sustainable competitive advantage (Day and Wensley, 1988) and in export marketing these resources include size advantages (Reid, 1982), international experience (Douglas and Craig, 1989), channel support (Rosson and Ford, 1982) and resources available for export development (Terpstra, 1987). Possession of such resources enables an exporter to identify the

idiosyncracies in the export markets, develop the necessary marketing strategies and implement them effectively, thus achieving higher export marketing performance (Cavusgil and Zou, 1994). Thus in the context of firm characteristics and marketing mix strategy it is hypothesised that:

- H1. Channel support will influence marketing mix strategy.
- H2. Firm competencies will influence marketing mix strategy.
- H3. Firm commitment will influence marketing mix strategy.

Further, in the context of firm characteristics and export marketing performance it is hypothesised that:

- H9. Channel support will influence export marketing performance.
- H10. Firm competencies will influence export marketing performance.
- H11. Firm commitment will influence export marketing performance.

The characteristics of a firm's product have also been identified as having an influence on the firm's marketing performance in an export market (Cavusgil, Zou, and Naidu, 1993). The product's attributes are argued to affect the positional competitive advantage of a firm (Day and Wensley, 1988), thereby influencing marketing performance. Product characteristics that have been argued to influence marketing performance include culture-specificity, strength of patent, age, unit value, uniqueness and service/maintenance requirements (Cavusgil and Zou, 1994). Thus in the context of product characteristics and marketing mix strategy it is hypothesised that:

- H4. Product characteristics will influence marketing mix strategy.

Further, in the context of product characteristics and export marketing performance it is hypothesised that:

- H12. Product characteristics will influence export marketing performance.

Along with firm characteristics such as resources, capabilities, commitment and specific product dimensions, market characteristics, in the sense that foreign markets pose both threats and opportunities for exporting firms are argued to significantly affect marketing performance. A firm must match its strengths with market opportunities to negate market threats, in order to ensure better marketing performance. In response to such external forces and in recognition of internal forces firms develop and implement an export marketing mix strategy. In reality the marketing mix strategy is one of the means by which a firm responds to market forces to meet its objectives (Cavusgil and Zou, 1994). Marketing strategy involves all aspects of the marketing mix, including, product, pricing, promotion and distribution, and in international marketing, the key determining factor affecting marketing mix strategy is the decision to standardise or adapt to the conditions of the foreign market (Cavusgil and Zou, 1994; Douglas and Craig, 1989). The degree of adaptation versus standardisation is argued to be a function of product, market, organisation and environmental characteristics (Cavusgil, Zou and Naidu, 1993; Jain, 1989). Therefore, export marketing mix strategy is determined by the degree of adaptation or standardisation required in each foreign market (Cavusgil and Zou, 1994), thus in effect directly influencing marketing performance.

The more internationally competent a firm is the more likely it is that standardisation alone will not lead to optimal results. A competent firm, because of its international experience knows the differences in environmental conditions and is more likely to select the most attractive market for the venture and adapt the marketing strategy to accommodate the specific needs of the market (Cavusgil and Zou, 1994). An inexperienced firm seeks the closest match between its current offerings and foreign market conditions so that minimal adaptation is required (Douglas and Craig, 1989). When a product can meet universal needs, a standardised strategy is facilitated (Cavusgil and Zou, 1994), however, if a product only meets unique needs, greater adaptation of product and promotion will be required to meet customers' product use conditions (Cavusgil, Zou and Naidu, 1993) and to educate customers in using and maintaining the product. Also, 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. To be viable, the product must be adapted to the cultural requirements of the foreign market (Cavusgil and Zou, 1994). This suggests that an adaptation strategy is likely to lead to better marketing performance results than a standardised strategy.

As such, export marketing performance tends to be conditioned by market characteristics (Cavusgil and Zou, 1994), including; the policies of host country governments (Contractor, 1990; Blodgett, 1991); technology transfer (Beamish, 1988; Blodgett, 1991; Gomes-Casseres, 1989; Lecraw, 1984); and the availability of suitable distribution and communication channels (Blodgett, 1991; Ganitsky, Rangan, and Watzke, 1991; Harrigan, 1985). Thus in the context of environmental characteristics and marketing mix strategy it is hypothesised that:

H5. Macro-environmental attractiveness will influence marketing mix strategy.

H6. Environmental similarity with home market will influence marketing mix strategy.

H7. Marketplace attractiveness will influence marketing mix strategy.

Further, in the context of environmental issues and export marketing performance it is hypothesised that:

H13. Macro-environmental attractiveness will influence export marketing performance.

H14. Environmental similarity will influence export marketing performance.

H15. Marketplace attractiveness will influence export marketing performance.

Also firm size has been shown to have an impact on performance, however its effects have been shown to be rather inconsistent (both negative and positive in different studies) (Moen, 2000). There are many issues that are important in the context of firm size and exporting. For example, it is argued that small firms have less resources than larger firms and that failure has a greater impact on the ultimate viability of small firms. Also size might have an impact on actual success as Bonaccorsi (1992) indicates, international marketing research is founded on the view that small firms are less competitive than large firms in an international marketing

context. This was reinforced by Katsikeas and Morgan (1994) with a view that larger firms possess more resources, achieve higher levels of scale economies and tend to have lower levels of associated risk perception for international marketing activity. This is further argued by Katsikeas et al (1996) that small firms are less responsive to customers than large firms, impacting on their success. The direct link between strategy (adaptation-standardization) and firm size has not been shown and it may be that some firms in some markets are able to more adequately deal with their size than others. Zou and Cavusgil (1996) using industrial organization and resource-based theory presented a framework where performance is determined by strategy and other internal factors and further identified that most factors internally affect performance indirectly through strategy. Aaby and Slater (1989) also included firm size as part of firm characteristics. As such in the context of firm size, marketing mix strategy and export marketing performance it is hypothesised that:

H8. Firm size will influence marketing mix strategy.

H16. Firm size will influence export marketing performance.

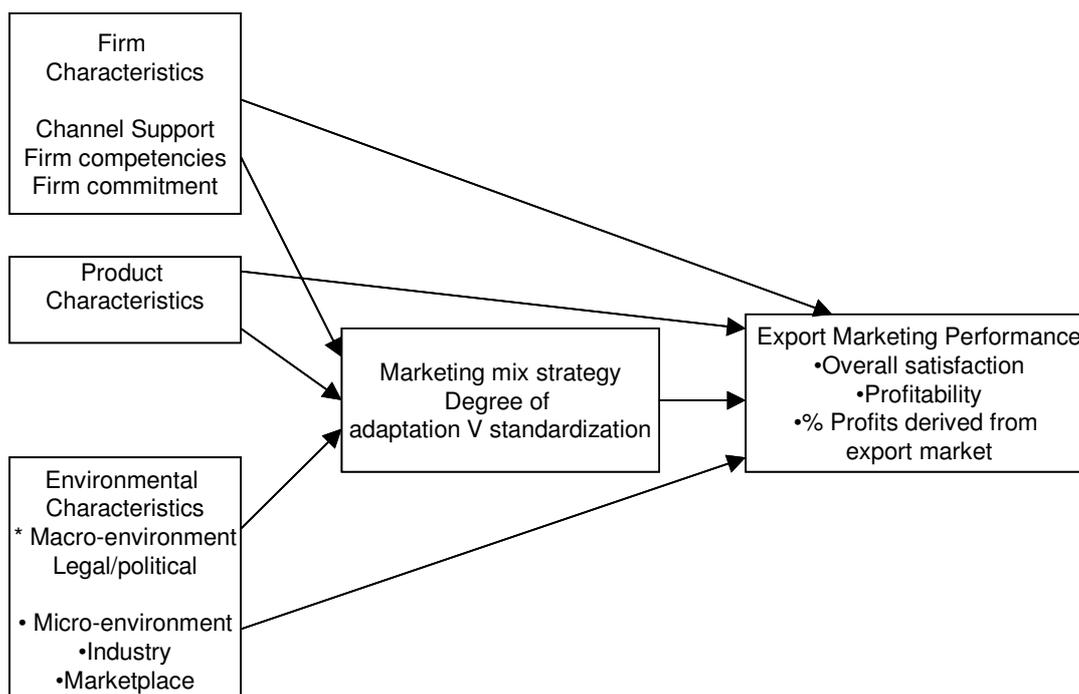
H17. Marketing mix strategy will influence export marketing performance.

Overall the hypotheses indicate that the firm acts under certain constraints and its past behavior, size and market conditions affects management attitudes, skills and resources as well as firm-specific advantages. Such forces and conditions influence a firm's choice of strategy as well as the appropriateness of a strategic approach from the firm's point of view (Madsen, 1994). As such given the issues related to internal factors and forces and external forces we hypothesize the following theoretical model depicted in Figure 1. The model depicts the direct and indirect effects of both internal firm-characteristics and external forces hypothesized to effect marketing strategy and marketing performance. What we argue is that in effect the positive combination of firm characteristics provides a firm with strategic competitive advantage. Also when the environmental characteristics are positive (more attractive) they in conjunction with the firm characteristics provide a positive impact on performance.

Insert Figure 1

About Here

Figure 1 Antecedents of Marketing Mix Strategy and Export Performance



RESEARCH DESIGN

Export marketing performance was explored through an empirical investigation of domestic Thai firms involved in exporting to businesses in foreign countries as part of a larger study of exporting. The study used companies in Thailand who came from a wide cross section of industries including, agriculture, mining, light industries, metal-working, electronic, and chemical. The list of firms making up the sample was provided by the Thai Board of Investment (BOI). The study was based on the development and administration of a self-completed survey administered via mail to key informants in senior management within the firms, including managing director, general manager, or marketing manager.

First, the research instrument was incorporated into a preliminary questionnaire and pre-tested via a series of in-depth interviews with the marketing managers of 20 Thai firms involved in exporting following similar procedures to Cavusgil and Zou (1994) and Li and Ogunmokun (2000). Following some minor refinement, the questionnaire was mailed to a sample of Thai firms a-priori identified as being involved in exporting.

(need to be more specific in the following discussion of measures)

The instrument contained items tapping specific firm characteristics (McGuinness and Little, 1981; Terpstra, 1987; Douglas and Craig, 1989 and Cavusgil and Zou, 1994) measured via firm commitment and firm competencies. Firm commitment was measured using four items including the amount of resources the firm has available for export development, the extent of careful planning carried out by the export venture, extent of management commitment to the export venture and the extent of resource commitment to the export venture. Firm competencies was measured using three items including the firms relative position in the industry in which it competes, its experience internationally and the extent the product is established within the firm. Items measuring firm commitment and firm competencies were adapted from Cavusgil and Zou (1994). Product characteristics was measured using three items including, the product's level of uniqueness, its cultural specificity and its level of patent protection adapted from Cavusgil and Zou (1994). Export market characteristics were measured via items tapping the macro-environmental attractiveness, the micro-environmental attractiveness and the marketplace attractiveness adapted from Cavusgil, Zou and Naidu (1993) and Christensen, da Rocha and Gertner (1987). Macro-environmental attractiveness was measured using six items including the accessibility of marketing channels, the extent of government intervention, the extent of foreign competition, the sophistication of the marketing infrastructure, the competitive intensity and the extent of legal and regulatory barriers in the export market. Micro-environmental attractiveness was measured using four items including the number of customers, the level of export sales goals set by the export venture, the demand potential of the product and the extent of price competition in the industry that this

export market venture competes in. Marketplace attractiveness was measured using three items including the cultural similarity of the export market to the domestic market, the degree of exposure of the product in the export market and the familiarity of customers to the product in this export market. Export marketing mix strategy adaptation versus standardization was measured via items tapping the extent of the adaptation of the marketing mix variables adapted from Cavusgil and Zou (1994) with higher scores implying greater adaptation. Firm size was measured via items tapping a broad view of characteristics that are indicative of size, such as the number of employees, number of markets the firm operates in and sales volume adopted from Styles (1998) and Moen (2000). All items were measured via seven-point bipolar scales.

Export marketing performance was measured using three measures of performance. An initial measure of the overall performance of the export venture was obtained via a 10-point scale, with 1 being unsuccessful and 10 being successful, measuring the respondent's overall satisfaction with the performance of their venture. Also the overall profitability was indicated on a 10-point scale from 1 being fairly profitable to 10 being extremely profitable. Also the percentage of the sales derived from the export market was used as an indicator of export marketing performance (Styles, 1998 and Moen, 2000).

The questionnaire was mailed to a sample of 1,000 Thai firms involved in direct exporting and the response rate for the survey was 15.10 percent (151 questionnaires out of a sample of 1,000 were returned). Whilst low this is within acceptable levels (Groves, 1990; McDougall, Covin, Robinson, and Herron, 1994) and similar response rates have been achieved in prior international marketing research by Kaynak and Kuan (1993) and Li and Ogunmokun (2000).

Preliminary Results

The means of the constructs are reported in Table 1. The analysis indicated that the mean score for overall satisfaction with performance was 6.12 out of 10 and the profitability mean score was 4.52 out of 10.

-----Table 1 About here -----

The percentage of sales derived from the export market was approximately 12.1% deriving 20% or less, 12.9% deriving 20-49%, 23.6% deriving between 50-74% of their sales and 51% of the sample over 75% of their sales were derived from the export market. Around 26.8% of the firms derived less than 20% of their profits from the market, 18.9% of firms derived 20-49% of profits, 25.2% achieved 50-74% of profits and 29.1% derived over 75% of their profits from the export market. Around 29.7% of firms had sales volumes of 5 million U.S Dollars or less, 17.4% between 6 to 10 million U.S dollars, 31.2% between 11 and 50 million U.S. dollars and 21.8% had sales volumes over 51 million U.S dollars. The number of full time employees ranged quite widely, with 23.3% of firms having less than 50 employees, 19.3% between 50 and 199 employees, 28.7% between 200 and 499 employees, and 11.3% between 500 and 999 employees and 17% of firms had 1000 or more employees.

The companies came from a wide cross section of industries including, 17% from agriculture, 2.2% from mining, 27.4% from light industries, 20% from metal-working, 22.2% from electronic and 11.1% from chemical industries. The age of the product since commercialisation ranged from 44.8% at 5 or less years, 29.1% between 6 to 10 years, 20.9% between 11 to 20 years and approximately 5.2% over 20 years.

As all scales were sourced largely from the existing literature and validated in the pre-test they were considered to possess content and face validity (O'Cass, 2001). Exploratory factor analysis using the principal components method with varimax rotation was conducted to

assess the psychometric properties of the instrument assessing the internal and external factors and marketing strategy, following similar procedures to Cavusgil and Zou (1994). The results of the exploratory factor analysis indicated that the items tapping the variables were acceptable representations of the data. Along similar lines to Cavusgil and Zou (1994) our primary concern was interpretability of the factors. All items loaded appropriately and no cross-loadings above .3 were identified. The initial analysis indicated similar psychometric properties to Cavusgil and Zou (1994) and the measure was judged to possess adequate psychometric properties to examine the hypotheses.

As indicated, to examine the psychometric properties of each construct an exploratory factor analysis with oblique rotation was conducted and all items loaded onto their appropriate factor and all factor loadings ranged between .5 and .8 for the factors. All constructs showed acceptable reliability, with reliabilities of .6 or greater. The analysis of the scales showed that all the multi-item measure factor loadings were $> .5$ and all loadings were found to be statistically significant at $p < .05$. No cross loadings $>$ than .3 were identified in the factor analysis. Following this all items within each construct were computed into composite variables to test the hypotheses. To assess the discriminant validity the arguments of Gaski (1984) were followed, which suggests that if the correlation between two composite constructs is not higher than their respective reliability estimate, then discriminant validity exists. The results using this criterion indicated all reliability estimates (Cronbach's alpha) were greater than the correlations between constructs.

Measurement and Structural Model Evaluation

Due to the small sample size and the stringent distributional assumptions required by the more well known analytical methods such as LISREL it was decided to use Partial Least Squares (PLS) to evaluate the theoretical hypotheses (Lohmöeller, 1981; Fornell and Cha, 1994; Wold, 1981). PLS is a general technique for estimating path models involving latent constructs indirectly observed by multiple indicators. PLS is often referred to as a form of "soft

modeling” (Falk and Miller, 1992) and in circumventing the necessity for the multivariate normal assumption has significant advantages for non-experimentalists (Kroonenberg, 1990). A PLS model is formally specified by two sets of linear relations: the outer model in which are specified the relationships between the latent and the manifest variables; and the inner model where the hypothesized relationships between the latent variables are specified and whose interpretation is as for standardized regression coefficients (Chin, 1998a,b; Falk and Miller, 1992; Fornell and Cha, 1994; Kroonenberg, 1990; Lohmöeller, 1989; Wold, 1981).

The results in relation to the inner latent variable model are reported in Table 2. Evaluation of complex relationships can not be made on the basis of any single, general fit index, but rather involves multiple indices which are characterized by aspects such as their quality, sufficiency to explain the data, congruence with substantive expectations and precision (Lohmöeller, 1989). Hence, a systematic examination of a number of fit indices for predictive relevance of the model is necessary (Fornell and Cha, 1994; Lohmöeller, 1989) including r^2 , average variance accounted (AVA), regression weights and loadings. As no distributional assumptions are made these indices provide evidence for the existence of the relationships rather than definitive statistical tests which may be contrary to the philosophy of soft modeling (Falk and Miller, 1992).

----- **Table 2 About Here** -----

The basis for the evaluation of the full theoretical framework is shown in Table 2. The average variance accounted (AVA) for the endogenous variables was .44 and the individual R^2 were greater than the recommended .10 (Falk and Miller, 1992) for all of the predicted variables. As all of these R^2 estimates were larger than the recommended levels it is appropriate and informative to examine the significance of the paths associated with these variables. A reasonable criterion for evaluating the significance of the individual paths is the absolute value of the product of the path coefficient and the appropriate

correlation coefficient (Falk and Miller, 1992). As paths are estimates of the standardized regression weights this produces an index of the variance in an endogenous variable explained by that particular path and 1.5% of the variance is recommended as the cut off point. In Table 2 all the paths exceed this criterion and the bootstrap critical ratios are of the appropriate size (greater than 1.96). This, therefore, supports hypotheses H1, H2, H4, H5, H6, H12, H13, H14, H15 and H17. However, H8 was only partially supported with the significance level approaching significance at -1.73. However, hypotheses H3, H7, H9, H10, H11 and H16 were not supported.

The data, therefore, suggests that firm-specific characteristics such as channel support, and firm competencies that included the firm's relative position in the industry, its international experience and the extent the product is established within the firm are associated with more adaptive marketing mix strategies, whilst the larger the size of the firm the more likely it would be to adopt a standardized marketing mix strategy approach. Also, specific product attributes that provided the firm with a differentiation advantage when considered to be unique led to a more adaptive marketing mix strategy being adopted. This supports the findings of Douglas and Craig (1989) and Cavusgil and Zou (1994) where they suggest when a product can meet universal needs, a standardised strategy is facilitated (Cavusgil and Zou, 1994), however, if a product only meets unique needs, greater adaptation of product and promotion will be required to meet customers' product use conditions (Cavusgil, Zou and Naidu, 1993) and to educate customers in using and maintaining the product. Also, 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. To be viable, the product must be adapted to the cultural requirements of the foreign market (Cavusgil and Zou, 1994).

The environmental characteristics of the macro-environment such as the accessibility of marketing channels, the extent of government intervention, the extent of foreign

competition, the sophistication of the marketing infrastructure, the competitive intensity and the extent of the legal and regulatory barriers in the export market together with the characteristics of the micro-environment such as the number of customers, sales goals set, demand potential of the product and industry price competition did influence significantly the marketing mix strategy decision. However, the marketplace characteristics of cultural similarity of the export market to the domestic market, degree of product exposure in the export market and the familiarity of customers with the export venture's product did as such did not significantly influence the marketing mix strategy decision.

In relation to export marketing performance channel support, firm competencies that included the firm's relative position in the industry, its international experience and the extent the product is established within the firm and firm commitment that included the amount of resources the firm had for export development, the extent of careful planning carried out by the venture, the extent of management and resource commitment by the venture did not significantly influence performance. However, the size of the firm and the uniqueness of the product did significantly influence export marketing performance. As far as environmental characteristics were concerned the macro-environment attractiveness, the micro environment attractiveness and marketplace characteristics all significantly influenced export marketing performance.

The test of the structural model included estimating the path coefficients, which are interpreted as standardised beta weights in a regression analysis, and r^2 , which is used to assess the proportion of variance in the endogenous constructs that can be accounted for by the exogenous constructs. The path coefficient of an exogenous construct represents the direct effect of that variable on the endogenous variable. An indirect effect represents the effect of a particular variable on the second variable through its effects on a third mediating variable. It is the product of the path coefficients along an indirect route from cause to effect via tracing arrows in the headed direction only. When more than one indirect path exists, the total

indirect effect is their sum. The sum of the direct and indirect effect reflects the total effects of the variable on the endogenous variable (Igbaria, Zinatelli, Cragg & Cavaye, 1997). Table 3 provides direct and indirect effects for the hypothesised relationships.

-----Table 3 About Here-----

DISCUSSION AND IMPLICATIONS

The results indicate that there are important influences on overall export marketing performance by specific firm characteristics and the environment. It is important for the management of any firm to be aware of these issues when contemplating an export venture of any kind. As far as firm-specific characteristics were concerned, this study clearly indicated that it is important for Thai firm's contemplating exporting to another country to be aware of the firm-specific characteristics that can influence their marketing performance. Support of channel members via training and promotional support is critical for export marketing success. Additionally, the findings emphasize the importance of product uniqueness and product quality for marketing performance success. Export ventures will achieve better marketing performance results by offering differentiated products that have been adapted to meet the needs of the local market and resist from offering a globally standardized product. This supports the findings of Douglas and Wind (1987) and Cavusgil and Zou (1994) where they suggest the more internationally competent a firm is the more likely it is that standardization will not lead to optimal results. A competent firm, because of its resources and experience, knows the differences in environmental conditions between markets and selects the most attractive market for the venture and adapts the strategy to meet the needs of the export market.

Finally, in relation to firm-specific characteristics, the findings identify the importance of market attractiveness for export marketing performance success for Thai firms. Specifically, exporting a product/service to a market that is culturally similar to the firm's domestic market and having

a product/service that is already familiar to consumers enhances the likelihood of marketing performance success. Export firms need to be aware of the influence these dimensions of market attractiveness have on export marketing success. However, what was surprising was the minimal effect of the firm's ability to plan and its managerial commitment on the firm's export marketing performance. Both characteristics had very weak effects in the overall model. This was unexpected as it was believed that a firm's ability to plan its entry into foreign markets and managerial commitment of the firm to the market it was entering would in fact influence the strategy adopted and overall export marketing performance.

As far as the environment was concerned, the findings clearly indicated the influence of macro-environmental characteristics on Thai firms export marketing performance. The importance of gaining access to adequate channels of distribution, the influence of host country government intervention, the level of industry competition and the impact of the legal and regulatory barriers of the export market to marketing performance success were clearly demonstrated. Furthermore, the study findings indicated that it was the macro-environment that had the greatest influence on standardisation, with greater industry competition, legal and regulatory barriers necessitating the need for the firm to adopt a standardised strategy in order to achieve a cost advantage. Also, a firm's strategy of either adapting or standardising their product/service offering had a strong effect on the overall performance of Thai export market ventures with greater adaptation leading to better performance.

The primary objective of this study has been to furnish empirical evidence on two principal issues. Firstly, to identify the influence of firm-specific and environmental characteristics on export marketing performance. Secondly, to examine the effect of export marketing strategy i.e. adaptation or standardisation on export marketing performance. The study accomplishes both objectives with a reasonable measure of success. It makes both exploratory and confirmatory contributions to the export marketing literature. It has identified variables, in relation to the influence of macro-environmental characteristics on export marketing

performance, that have previously remained, at least empirically, mostly obscure e.g., access to channels of distribution, legal and regulatory barriers and host country government intervention. New evidence has been produced confirming the significance of previously identified variables e.g., firm-specific characteristics. The study findings confirm the moderating effect of export marketing strategy on export marketing performance. Export marketing strategy moderated the effect of internal characteristics (firm-specific characteristics) and external characteristics (macro-environmental characteristics) on export marketing performance. Finally, this study provides support for the Cavusgil and Zou (1994) and Douglas and Wind (1987) findings that adaptation contributes to better marketing performance than does a standardised strategy.

The arguments that led to the development of the hypothesis and the focus on Asian export marketing performance were founded on the view that export marketing performance is measurable at the export venture level (that is, the product/market level). It also incorporates the major perspectives of export performance used in previous studies and is consistent with the existing export performance measures used by studies in different countries (Cavusgil and Zou, 1994; Zou, Taylor and Osland, 1998). The benefits of adopting this theoretical perspective are that it focuses on the export venture performance related to one product and one market overcoming the difficulties involved in attempting to measure firm level export performance, particularly within multiple markets, but extends the work into a developing country context.

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Table 1 Mean & Standard deviations of Constructs

Variables	Mean	Std dev
Overall satisfaction with performance	6.12	2.33
Overall profitability	4.52	2.26
Channel support	3.33	1.40
Competencies	5.27	0.96
Commitment	4.99	1.14
Product	3.90	1.55
Macro environment	4.12	0.95
1 Micro environment Mkt1	5.54	0.86
2 Micro environment Mkt2	4.61	1.09
Marketing mix strategy	4.41	0.95

Table 2 Partial Least Squares Results for the Theoretical Model

Equation	Predicted variables	Predictor variables	Hyp	Model			
				Path	Variance due to path	R ²	Critical ratio
1	Strategy Adaptation-Standardization	Channel support	H1	.33	.17		5.04
		Firm competencies	H2	.22	.06		3.00
		Firm commitment	H3	.002	.0007		Ns
		Product characteristics	H4	.21	.046		3.03
		Macro-environment	H5	.29	.131		4.58
		Micro-environment industry	H6	-.37	.047		-5.18
		Micro-environment customers	H7	.042	.003		Ns
		Firm size	H8	-.15	.010	.46	-1.73
2	Overall Marketing Performance	Channel support	H9	.033	.002		Ns
		Firm competencies	H10	.035	.0067		Ns
		Firm commitment	H11	.14	.02		1.40
		Product characteristics	H12	-.41	.11		-4.17
		Macro-environment	H13	-.47	.145		-4.43
		Micro-environment industry	H14	.39	.066		4.42
		Micro-environment customers	H15	-.25	.060		-2.59
		Firm size	H16	.20	.025	.42	1.20
	Marketing mix strategy		.27	.009		2.60	
	AVA				.44		

Table 3 Direct and Indirect Effects

Variables	Dependent variable	Direct	Indirect	Total
Direct + Intervening	Export marketing performance			
Channel support - Marketing strategy	Export marketing performance	.033	.088	.121
Competencies - Marketing strategy	Export marketing performance	.035	.057	.092
Commitment – Marketing strategy	Export marketing performance	.138	.00052	.138
Product - Marketing strategy	Export marketing performance	.405	.055	.46
Macro environment - Marketing strategy	Export marketing performance	.468	.076	.544
1 Micro environment - Marketing strategy	Export marketing performance	.245	.011	.256
2 Micro environment - Marketing strategy	Export marketing performance	.387	.096	.483