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Drivers and outcomes of export marketing performance in a developing country context

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Abstract

In this study the scale developed by Cavusgil and Zou (1994) is refined and tested in Thailand. As with the Cavusgil and Zou (1994) study, the present study considers a comprehensive set of potential determinants of export marketing performance and the unit of analysis is the individual product-market export venture of firms exporting to businesses in foreign markets. Data were gathered via a mail survey and the results support the contention that the intensity of competition, management commitment, export market characteristics and product characteristics are significant determinants of export marketing performance and influence marketing strategy. However, cultural similarity and marketing strategy were only weakly related to marketing performance.

Key Words: Marketing Strategy, Export Marketing Performance, Firm Characteristics, Environmental Characteristics, Thailand
Introduction

For significant advances in export marketing theory to be achieved a more integrated approach needs to be taken to the conceptualisation and measurement of the determinants of export marketing performance (Cavusgil and Zou, 1994) and marketing strategy. A fundamental part of such an approach is the refinement and validation of measurement scales across different national settings. The validation of measurement scales can play an important part in advancing marketing theory by establishing external validity. Issues related to the determinants of a firm’s export performance and how performance in export markets can be improved have received considerable attention in recent years (Aaby and Slater, 1989; Cavusgil and Zou, 1994; Styles, 1998; Zou, Taylor and Osland, 1998). It is widely recognised that success in a domestic market does not guarantee success in foreign markets and that unique strategies are needed to succeed in export markets (Cavusgil and Zou, 1994). 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), and export marketing strategy (Cavusgil and Zou, 1994).

Whilst such efforts do add value, there is growing recognition and underlying concerns being raised as export performance has been measured by a wide variety of indicators, including, sales, market growth, market share, profitability, return on investment, attainment of export goals and perceived satisfaction. With such varied approaches to performance measurement, the findings of different export studies are difficult to compare, impairing knowledge development and consensus on what are the determinants or drivers of performance.

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. The performance measures used in previous studies
often reflect the unique emphasis that different countries place on exporting. Given the paucity of exporting studies in the South East Asian countries, the purpose of the present study is to examine export performance and the determinants of performance in a South East Asian country context. The Cavusgil and Zou (1994) scale provides a solid theoretical foundation for this study as it can be considered the most comprehensive export performance scale in both content and form, in strategy, marketing, and exporting contexts (Styles, 1998). However, the suitability of the scale for use across different countries at different stages of economic development has yet to be investigated. This study’s focus is on identifying a parsimonious set of factors that influence export performance.

**Determinants of Export Performance**

There is a growing body of research that has examined the factors that influence export marketing performance (Cavusgil and Zou, 1994; Styles, 1998; Styles and Ambler, 1998; Zou, Taylor and Osland, 1998). Over time, 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).

In the context of firm-specific characteristics, a firm’s capabilities and constraints appear to be strong determinants of the 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). 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 an exporter to identify the idiosyncracies in the export markets, develop the necessary marketing strategies and implement them effectively, thus impacting on export marketing performance (Cavusgil and Zou, 1994). Furthermore, 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; Terpstra, 1987). 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; Christensen, da Rocha and Gertner, 1987), leading to better performance (Aaker, 1988). As such, it is hypothesised that:

H1a: Firm competencies make a significant contribution to firm characteristics.

H1b: Firm commitment makes a significant contribution to firm characteristics.

Specific product characteristics have also been identified as having a significant influence on the marketing performance of a specific venture in an international market (Cavusgil, Zou, and Naidu, 1993). Product attributes 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). As such, it is hypothesised that:

H1c: The firm’s product makes a significant contribution to firm characteristics.

The export environment, in the sense that foreign markets pose both threats and opportunities for exporting firms, affect performance. A firm must match its strengths with market opportunities to negate market threats and to ensure marketing performance success, and as such, export marketing performance tends to be conditioned by the export environment the export market venture is operating in (Cavusgil and Zou, 1994). Some of the principal export environmental characteristics likely to influence marketing performance include: the intensity of competition (Christensen, da Rocha and Gertner, 1987; Cavusgil, Zou and Naidu, 1993);
export market characteristics such as the extent of host country government intervention (Beamish, 1984; Contractor, 1990; Blodgett, 1991); and the cultural similarity of the domestic market to the export market (Cavusgil and Zou, 1994; Douglas and Craig, 1989; Terpstra, 1987).

In relation to the intensity of competition, intense 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). In contrast, firms may be reluctant to modify their products and associated strategies if the product has been established within the firm for a long time. This being the case, organizational inertia can prevent changes because firms could believe that product and promotion strategies that were successful in the past will continue to be successful in the future (Cavusgil and Zou, 1994). As such, it is hypothesised that:

H1d: Competitive intensity makes a significant contribution to export environmental characteristics.

As far as export market characteristics are concerned and in relation to host country government intervention, 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:
H1e: The export market makes a significant contribution to export environmental characteristics.

Finally, in relation to the cultural similarity of the domestic market to the export market, 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 idiosyncrasies of the export market (Cavusgil and Zou, 1994). As such, it is hypothesised that:

H1f: The cultural similarity of the domestic market to the export market makes a significant contribution to export environmental characteristics.

Taking into account a firm’s characteristics, product and export environmental characteristics, it is logical that these will impact strategy and ultimately performance because, export marketing strategy is the means by which an export firm responds to market forces to meet its objectives. Strategy involves all aspects of the marketing mix, including, product, pricing, promotion and distribution, and in international marketing, the key determining factor affecting marketing 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 a function of product, market, organisation and environmental characteristics (Cavusgil, Zou and Naidu, 1993; Jain, 1989). Therefore, export marketing strategy is determined by the degree of adaptation or standardisation required in each foreign market (Cavusgil and Zou, 1994).

As indicated in Figure 1 firm competencies (in exporting), firm commitment and product characteristics are all identified as elements of firm characteristics. Further, we propose that there are three environmental characteristics that are important. These include, competition
intensity, export market characteristics and the cultural similarity of the domestic market to the export market. As such, it is hypothesised that:

H2a: The export marketing strategy adopted will have a positive impact on export marketing performance.

H2b: Favourable firm characteristics will have a positive impact on export marketing performance.

H2c: Favourable export environmental characteristics will have a positive impact on export marketing performance.

H3a: Favourable firm characteristics will have a positive impact on the export marketing strategy to be adopted.

H3b: Favourable export environmental characteristics will have a positive impact on the export marketing strategy to be adopted.

Whilst prior research has enhanced the understanding of the determinants of export marketing performance through focusing on areas such as these, our knowledge is far from complete. For example, reviews by Aaby and Slater (1989) and Cavusgil and Zou (1994), identified a pattern of inconsistent and conflicting findings that still exists in the literature for all determinants of export marketing performance. A major weakness is the lack of a uniform measure of export marketing performance (Cavusgil and Zou, 1994). A further concern is that most previous studies have been conducted in a developed country context with very little focus on the developing countries of South East Asia. Therefore, one way to reconcile the inconsistency problem is to develop and adopt a generalised export performance measure that can be applied to multiple countries and to test that measure in one of the countries of South East Asia.

Export marketing performance has been measured principally, in three different ways, firstly, by measuring export marketing performance using the economic indicators of performance i.e.
profit, sales, market share etc. Secondly, via strategic indicators such as outcomes including expansion, increasing the awareness of the product/service and to block a competitor and finally, via satisfaction with overall performance through attitudinal and satisfaction levels. It is the third approach to the measurement of export marketing performance via perceptual or attitudinal measures that we focus on. 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. Studies adopting this perspective have measured a firm’s export marketing performance either directly, such as perceived success or satisfaction with the venture (Cavusgil and Zou, 1994) or indirectly, as the firm’s attitude toward exporting (Johnston and Czinkota, 1982) and there appears to be a growing consensus of the suitability and value of this approach (Styles, 1998; Zou, Taylor & Osland, 1998).

In relation to the measurement issue, there has not been sufficient effort expended in developing a scale that can be used in more than one national setting, especially the developing countries of South East Asia. Most previous studies have been conducted in a developed country context, in for example, 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 context 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 and the emphasis on Asia by many governments around the world as trading opportunities. The export marketing performance of South East Asian export market ventures are an important dimension of contemporary business because many of these markets are used for the re-export of products/services to third country markets. For example, Thailand, is an important market because of its strong economic growth, growth of exports, and growing investment since 1980.
Prior to the economic and political crisis of 1997 Thailand had seen economic growth rates averaging between 8 to 10 percent for the previous ten years and solid foreign investment (Economist Intelligence Unit, 1994). In 1994 and 1995 in Thailand, economic growth rates of 8.4 percent and 8.6 percent respectively were achieved (Far Eastern Economic Review, August 17 1995). By 1996 economic growth had slowed to 6.7 percent (Far Eastern Economic Review, April 16 1998), however, Thailand could still be classified as a high growth economy at that time (Stier and Mills, 1994). After the economic crisis in Thailand in 1997, Thailand experienced a murderous recession with economic growth rates declining to 0.6 percent and 0.1 percent for 1997 and 1998 respectively (Far Eastern Economic Review, February 12 1998). Since then Thailand has experienced marked improvement in the economy achieving economic growth rates of 4.0 and 6.6 percent for 1999 and 2000 respectively (Far Eastern Economic Review, Nov 9, 2000) indicating the economy had a made significant recovery from the economic crisis of 1997. A similar performance for the Thai economy was predicted for 2001 with economic growth of around 6.1 percent being predicted (Far Eastern Economic Review, September 20 2001), indicating Thailand was gradually returning to a high growth economy.

As far as export growth is concerned, it is useful to note that the Thai economy has been chiefly export driven, and manufacturing has been mainly in the final process or assembly stage. In the 1980’s, the country became a popular “production platform” – increasing the amount of imports, using cheap labour, and exporting much of the output (Economist Intelligence Unit, 1994; Far Eastern Economic Review, August 17 1995).

In the 1990’s, Thailand entered a new phase; by deepening its industrial roots through domestically producing the parts, components, machinery, and services to fuel the manufacturing engine. Tremendous opportunities were implicit in this process. This occurred as Thailand’s domestic market approached 60 million, its per capita income had overtaken $U.S. 2,000, and the entire region had become recognised as the world’s major growth area.
Exports climbed, investment rose and international reserves reached a record $U.S.35 billion at the end of May 1995. Indeed, the biggest problem prior to floating the Baht in 1995 that the economy faced in the short term was that it was growing too fast. This economic expansion was being fuelled by strong domestic demand and surging exports (Stier and Mills, 1994).

The historical growth in Thailand’s economy has increased average consumer disposable income and spending power even taking into account its recent economic trouble. Private investment in Thailand rose 11 percent in 1995, after an 8.2 percent gain in 1994. This had the effect of pushing up Thailand’s import bill, since most capital goods, such as the machinery and tools used in factories, were imported, helping to enlarge Thailand’s productive capacity, raising export earnings and helping the economy shift from labour-intensive manufacturing to higher value-added products (Far Eastern Economic Review, August 17 1995).

As a result of this positive investment environment, the growth in exports and the return to a high growth economy it provides an ideal environment to study the export marketing performance of export market ventures in a developing country context. Previous studies with their varied approaches did not explicitly assess whether the scales employed possessed cross-national consistency. If the export performance measures used for one country could not be generalised to another there would be no point to compare the findings of studies conducted in different countries. Therefore, if findings from studies conducted in different countries are to be compared, there is a need to develop and test a scale for measuring export performance that is reliable and consistent across countries (Zou, Taylor and Osland, 1998).

Given the theoretical discussion above and the historical marketing performance of Thailand we propose the following model of hypothesised relationships for testing as depicted in Figure 1:
“Take in Figure 1”

**Methodology**

The specific national setting for the examination reported here is Thailand, where interest in marketing performance research among academics is increasing (e.g., Julian and Ramaseshan, 1999; Julian and O’Cass, 2000). The population of the study is small and medium-sized enterprises (SME’s), defined as firms with fewer than 500 employees (OECD, 1994; Styles, 1998) exporting from Thailand to businesses in foreign countries. Export research focusing on this group of firms is of interest because (1) the potential growth in exports is perhaps the greatest among this group (Walters and Samiee, 1990); and, (2) the suggestion that SME’s may operate in quite different ways than larger firms (Carson, 1990) and, therefore, would benefit from being researched separately. The Thai firms came 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 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. First, the Cavusgil and Zou (1994) research instrument was incorporated into a preliminary questionnaire and pre-tested via a series of personal interviews with the marketing managers of 20 Thai firms involved in exporting following similar procedures to Li and Ogunmokun (2000). Following some minor refinement, the questionnaire was mailed to a sample of Thai firms involved in exporting. The instrument contained items tapping specific firm competencies, commitment, product characteristics, competition intensity, export market characteristics, cultural similarity of the export market to the domestic market, export marketing strategy and export marketing performance. Firm competencies, included items tapping management commitment to the venture (McGuiness and Little, 1981),
resources available for export development (Terpstra, 1987), international experience (Douglas and Craig, 1989) and the extent of careful planning (Cavusgil and Zou, 1994).

Commitment was measured via statements that tapped the extent of the firm’s commitment to its products/services and the service/maintenance requirements for the firm’s products/services, the extent to which the product/service is established within the firm and the degree of exposure of the firm’s products/services in the export market. Items also assessed the extent of resource commitment by the firm to the export market adapted from Cavusgil and Zou (1994). Statements measuring certain product characteristics were adapted from Cavusgil and Zou (1994). These items included the culture-specificity of the product/service, the degree of uniqueness of the product/service in this export market and the patent protection enjoyed by the product/service in this export market.

Competition was measured via statements that tapped the intensity of competition in the export market. Items tapped the degree of price competitiveness in the export market, the extent of price competition in the firm's industry and the competitive intensity of the export market. They also assessed the extent of foreign competitors in the export market adapted from Cavusgil, Zou and Naidu (1993) and Christensen, da Rocha and Gertner (1987).

Export market characteristics was tapped via items focusing on the sophistication of the export market’s marketing infrastructure, the degree of adaptation of the product's packaging and positioning strategy in the export market and the extent of government intervention in the export market, adapted from Cavusgil and Zou (1994). The survey also sought to identify the cultural similarity of the export market to the domestic market.

Export marketing strategy was measured via statements that tapped the extent of distributor/subsidiary support in the export market, the amount of training given to the distributor’s sales force together with the promotion support provided to
distributors/subsidiaries in the export market. Items also assessed the degree of promotion strategy adaptation in the export market adapted from Cavusgil and Zou (1994). All items were tapped via 7 point semantic differential scales.

Export marketing performance was tapped via respondents indicating their perceived success of the export venture on a 10-point bipolar scale (1=unsuccessful, 10=successful) indicating overall satisfaction with the performance of their venture.

Sample and Data Collection
The sample consisted of Thai firms involved in exporting a product or service to one or more countries. As the interest was in SMEs only, firms that had 500 employees or less were included in the sample. The questionnaire was mailed to a sample of 1,000 Thai firms involved in direct exporting and the response rate for this survey was acceptable at 15.10 percent (151 questionnaires out of a sample of 1,000 were returned). It should also be acknowledged that this response rate is normal for most mail surveys (Groves, 1990; McDougall, Covin, Robinson, and Herron, 1994) and similar response rates had been achieved in prior international marketing research by Kaynak and Kuan (1993) and Li and Ogunmokun (2000) and sample sizes of 53 have been reported in previous research (Mintu-Wimsatt & Calantone, 2000).

Results
Initially an exploratory factor analysis using the principal components method with varimax rotation was conducted to assess the dimensionality of the firm and environmental characteristics. The results of the exploratory factor analysis are summarised in Table I, indicating six factors and two independent statements explained 65 percent of respondent variation on the internal-external characteristics of Thai export firms (see Table II), with eigenvalues greater than 1. All items loaded onto their correct factors and no cross-loadings above .2 were identified. The mean score ranged from 3.31 for marketing strategy to 5.82 for
competitive intensity on a 7-point scale. The overall score for satisfaction with performance was very high at 6.12 on the 10-point scale.

“Take in Table I”

The preliminary results indicated similar psychometric properties to previous export research (Cavusgil & Zou, 1994; Zou, Taylor and Osland, 1998) and were sufficient to examine the relationships depicted in Figure 1.

Measurement and Structural Model Evaluation

Due to the small sample size and distributional assumptions required by the more well known methods such as LISREL it was decided to use the Partial Least Squares (PLS) estimation procedure to evaluate the theoretical relationships (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. It was developed by Wold (1981) to avoid the necessity of large sample sizes and “hard” (stringent) assumptions of normality. For this reason it 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 major advantages for non-experimental research (Kroonenberg, 1990). 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). Another major advantage of the PLS method is that the outer model formulation explicitly allows for the specification of both reflective and formative modes. In the classic test theory factor analytic model reflective indicators are assumed to change together or move in the same direction, whereas the formative indicators are not assumed to measure the same construct nor are they assumed to be correlated. They are instead an
optimum linear combination forming the latent construct (Chin, 1998a,b). Therefore, given the theoretical formulation and the research context (including sampling), PLS is particularly suitable as a method for analysis and model evaluation.

The PLS computer program by Chin and Fry (2000) was used to systematically evaluate the properties of the outer and the inner model as formulated in Figure 1. The results in relation to the outer measurement model are shown in Table II and for the inner latent variable model in Table III and the results for the structural model are shown in Figure 2. Complex models can not be evaluated on the basis of any single, general fit index but rather involves multiple indices which are characterized by many aspects regarding their quality, sufficiency to explain the data, congruence with substantive expectations and precision (Lohmöller, 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). 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).

“Take in Table II”

The fit indices for the outer measurement model are shown in Table II, including weights and critical ratios (t-values). In the hypothesized Model firm characteristics and export environment were formulated in the formative sense. The formative measurement model was used for the latent variables firm characteristics and export environment and the manifest variables were assumed to be multiple causes of the latent variable. The regression weights rather than the loadings are used in evaluating the relationships. These are shown in Table II where it can be seen that significant critical ratios exist for H1a, H1b, H1c and H1e (and moderate for H1d) so providing support for the hypotheses.
The basis for the evaluation of the full theoretical framework (Figure 1) is shown in Table III. The average proportion of variance accounted (AVA) for the endogenous variables was 22% and 19% and the individual $R^2$ were around recommended levels of .10 (Falk and Miller, 1992) or just below, except for strategy and performance. For strategy all of the predicted variables were acceptable (firm characteristics = .108, export environment = .076). For performance they were acceptable except for strategy (firm characteristics = .111, export environment = .100 and strategy = .004). 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 and these were all acceptable except for strategy-performance.

“Take in Table III”

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: p. 74). The between blocks correlation coefficients of the residuals of the manifest variables were all relatively low (below .34) suggesting that the blocks are distinctly defined (Falk & 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 III the majority of paths exceeded this criterion and the bootstrap critical ratios are of the appropriate size (greater than 1.96). This, therefore, supports hypotheses H2b, H2c and H3a and H3b. This data, therefore, suggests that firm characteristics and the export environment are both associated with strategy and performance, however, contrary to expectations strategy and performance were poorly related and did not support H2a.

“Take in Figure 2”
The test of the structural model included estimating the path coefficients, which are interpreted as standardized 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 effects reflects the total effects of the variable on the endogenous variable (Alwin & Hauser, 1975; Ross, 1975; Igbaria, Zinatelli, Cragg & Cavaye, 1997). Table IV provides the primary direct and indirect effects for the model depicted in Figure 2.

“Take in Table IV”

**Summary and Implications**

The results indicate that firm characteristics and the export environment contribute significantly to the variation in the export marketing performance of Thai export ventures. Interestingly marketing strategy was not shown to be a strong predictor of performance and indications are that it does not moderate the relationship between firm and export environmental characteristics and performance. The individual measured variables that were the strongest indicators were firm competencies, firm commitment, product characteristics, competition intensity (moderate) and export market characteristics, whilst cultural similarity of the export market to the home market was not significant. It is important for the management of any company to be aware of these factors when contemplating an export venture of any magnitude and ensure that they are conducive for overall success. This means taking into account both internal and external forces and managing them efficiently and effectively to improve marketing success in the export market.
Managerial Implications and Applications

As far as firm characteristics were concerned, this study clearly indicated that it is important for managers of export firms to be aware of the firm characteristics that can influence the firm's marketing performance. The dimensions of firm characteristics identified here confirms that 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). 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; Christensen da Rocha and Gertner, 1987), leading to better performance (Aaker, 1988).

This study has also shown that it is important for managers of export firms to be aware of the dimensions of export marketing strategy that can influence marketing performance. The dimensions of export marketing strategy identified here confirm that supporting a distributor/subsidiary in the export market can lead to a cooperative partnership between the manufacturer and the distributor/subsidiary, driven largely by appropriate firm characteristics.

With regard to competition, the study findings have shown that the level of competition in an export market has an indirect influence on a firm's marketing performance via marketing strategy adaptation. The dimensions of competition identified here confirm the importance for the firm to be price competitive in the export market it is operating in if it wishes to be successful in that export market. The firm needs to be aware of this so that the export venture is not undermined by competitors.

As far as commitment is concerned, the study findings have shown that firms must make commitments to their products/services. By maintaining/servicing its products, through the product's level of exposure in the export market, through resource commitment and through
the product's level of establishment within the firm. Several researchers (Beamish, 1988; Devlin and Bleakley, 1988; Geringer, 1988; Schaan, 1983; Lee and Beamish, 1995) have emphasised the role of commitment to international joint venture (IJV) success. Beamish (1988) found a strong correlation between commitment and performance in IJVs, noting that most of the commitment characteristics in the high performing ventures were related to the MNE’s willingness to do something: adapt products, increase employment of nationals, visit and offer assistance, or supply special skills and resources. Therefore, the management of an export firm needs to be committed to its products/services for successful export marketing performance.

With regard to export market characteristics, this study clearly indicated that it is important for managers of export firms to be aware of the market characteristics of a foreign market that can influence a firm’s marketing strategy and marketing performance. The level of sophistication in the markets marketing infrastructure; the degree of adaptation required with respect to the product’s packaging; the extent of government intervention; and, the degree of adaptation required for the product’s positioning strategy are very important for successful export marketing performance.

As far as product characteristics and product adaptation are concerned, the study findings have shown that managers of export firms should make efforts to adapt their products/services to meet the needs of the local market to achieve success in the marketing performance of their export venture. Specifically, the culture-specificity of the firm’s products/services, the degree of uniqueness of the firm’s products/services, the extent of the patent enjoyed by the product/service, and, the degree of adaptation required subsequent to entering the export market all require management’s attention.

Finally, in relation to the cultural similarity of the export market to the domestic market, when a 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). However, for Thai export market ventures cultural differences between the domestic market and the export market seemed not to impact on strategy or performance.

The present study has extended the literature on export marketing strategy and performance in several areas. First, even though the construct of export marketing strategy was not a statistically significant predictor of export performance the importance of export marketing strategy to export performance has been identified. The strategy variables identified here concern the level of support given to the companies’ distributors and the ability of the firm to adapt its promotion strategy to accommodate the requirements of the particular export market. Second, the constructs developed here can serve as a foundation for further research into export marketing. Third, the study has contributed to a more comprehensive understanding of the success factors in export marketing. Firm competencies, competition, commitment, export market characteristics and product characteristics have emerged as the key success factors in export marketing. Fourth, the study provides an alternative perspective to the Cavusgil and Zou (1994) study and has been taken in a different national setting, moving away from the heavy focus on the developed countries of the west. The Cavusgil and Zou (1994) study identified marketing strategy, a firm’s international competence, and managerial commitment as the key success factors. Whilst some variables in the present study loaded onto different constructs and the statistical significance of the constructs varied when compared to the Cavusgil and Zou (1994) study the underlying dimensions of the data were consistent across both studies in different national settings. For example, a firm’s international competence and managerial commitment were identified as separate constructs in the Cavusgil and Zou (1994) study, however, in the present study they were included as important variables in the construct of firm characteristics. Finally, the study extended the Cavusgil and Zou (1994) study by identifying price competitiveness in the export market and commitment to the product as important drivers of export marketing success.
This study examined the measurement of export marketing performance in a South East Asian country. The particular theoretical perspective adopted here was that export marketing performance is, firstly, measurable at the export venture level (that is, the product/market level). Secondly, it incorporated the major perspectives of export performance used in previous studies and it 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 firstly, 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. Secondly, it utilizes satisfaction with the venture’s export performance (Cavusgil and Zou, 1994; Zou, Taylor and Osland, 1998), which is increasingly being used to measure performance. As such this theoretical perspective helps integrate the existing literature. Finally, it is also consistent with the export marketing literature generated in various countries e.g., the United States (Cavusgil and Zou, 1994), Australia and the United Kingdom (Styles, 1998). Essentially, the theoretical perspective that has been adopted is that for export performance measurement scales to be reliable and valid across different national settings they need to include items that are drawn from multiple perspectives of previous studies conducted in various countries. That way the scale will reflect the fact that firms in different countries may tend to emphasise different types of performance measures for cultural, economic or sectoral reasons (Zou, Taylor and Osland, 1998). Thus, we argue that the export marketing performance of developing country export ventures is fundamentally similar to developed countries with regard to satisfaction with performance.

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<table>
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<tr>
<th>Constructs</th>
<th>Cronbach Alpha</th>
<th>Items</th>
<th>Factor Loadings</th>
<th>Cumulative % Variance</th>
<th>Mean</th>
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<td>Firm competencies</td>
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<td>management commitment to export market venture.</td>
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<td></td>
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<td>amount of international experience.</td>
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<td>planning for export market venture.</td>
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<td>promotion support to the distributors/subsidiaries.</td>
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<td>amount of training given to the sales force of your distributors/subsidiaries.</td>
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<td>adaptation of your promotional strategy for export market venture.</td>
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<td></td>
<td>competitive intensity of export market.</td>
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</tr>
<tr>
<td></td>
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<td>extent of foreign competition.</td>
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<td>The degree of exposure of your product in this export market.</td>
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<td>The level of marketing infrastructure.</td>
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<td>government intervention in market.</td>
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<td>degree of culture specificity of your product/service.</td>
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Table II – Component Loadings for the Measurement Models

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<th>Model</th>
<th>Variable Name</th>
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<th>Weight</th>
<th>Critical ratio&lt;sup&gt;a&lt;/sup&gt;</th>
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<td></td>
<td></td>
<td>AVE&lt;sup&gt;b&lt;/sup&gt;</td>
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<tr>
<td>Export Environment</td>
<td></td>
<td>Competition Intensity</td>
<td>H1d</td>
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<td>Cultural Similarity</td>
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<td>AVE&lt;sup&gt;b&lt;/sup&gt;</td>
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<sup>a</sup> Bootstrapping estimates calculated based on Chin (1998a,b)

<sup>b</sup> Average variance extracted
Table III - Partial Least Squares Results for the Theoretical Model

<table>
<thead>
<tr>
<th>Model</th>
<th>Predicted variables</th>
<th>Predictor variables</th>
<th>Hypothesis</th>
<th>Path Loadings</th>
<th>Variance due to path</th>
<th>$R^2$</th>
<th>Critical ratio&lt;sup&gt;ab&lt;/sup&gt;</th>
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<sup>a</sup> Bootstrap estimate divided by bootstrap standard error.
<sup>b</sup> Average Variance Accounted for.
### Table IV - Primary Direct and Indirect Effects

<table>
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<tr>
<th>Independent Variable + mediating Variable</th>
<th>Dependent variable</th>
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<th>Indirect</th>
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</table>
Figure 1 - Hypothesized Relationships Between Constructs

Firm Competencies

Commitment

Product Characteristics

Competition Intensity

Export Market Characteristics

Cultural Similarity

Firm characteristics

Marketing Strategy

Export Environment

Marketing Performance

H1a

H1b

H1c

H1d

H1e

H1f

H2a

H2b

H2c

H3a

H3b

H3c
Figure 2 - Hypothesized Model Results

Firm characteristics → Marketing Strategy
Firm Competencies
Commitment
Product Characteristics
Competition Intensity
Export Market Characteristics
Cultural Similarity

Export Environment

Marketing Performance

R² 19
R² 22

* Indicates significant path