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# Examining firm and environmental influences on export marketing mix strategy and export performance of Australian exporters

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### **Export Marketing Performance: An Australian Perspective**

#### **Abstract**

This study examines the impact of specific firm characteristics, environmental characteristics and marketing mix strategy on export marketing performance. Data were gathered via a mail survey of firms exporting from Queensland, Australia. The results indicate that firm characteristics and environmental characteristics impact significantly on both overall performance and marketing mix strategy adaptation by exporting firms. However, the decision to adapt or standardise the marketing mix strategy did not significantly impact marketing performance, implying that either standardisation or adaptation is appropriate and yields comparable performance.

#### **Introduction**

Increasingly, Australian firms are looking beyond their traditional domestic markets and focusing on high growth export markets to not only grow, but also to enhance their competitiveness. Some have gone as far as saying that, in many ways, export market development is becoming more a matter of survival rather than a matter of choice for many Australian firms (Cooke, 1991; Julian, 1995). For some time in Australia there has been a concerted effort by many industries and governments to improve the export focus and performance of firms (Cooke, 1991; Department of Foreign Affairs and Trade, 1994; Julian, 1995).

The determinants of export marketing performance have been the focus of much research and theory development over recent years (e.g., Cavusgil and Zou, 1994; Francis and Collins-Dodd, 2000; Styles, 1998; Sundqvist et al., 2000; Thirkell and Dou, 1998; Zou, Taylor and

Osland, 1998). However, beyond countries such as the United States, United Kingdom, Canada, New Zealand and various European countries little effort has been expended in examining export performance and the factors that impact on it. Australia's export performance over the last decade has been problematic at best with Australia being a net importer since 1990 (Australian Bureau of Statistics, 2000) with gross imports exceeding gross exports. As such, it is important for Australia as a country to better understand the determinants of export performance success in order to substantially improve its poor export performance. Therefore, we believe there is a need to identify and examine the antecedents of export marketing performance from an Australian perspective. By doing so we can help Australian industry improve its export performance and contribute to the theoretical development of the export marketing literature by examining specific factors that impact the performance of export market ventures. This study focuses on examining the relationship between firm characteristics, export market characteristics, marketing mix strategy and export marketing performance of firms exporting from a specific region.

### **Conceptual Framework of Export Marketing Strategy and Performance**

In general, one of the key factors impacting export marketing performance identified from previous studies is export marketing strategy (Cavusgil and Zou, 1994). A key strategy issue is whether to adapt or standardise the product/service (Shoham, 1999). Other factors to impact export marketing performance include firm-specific characteristics (Diamantopoulos and Schlegelmilch, 1994), product characteristics (Cavusgil, Zou and Naidu, 1993) and export market characteristics (Dominguez and Sequeira, 1993).

A conceptual framework of export marketing strategy and performance is proposed in Figure 1. The framework identifies that the marketing mix strategy in an export venture is determined by internal factors and is in response to external forces in the environment. The performance of the export venture, in turn, is determined by export marketing mix strategy, firm characteristics and environmental characteristics. Similar to Cavusgil and Zou (1994), the

proposed conceptualisation posits a link between firm, environmental characteristics and performance through export marketing mix strategy, highlighting the central role of marketing mix strategy in determining performance. Figure 1 indicates that the firm's characteristics includes product uniqueness, international experience of the firm, support provided to the firm's distributors and resource commitment. The export environmental characteristics include competitive intensity, legal-political environment of the export market, channel accessibility and customer exposure to the product/service. Marketing mix strategy involves the decision to standardise or adapt the marketing mix.

-----Figure 1 about here-----

### **Firm Characteristics**

The characteristics of a firm's product have been identified as having a significant influence on export marketing performance (Cavusgil, Zou, and Naidu, 1993). The product's attributes are argued to affect the positional (marketplace) 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, and uniqueness (Cavusgil and Zou, 1994). A unique product provides a firm with a differentiation advantage that other firms in a competitive market may find difficult to challenge or overcome resulting in higher performance than a standardised product (Douglas and Craig, 1989). This differentiation advantage may result from better quality and reliability, or more durability, or they may be backed by better service, or have superior design or better performance (Terpstra and Sarathy, 2000). Furthermore, 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 (Terpstra, 1987). To be viable, the product must be adapted to the cultural idiosyncracies of the export market (Douglas and Craig, 1989). As such, it is hypothesised that:

H1a: There is a positive relationship between the uniqueness of a firm's product and firm characteristics.

It is argued that in the context of firm-specific characteristics, a firm's capabilities and constraints (strengths & weaknesses) 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) and resources available for export development (Terpstra, 1987). Possession of such resources enables a firm 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).

In relation to the firm's international experience, 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. As such, it is hypothesised that:

H1b: There is a positive relationship between the international experience of the firm and firm characteristics.

In relation to resources, the export venture's distribution network is seen as a necessary resource for successful participation in foreign markets. Therefore, when the export market is competitive, supporting the distributor/subsidiary is particularly important to ensure that the distributor/subsidiary performs adequate promotion, timely delivery, and proper maintenance and service (Terpstra, 1987). Furthermore, in technology-intensive industries, because of the inherent complexity of technology incorporated in the products, manufacturers must provide adequate training support to the foreign distributors/subsidiaries so that the product can be handled, marketed and serviced properly (Cavusgil and Zou, 1994). As such, it is hypothesised that:

H1c: There is a positive relationship between the support provided to a firm's distributors and firm characteristics.

In relation to resource commitment of the firm, 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 (Aaby and Slater, 1989; Cavusgil and Zou, 1994) leading to better performance (Cavusgil and Zou, 1994). As such, it is hypothesised that:

H1d: There is a positive relationship between the resource commitment of the firm and firm characteristics.

As indicated in Figure 1 product uniqueness (patents), firm experience (in exporting), support (training provided to intermediaries and type of relationship formed with channels) and resource commitment (financial, time and physical) are all identified as elements of firm specific characteristics. Competence in international operations enables firms to select better

export markets, formulate suitable marketing strategy, and effectively implement the chosen strategy (Douglas and Craig, 1989; Cavusgil and Zou, 1994). When managers are committed to the 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 enabling marketing strategy to be implemented effectively leading to better performance (Cavusgil and Zou, 1994). Additionally, when a product can meet universal needs, standardisation of product and promotion is facilitated (Levitt, 1983). However, if a product meets only unique needs, greater adaptation of product and promotion will be needed to meet export customers' product use conditions (Cavusgil, Zou and Naidu, 1993) and to educate customers in using and maintaining the product. 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 (Terpstra, 1987). To be viable, the product must be adapted to the cultural idiosyncracies of the export market (Douglas and Craig, 1989). Finally, supporting a distributor/subsidiary in the export market can lead to a cooperative partnership between the manufacturer and the distributor/subsidiary. Cooperation in the export channel will lead to effective implementation of marketing strategy and better performance (Cavusgil and Zou, 1994). As such, it is hypothesised that:

H1: Firm-specific characteristics will cause an adapted export marketing strategy to be adopted.

H2: Firm-specific characteristics will have a positive impact on overall marketing performance.

### **Environmental Characteristics**

Along with firm characteristics such as resources, capabilities, commitment and specific product dimensions, environmental characteristics have also been argued to be important. In this sense foreign markets pose both threats and opportunities for exporting firms which are argued to significantly affect marketing performance. As such, a firm must match its strengths with market opportunities to negate market threats, to ensure better marketing performance.



Therefore, export marketing performance tends to be conditioned by environmental characteristics (Cavusgil & Zou, 1994) such as the extent of competition (Christensen, da Roch and Gertner, 1987); the legal and regulatory policies of host country governments (Contractor, 1990; Blodgett, 1991); the availability of suitable distribution and communication channels (Blodgett, 1991; Ganitsky, Rangan, & Watzke, 1991) and, customer familiarity with the product (Cavusgil and Zou, 1994).

In relation to the intensity of competition, the intensity of competition in the export market could force firms to seek a high degree of product and promotion adaptation to gain a competitive advantage over rivals (Cavusgil, Zou and Naidu, 1993; Jain, 1989), because adaptation of product and promotion can broaden the local market base and be geared to specific local preferences thereby enhancing marketing performance (Douglas and Craig, 1989). Additionally, in a competitive export market, a high degree of product adaptation also is needed due to intense competitive pressure, because product adaptation can help gain a competitive superiority over rivals (Cavusgil and Zou, 1994). However, a product that has to be adapted to the domestic market because it is unique, new to the company, culture-specific or because the export market is competitive may have limited acceptance in the export market. As such, it is hypothesised that:

H3e: There is a positive relationship between minimal competitive intensity and environmental characteristics.

As far as the legal and regulatory policies of host country governments are concerned, frequently when a developing country is involved, the host country government may exercise influence over the choice of suppliers and over marketing (Osland, 1994). Or it may impose exchange controls, which can have an important impact on reinvestment, financing and repatriation decisions (Beamish, 1993; Yan and Gray, 1994). As a result, laws or pressure from the host government can play a significant role in the marketing performance of the

venture by increasing or reducing firm capacity and effectiveness (Beamish, 1993; Cavusgil and Zou, 1994). As such, it is hypothesised that:

H3f: There is a positive relationship between the legal-political environment of the host country and environmental characteristics.

As far as access to suitable distribution channels is concerned, inaccessibility to distribution channels has been widely cited as the reason behind the failure of many foreign market ventures (Yan, 1998). Furthermore, success in export markets is often equated with the export venture's ability to initiate and sustain strong and mutually beneficial relationships with their foreign partners. This is because market knowledge is likely to reside with the local partner or distributor. When an unstable political and economic environment is perceived to influence the export market, many export market ventures rely heavily on their local partners or distributors to help reduce the risk (Osland, 1994). Also, to take advantage of local resources, the export market venture must rely on its local partners or distributors to negotiate with local governments to provide access to local elite and manage local labour (Makino and Delios, 1996; Osland, 1994). Companies provide ongoing support to their foreign distributors in the form of sales force training, technical assistance, marketing know-how, promotional support etc. In the Cavusgil and Zou (1994) study the most critical determinant of such support turned out to be management's commitment to the venture. As such, it is hypothesised that:

H3g: There is a positive relationship between channel accessibility and environmental characteristics.

Finally, in relation to customer familiarity with the product, export customers familiarity with a brand of a particular product 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 a favourable attitude,

which then forms brand equity ultimately enhancing performance (Cavusgil and Zou, 1994). As such, it is hypothesised that:

H3h: There is a positive relationship between customer familiarity with the product and environmental characteristics.

Further, we propose that there are four environmental characteristics that are important. These include, firstly, competitive intensity, involving the extent of price competition and the number of competitors in the market. Secondly, the legal-political environment involving the legal, political and regulatory nature of the market and the extent of government intervention into the operation of the export market venture. Thirdly, channel accessibility, involving access to distribution channels, number of customers and the demand potential of the product in the market. Finally, customer exposure, involving access to customers, customer familiarity with the product and exposure of customers to the product in the market. The intensity of competition in the export market could force firms to seek a high degree of product and promotion adaptation to gain a competitive advantage over rivals (Cavusgil, Zou and Naidu, 1993; Jain, 1989), because adaptation of product and promotion can broaden the local market base and be geared to specific local preferences thereby enhancing marketing performance (Douglas and Craig, 1989). Similarly, a competent firm understands the idiosyncracies of the export market and is able to respond to the local conditions by an adaptation strategy. 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 adaptation than an unfamiliar one. As such, it is hypothesised that:

H3: Environmental characteristics will cause an adapted export marketing strategy to be adopted.

H4: Environmental characteristics will impact positively on overall marketing performance.

## **Marketing Strategy**

In response to such external forces and in recognition of internal forces firms develop and implement an export marketing strategy. Export marketing strategy is the means by which a firm responds to market forces to meet its objectives, via all aspects of the marketing mix, including, product, price, promotion and distribution, and in international marketing, the key determining factor affecting marketing strategy includes the decision to standardise or adapt to the conditions of foreign markets (Cavusgil & Zou, 1994; Douglas & Craig, 1989). The degree of adaptation versus standardisation is a function of firm and environmental characteristics (Cavusgil, Zou & Naidu, 1993; Jain, 1989). Therefore, export marketing strategy can be seen as the degree of adaptation or standardisation of the marketing mix required in the foreign market (Cavusgil & Zou, 1994), thus, directly influencing marketing performance. However, as Douglas and Wind (1987) and Cavusgil and Zou (1994) suggest, the more internationally experienced 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). As such, it is argued that there will be a positive relationship between firms adopting an adapted export marketing strategy and overall performance and it is hypothesised that:

H5: The greater the level of adaptation in the export marketing strategy the higher the export marketing performance.

## **RESEARCH DESIGN**

The study was based on an empirical investigation of firms involved in exporting to foreign countries from Queensland, a large Australian state. The sampling frame included firms from a wide cross section of industries including, agriculture, mining, light industries, metal-working,

electronic, chemical and services industries. The list of firms making up the sampling frame was provided by a government department. In order to obtain valid and reliable measures of the variables, previously validated scales were used for all of the constructs in this study. The questionnaire was developed and pre-tested using a small sample of exporters with the final instrument mailed to the sample. All items were measured via five-point bipolar scales with scale poles ranging from strongly disagree (1) to strongly agree (5) (Cavusgil & Zou, 1994).

The instrument contained items measuring firm characteristics (McGuinness and Little, 1981; Terpstra, 1987; Douglas and Craig, 1989 and Cavusgil and Zou, 1994), environmental characteristics (Cavusgil, Zou & Naidu, 1993 and Christensen, da Rocha & Gertner, 1987) and export marketing strategy (Cavusgil and Zou 1994). Firm characteristics were measured via items related to resource commitment, support provided to the firm's distributors, international experience of the firm and product uniqueness. Resource commitment (Cavusgil and Zou 1994) was measured via the extent of management commitment, resource commitment, planning and the amount of resources the firm has available for export development. Support provided by the firm to its distributors was measured from items taken from Cavusgil and Zou (1994) that measured the extent of overall support provided to the firm's distributors, the promotion support provided to the firm's distributors and the amount of training given to the sales force of the firm's distributors. We viewed these items as showing the extent that strong supportive relationships existed between the exporting firm and its distributors. International experience of the firm was measured via the number of foreign markets the firm has operations in, the international experience of the firm and the number of years the firm has been involved in international business. Finally, product uniqueness was measured via items adapted from Cavusgil and Zou (1994) that measured the extent of patent protection, the uniqueness of the product/service and the culture-specificity of the product/service.

Environmental characteristics were measured via items focusing on competitive intensity, the legal-political environment, channel accessibility and customer exposure. (Cavusgil, Zou & Naidu, 1993 and Christensen, da Rocha & Gertner, 1987). Competitive intensity was measured via the extent of industry price competition, the extent of foreign competitors and the degree of marketplace price competitiveness. The legal-political environment was measured via the extent of government intervention into the operation of the export market venture and the extent of legal and regulatory barriers in the market the venture was operating in. Channel accessibility was measured via accessibility to suitable distribution channels, the number of customers the export market venture had and demand potential of the product/service. Finally, customer exposure was measured via the degree of exposure by customers to the product/service and the degree of familiarity of customers to the product/service. Export marketing strategy adaptation versus standardization was measured via items tapping the extent of adaptation of the marketing mix variables (Cavusgil and Zou, 1994) with higher scores implying greater adaptation.

The export marketing performance of the venture for a specific product/service in a specific country was obtained by asking managers to indicate their perceived success of the export ventures on a 10-point scale, with 1 being unsuccessful and 10 being successful.

After the pilot test the questionnaire was mailed to 1,132 firms who were apriori identified as being involved in direct exporting, yielding 293 useable questionnaires being returned accounting for an effective response rate of 25.8 percent and considered to be adequate (Groves, 1990).

## **RESULTS**

Prior to analysing the data the issue of non-response bias was addressed via an 'extrapolation procedure' technique. This assumes that the groupings of actual respondents by an identified criterion are similar to the 'theoretical' non-respondents (Armstrong and Overton, 1977).

Frequencies and independent *t*-tests were used to determine whether significant differences existed between the sample of 293 Queensland export market ventures and the target population of 1,132 based on their industry classification. No significant differences were identified between the sample and the target population for this classification variable. Therefore, as the results suggest that there are no significant differences between respondents and non-respondents then the sample can be considered sufficient to draw conclusions about Queensland export market ventures for the issues under study.

The data were initially analysed using principal components analysis 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). 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 .2 were identified with only factor loadings of above .5 being accepted. Each scale was reviewed using factor analysis to establish that they were unidimensional and to ensure items loaded appropriately on their respective constructs. The final reliabilities for all scales were greater than .70 in all cases with several over .80. The initial analysis indicated similar psychometric properties to Cavusgil & Zou (1994) and the measures were judged adequate to examine the relationships depicted in Figure 1. Approximately 51.5 percent of the firms operated in less than five export markets, 26.3 percent in 5 to 10 markets, 9.2 percent in 11 to 15 and 9.6 percent in more than 15 markets. Also around 41 percent were involved in consumer markets with 44 percent being involved in industrial markets.

-----Table 1 about here-----

### **Measurement and Structural Model Evaluation**

Given the formulation of the hypotheses it was decided to use Partial Least Squares (PLS) to analyse the data (Lohmöeller, 1981; Fornell and Cha, 1994; Wold, 1981). PLS is a general

Structural Equation Modelling (SEM) technique for estimating path models involving latent constructs indirectly observed by multiple indicators such as is shown in Figure 1. It is often referred to as a form of “soft modelling” (Falk and Miller, 1992) and in circumventing the necessity for the multivariate normal assumption has major advantages for non-experimental research (Kroonenberg, 1990). Similar to the SEM techniques of LISREL and AMOS, a PLS model is specified by two sets of linear relations: the outer model in which the relationships between the latent and the manifest variables are specified; 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). In the classic test theory factor analytic model reflective indicators as shown in Figure 1 are assumed to change together or move in the same direction. Therefore, given the theoretical formulation and the research context (including sampling), PLS is particularly suitable as a method for analysis and model evaluation.

The model depicted in Figure 1 is formally specified by two sets of linear relationships of the outer model of the relationships between the latent and the manifest variables; and the inner model of the relationships between the latent variables (Fornell and Cha, 1994; Kroonenberg, 1990; O’Cass, 2001). Importantly, evaluation of a complex model such as Figure 1 can not be made on the basis of any single, general fit index, but rather involves multiple indices which are characterised by aspects such as their quality, sufficiency to explain the data, congruence with substantive expectations, precision and confidentiality (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,  $r^2$ , AVA, AVE, regression weights and loadings. 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 as outlined by Falk and Miller (1992) and others, as no distributional assumptions are made. The results of the outer measurement model are



shown in Table 2, (H1a to H1d and H1e to H1h) and Table 3 provides the inner model results (H1, 2, 3, 4 and 5).

**-----Table 2 about here-----**

For the latent variable firm specific characteristics the bootstrap critical ratios (Chin, 1998a, b) are acceptable (greater than 1.96;  $p < .05$ ) and the Average Variance Extracted (AVE) is .47. For environmental characteristics the bootstrap critical ratio are all acceptable and the AVE is .43. The between blocks correlation coefficients of the residuals of the manifest variables were all relatively low suggesting that the blocks are distinctly defined (Falk and Miller, 1992). The loadings are used in evaluating the relationships in Table 2, where significant critical ratios are shown for all hypothesised paths in the outer model of firm characteristics and environmental characteristics, providing support for the hypotheses 1a to 1d and 1e to 1h.

**----- Table 3 about here -----**

The average variance accounted (AVA) for the endogenous variables was .55 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 p74). As paths are estimates of the standardised 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 3 all the paths, except for strategy adaptation-standardization,

exceed this criterion and the bootstrap critical ratios are of the appropriate size (greater than 1.96;  $p < .05$ ).

This, therefore, supports hypotheses H1, H2 and H3, H4, but not for H5. This data, therefore, suggests that the firm specific characteristics and environmental characteristics are associated with strategy adaptation-standardisation, where in effect the possession of the firm specific characteristics and identified environmental characteristics lead to greater adaptation. Also firm specific characteristics and environmental conditions lead to better export performance. However, marketing strategy adaptation versus standardization was not associated with marketing performance.

----- **Figure 2 about here** -----

## **DISCUSSION**

At the outset we proposed that along with firm characteristics such as product uniqueness, support provided to intermediaries, firm experience, resources, and commitment, the environmental characteristics of the foreign market would also be important determinants of export marketing performance. In reality foreign markets pose both threats and opportunities for exporting firms that can affect marketing performance. Firms that match their strengths with market opportunities to negate market threats, that identify, understand and seek favourable export environments and manage their own capabilities will perform better. The results of this study do indicate that export marketing performance is conditioned by both firm characteristics and environmental characteristics, such as the extent of industry price competition, the number of foreign competitors in the market place, the degree of market place price competitiveness and the degree of familiarity and exposure of customers to the product/service. The lack of market place competition made a positive contribution to environmental characteristics, the strategy decision and overall performance. Further, the

degree of familiarity and exposure of customers to the product/service also had a positive effect on environmental characteristics, the strategy decision and overall performance.

In the context of firm-specific characteristics, the study's findings indicate that a firm's resources influence their choice of marketing strategy and marketing performance. As such, the resources of firms constitute their sources of sustainable competitive advantage in export marketing. Such resources include the extent of management commitment by the firm to the export venture, extent of careful planning carried out by the export venture, the amount of resources the firm has available for export development and support provided to the firm's distributors. Support provided to the firm's distributors came in the form of promotion support and training provided to the sales force of the firm's distributors. Possession of these resources enables firms to match the needs of the export markets with specific firm characteristics, thereby achieving better export marketing performance. Also the characteristics of the product had a significant influence on export marketing performance. A product that is unique, culture specific or is one that enjoys a degree of patent protection over competing products appears to have a differentiation advantage in the market place enabling the firm to use an adapted strategy leading to better performance.

In the context of environmental characteristics, the study's findings indicate that the level of competition in the foreign market and the degree of familiarity of customers to the product/service influenced the venture's choice of marketing strategy and performance. The level of competition is influenced by the number of competitors in the foreign market, market place competition and industry price competition. The effects of adaptation or standardisation strategies did not significantly impact overall export marketing performance. This indicates that firms achieved acceptable performance levels via standardisation or adaptation. However, firms with greater product uniqueness, expertise in exporting, provided greater support to their intermediaries and greater resource commitment were more adaptive in their strategic approaches to exporting. Also when faced with macro environments that were more

prone to significant government and legal intervention, were more competitive, but had greater demand and accessibility to customers, and the greater the exposure and familiarity of customers to their product/service the more likely they were to use a strategic approach characterised as adaptive. The reverse was the case for those adopting standardised strategic approaches to exporting. Similar to Shoham (1995) we also found that exporters were split between those that mostly adapt and those that standardise, with some firms in the same industry adapting whilst others opted for a standardised strategy. Such findings could possibly be explained by the nature of the data collected, in that it was cross-sectional in nature with the industries represented including agriculture, mining, light, metal-working, electronic, chemical and the services industries. It is possible that some industries such as the electronic industries and metal-working industries achieved positive results using an adaptive strategy whereas other industries that produced products that were more generic in nature, such as agriculture, mining and the chemical industries could have achieved positive results using a standardised strategy, which accounts partially for the conclusion that positive results were achieved using either strategy, adapted or standardised.

As a result of the growing body of work on exporting, particularly that focusing on the exporting firms' characteristics, export market managers will be better able to understand and match their own firms characteristics to potential export markets achieving improved performance. We hope that we have moved from the situation outlined by Jain (1989) to a point where managers now have some research based guidelines where standardisation and adaptation are more compatible with the export market being considered and the firm. Our findings are similar to Samiee and Roth (1992) in that we also found no significant differences in performance between firms guided by either strategic approach and as such contributed to the theoretical advancement of the exporting literature. The findings indicate that satisfactory performance can be achieved when a firm matches its characteristics with the proposed export market characteristics and in such cases pursuit of adaptation or standardisation strategies will be apparent to the better exporter.

## **Implications & Future Research**

The findings indicate potential practical implications for Australian firms currently exporting and those who desire to become export active. The findings indicate that a strategic approach must match the capability of both the firm and its environment.

Our findings indicate the need for more research in this area, particularly related to the strategy-performance nexus and the drivers of this relationship. We need to examine particular industries to establish the propensity of particular firms to pursue specific strategies, and also if such strategies are just as successful in each export market of the firm. That is, if a firm has multiple export markets, do they perform as well in each market? This would also allow examination of the particular export market characteristics at a greater depth to map such features onto the exporting firm's capabilities and characteristics.

We have examined exporting from a particular region and generalisation beyond this region should be carefully undertaken. Overall our findings should be viewed at this stage with some caution. However, within this region our sample includes all major industries and is an acceptable representation of the firms found in the region.

## **Conclusion**

With growing globalisation of markets and increasing competition, export markets have become increasingly important options for firms. Therefore, it is of great importance both theoretically and practically to examine export related issues, such as strategy, firm characteristics, the environment of markets and performance in specific export markets. Australian industry, governments and the community have a vested interest in ensuring its competitiveness both domestically and internationally. What we may say is that, with more research such as that undertaken here, we may move from the situation outlined by Jain (1989), when he indicated that managers have few research based guidelines about the conditions that impact performance to a greater understanding of such conditions contained

within firms and their environments (export markets) (Jain, 1989). Such knowledge would allow for greater managerial matching between exporters and their target markets.

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**Table 1 Sample Firm Characteristics**

<b>Industry the product competes</b>	<b>Percent</b>
Services	25.3
Agriculture	22.5
Metal-Working	16.7
Mining	8.9
Light Manufacturing	8.9
Electrical	8.2
Chemical	6.5
<b>Name of the export market</b>	<b>Percent</b>
ASEAN	20.5
Japan	10.9
North America	10.6
New Zealand	6.1
Europe	5.8
China	5.8
New Guinea	5.1
Hong Kong	2.7
Korea	2.0
Taiwan	1.4
India	1.4
South America	1.4
South Pacific Islands	1.4
Iran	1.0
South Africa	0.3

**Table 2 Component Loadings for the Measurement Models**

Components and manifest variables	Hypothesis	Loading	Weight	Critical ratio <sup>a</sup>
<b>Firm Specific Characteristics</b>				
Product Uniqueness	H1a	.53		8.04
Firm Experience	H1b	.50		5.14
Supportive	H1c	.80		26.73
Resource Commitment	H1d	.84		37.99
AVE <sup>b</sup>		.47		
<b>Environmental characteristics</b>				
Competitive Intensity	H3e	.84		42.07
Legal-Political Environment	H3f	.54		7.48
Channel Accessibility	H3g	.58		8.80
Customer Exposure	H3h	.74		19.53
AVE <sup>b</sup>		.43		

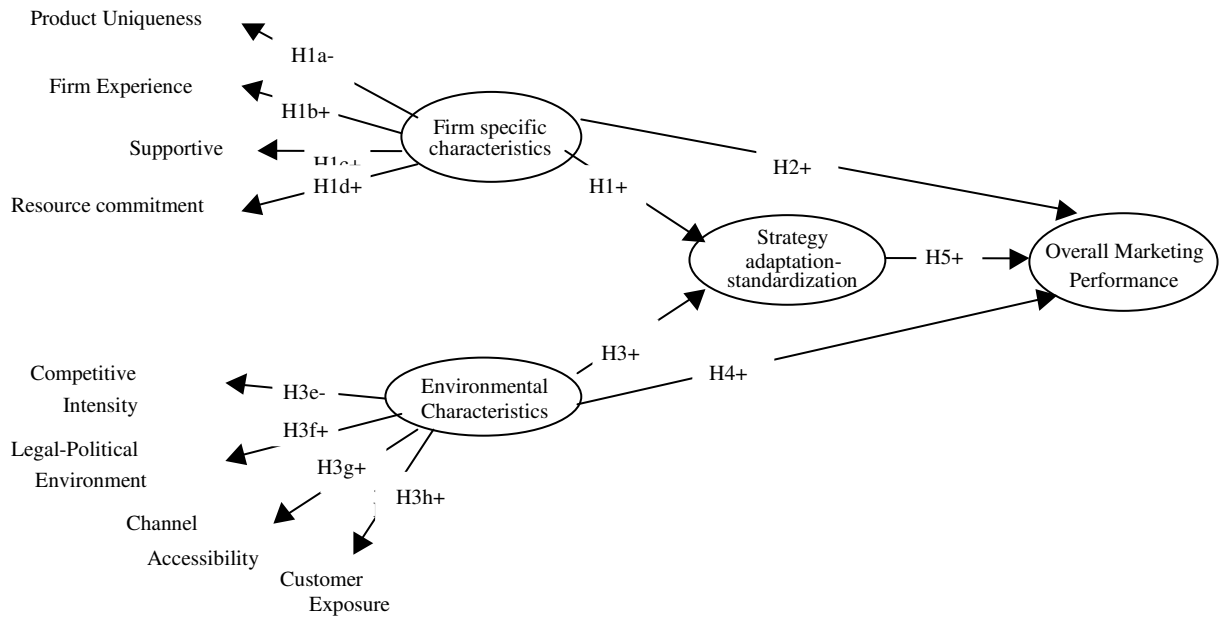
**Table 3 Partial Least Squares Results for the Theoretical Model**

Predicted variables	Predictor variables	Hyp	Path	Model		
				Variance <sup>a</sup> due to path	R <sup>2</sup>	Critical ratio <sup>b</sup>
Strategy Adaptation-Standardization	Firm Specific Characteristics	H1	.33	.16		4.87
	Environmental Characteristics	H3	.26	.12	.28	3.60
Overall Marketing Performance	Firm Specific Characteristics	H2	.20	.07		3.27
	Environmental Characteristics	H4	.28	.11		4.18
	Strategy Adaptation-Standardization	H5	.012	.003	.18	-.23
AVA <sup>d</sup>			.55		.55	

<sup>b</sup> Bootstrap estimate divided by bootstrap standard error.

<sup>d</sup> Average Variance Accounted for.

**Figure 1 Hypothesised Relationships**



**Figure 2 Results for Hypothesised Relationships**

