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THE IMPACT OF BARRIERS TO EXPORT ON EXPORT MARKETING PERFORMANCE

ABSTRACT

This study examines the impact that various barriers to export have on the export marketing performance of Queensland export market ventures. This study considers a comprehensive set of potential barriers to export identified from the literature. The unit of analysis was firms engaged in exporting to foreign markets. Data were gathered via a self-administered mail survey directed to the Managing Director of 689 Queensland firms identified by a Queensland State Government department as being involved in exporting. The firms comprising the sample were manufacturing firms. The findings indicate that export venture management characteristics and adapting to foreign market needs as barriers to export were the significant predictors of export marketing performance.

Key Words: Export Barriers, Export Marketing Performance, Venture Management Characteristics, Adapting to Foreign Market Needs

INTRODUCTION

A number of major streams of research have already contributed to establishing export theory. One of the most prominent aspects of the export marketing literature has dealt with barriers to export as perceived by firms at different stages of export activity. The general consensus among export marketing researchers is that an understanding of the barriers to export and their impact on performance is vital at both a micro and macro economic level (Chung, 2003; Leonidou, 1995; Patterson and Cicic, 1995).
An understanding of the barriers to export is important because they can assist in determining why exporters are unable to exploit their full potential and why many firms fail or incur financial losses in their international activities (Chung, 2003; Leonidou, 1995). Understanding the barriers to export and their impact at a national level provides government policy makers with key strategic guidelines and evaluative insights into preparing their national export policies (Julian and O’Cass, 2004; Katsikeas, 1994). Furthermore, understanding the barriers to export could lead to minimising their effect and result in a higher export propensity and performance, for both individual firms and countries alike (Leonidou, 1995).

The primary focus of previous research on the barriers to export was to describe their perceived importance, frequency, intensity and their negative effect on the internationalisation of firms (Shoham and Albaum, 1995). Limited empirical research has been conducted on the impact of various barriers to export on export marketing performance, especially from an Australian perspective (Maitland and Nicholas, 2002). Therefore, a comprehensive empirical study is required on the impact of certain barriers to export on the export marketing performance of Australian firms exporting to other countries. This is primarily because firms in different countries tend to emphasise different types of marketing performance measures for cultural, economic and sectoral reasons (Styles, 1998; Zou, Taylor and Osland, 1998) and the outcome may differ based on where those firms originate. Given the importance of exporting to the Australian economy (Cooke, 1991; Julian, 1995) and the limited research that has been conducted on identifying the country-specific factors that influence the success of Australia’s export firms (Julian and O’Cass, 2004) the purpose of the present study is to examine the impact of certain barriers to export on Australian firms export marketing performance.
LITERATURE REVIEW

Much research has been conducted on the barriers to export, which are defined by Leonidou (1995) "as the attitudinal, structural, operational, and other constraints that hinder the firm's ability to initiate, develop, or sustain international operations" (Leonidou, 1995: 31). Barriers to export have been suggested as factors that impact the behaviour of exporters at different stages of internationalisation, and exporters should consider their effect prior to, and after entry into new markets (Shoham and Albaum, 1995).

Many barriers to export have been identified in the export marketing literature, however, the general consensus in the literature appears to be that the primary barriers to export include: export market attractiveness, foreign practises being incompatible with domestic business, export venture management characteristics, access to suitable distribution channels, adapting to foreign market needs and government policy (Da Silva and Da Rocha, 2000; Katsikeas and Morgan, 1994; Leonidou, 1995; Moini, 1997). What follows, is a discussion of these barriers to export in relation to their possible impact on export marketing performance with hypotheses being offered for testing.

Export market attractiveness as a barrier to export includes such issues as difficulty in collecting payments from foreign customers, difficulty providing after sales service, high costs associated with selling abroad, problem quoting prices with fluctuating exchange rates and high transportation costs to ship products to foreign markets. With respect to the difficulty of collecting payments from foreign customers, it is widely recognised as an export barrier because it causes cash flow problems for exporters (Da Silva and Da Rocha, 2000; Katsikeas and Morgan, 1994; Leonidou, 1995; Moini, 1997).
In relation to the difficulty of providing after sales service, Asugman, Johnson and McCullough (1997) reported that the level of internationalisation of the firm positively influences the importance attributed to the after sales service provided in foreign markets. Firms in advanced stages of internationalisation treat after sales service as a strategic tool in export markets. For an established firm in an international market, after sales service can serve as an effective barrier to entry to other firms who want to enter the market later on.

As far as the high costs of selling abroad are concerned, these costs include insurance costs, market research costs, distribution costs, etc. (Chung, 2003; Grady and Lane, 1996; Karunaratna and Johnson, 1997). Considering that most small firms have problems financing their export activities (Holmund and Kock, 1998), this cost factor could act as a serious export impediment for many firms (Chung, 2003; Da Silva and Da Rocha, 2000; Katsikeas and Morgan, 1994).

With respect to the high transportation costs to ship products to foreign markets, when going international firms tend to incur costs that would not normally be incurred in domestic settings and high transportation costs is one of them. High transportation costs result in higher product costs. The company has to increase the price of the product in order to absorb the extra cost associated with transportation, which can make the product less attractive in the foreign market. As such, acting as a barrier to export (Da Silva and Da Rocha, 2000; Grady and Lane, 1996; Moini, 1997).

As far as the problem of quoting prices with fluctuating exchange rates is concerned, the export marketing literature suggests that quoting prices with fluctuating exchange rates could be a problem for an exporter and the way to overcome it is to engage in foreign exchange risk coverage and also to look at how competitors products are priced in order to determine what value the target market places on a similar product.
(Cavusgil, 1993). The number of studies reporting problems quoting prices with fluctuating exchange rates as a significant export barrier is limited. However, Eshghi (1992) acknowledged uncertainty in currency fluctuations and valuation as a significant barrier to export.

Some studies in the export marketing literature have investigated the impact of exchange rate performance on export marketing performance. The findings indicating that exchange rate management matters for export marketing performance (Pick and Vollrath, 1994; Sekkat and Varoudakis, 2000). As such, it is hypothesised that:

**H1: Export market attractiveness will have a significant positive effect on the export marketing performance of Queensland export market ventures.**

With respect to foreign practises being incompatible with domestic business this includes foreign business practises being difficult to understand, confusing import regulations and procedures and risks involved in selling abroad. As the international marketing literature suggests, culture not only establishes the criteria for the day-to-day business behaviour, but also forms general patterns for motivation and attitude. If managers are not culturally sensitive they could face difficulties understanding the predominant business practises (Chung, 2003; Cateora and Graham, 1996). Therefore, foreign business practises being difficult to understand could act as a barrier to export.

Confusing foreign import regulations and procedures, government policy, import quotas and tariffs have long been sighted in the export marketing literature as a barrier to entry in international marketing (Chung, 2003). Studies by Eshghi (1992), Barker and Kaynak (1992), Julian and O’Cass (2004) and others have acknowledged
bureaucratic requirements, regulations and trade barriers of the target market as a barrier to export.

Furthermore, according to the international business literature firms find international business opportunities more risky than domestic ones, because in going global firms often encounter new types of risks and by doing so they incur costs that normally would not occur in domestic settings. International risk also may affect performance through losses due to host country government actions, such as the enactment of legislature that restricts the actions of the firm like voluntary import quotas or other import restrictions. However, the most common risk firms’ face in their international business activities is the exchange rate risk, which can create losses in other wise profitable operations when a currency is devalued (Grady and Lane, 1996; Karunaratna and Johnson, 1997).

As far as the high value of foreign currency in export markets is concerned, macroeconomic theory suggests that a rise in foreign prices reduces imports. If the value of the domestic currency is very high in comparison with the foreign markets' currency the prices of exports will rise in the target markets, and this will result in reduced demand (Dornbusch, Fischer and Kearney, 1998). Thus, the high value of a domestic currency in target markets can act as a barrier to export (Moini, 1997; Naidu and Rao, 1993). As such, it is hypothesised that:

**H2: Foreign practises that are incompatible with domestic business will have a significant negative effect on the export marketing performance of Queensland export market ventures.**

Export venture management characteristics as a barrier to export includes managerial indifference towards the value of exporting, management emphasis on
developing domestic markets, insufficient personnel to manage international trade activity and a lack of capacity dedicated towards a continuing supply of exports (see Julian, 2003; Julian and O’Cass, 2004; Lages, 2000).

With respect to managerial indifference towards the value of exporting, some companies have limited ambition regarding exploiting international opportunities. This limited ambition can result from either satisfaction with the domestic market or a preoccupation with problems in the domestic market. In the first case, firms could have the potential, but not have the desire to extend internationally, or limit their horizons to broader regional or national markets. In the second case, the ambition of firms is limited by problems in their domestic markets. Regardless, of which is the case, the limited ambition of management acts as a barrier to export, because it limits the company from exploring their full potential (Korth, 1991). Also, it has been suggested that in the later stages of export involvement the long-term commitment of management is the key to overcoming different barriers encountered in export activities (Julian and O’Cass, 2004; Kotabe and Czinkota, 1992). Thus, managerial indifference towards the value of exporting can act as a barrier to export.

In relation to management emphasis on developing domestic markets, on many occasions despite having the capacity management emphasises developing the domestic market and does not explore expansion opportunities in the international market place. Therefore, management emphasis on the domestic market acts as a barrier to export because it can limit the success of companies (Christensen, Da Rocha and Gertner, 1987; Keng and Jiuan, 1989; Korth, 1991; Moini, 1997).

As far as having insufficient personnel to manage international trade activity is concerned, the international business literature suggests that small firms, which in general are the majority of exporting firms, when it comes to exporting have a
general problem with inadequate expertise and skills at managerial, supervisory, and production employees level (Holmund and Kock, 1998). Some managers tend to misinterpret the available information. Even if the opportunities for market expansion are recognised, these managers are deterred by their misperceptions regarding difficulties, risks involved and inaccurate ideas about laws, currencies, financing, taxes, trade and exchange control and documentation. These misperceptions result in underestimating the potential opportunities and on many occasions missing the opportunities altogether. Some managers can suffer from unrealistic fears. Other managers could suffer from managerial inertia, which is a failure of management to act even when other barriers are not a problem. Regardless, of whatever the case may be, misperceptions, fears, or managerial inertia, they all result from insufficient personnel to manage international activities. Thus, this insufficient management personnel acts as a barrier to export (Barker and Kaynak, 1992; Korth, 1991; Moini, 1997; Naidu and Rao, 1993).

As far as the lack of capacity dedicated to a continuing supply of exports is concerned, many companies explore international expansion opportunities because they possess excess capacity and are looking for additional markets for their products. The export efforts of these companies flow according to the strength of their domestic market. They use export markets when domestic markets are weak. Thus, the lack of productive capacity dedicated to a continuing supply of exports acts as a barrier to export (Korth, 1991; Moini, 1997; Sullivan and Bauershmidt, 1989).

With regards to its effect on performance, some studies report the skills of top management, training of managers in international business and their knowledge in foreign languages as being positively related to export marketing performance (Lages, 2000). It has been acknowledged that managements’ attitudes towards exporting influences export marketing performance. Managerial attitudes are
associated with a number of barriers towards exporting. Companies that perceive fewer risks and barriers to exporting, usually have a positive attitude towards exporting, which results in better export marketing performance (Lages, 2000). Most studies revealed managerial commitment as a predictor of export marketing performance (Julian, 2003; Julian and O’Cass, 2004; O’Cass and Julian, 2003). As such, it is hypothesised that:

**H3: Managerial characteristics of the export venture’s management will have a significant negative effect on the export marketing performance of Queensland export market ventures.**

With respect to the lack of access to foreign channels of distribution, it has been suggested that distribution is the key to overseas success (O’Cass and Julian, 2003). Some firms prefer to distribute goods via company owned channels, whilst others contract with independent organisations (Anderson and Coughlan, 1987; Karunaratna and Johnson, 1997). Because many firms are unable to integrate vertically into global distribution, the non-integrated market entry modes of foreign distributor and agent are frequently used (Bello and Lohtia, 1995; Karunaratna and Johnson, 1997). Also, some countries like Japan have very complex distribution systems. Therefore, access to distribution channels is limited and complicated and as such they can act as a barrier to entry (Da Silva and Da Rocha, 2000; Gripshrub, 1990; Karakaya, 1993).

Additionally, the export marketing literature suggests that distributor commitment in a foreign country is of extreme importance, as "suppliers with committed distributors gain greater access to market information, gain more distributor assistance, and reduce distributors’ interest in promoting competitive brands "(Kim and Oh, 2002:73). Thus, a reliable and committed distributor is vital for the success of the export
venture (Julian, 2003; Vorhies et al., 1999). However, finding a reliable distributor is difficult. Many prospects could be underfinanced, or can’t be trusted (Cateora and Graham, 1996). Some distributors tend to promote their own interests, rather than those of the exporter (Karunaratna and Johnson, 1997). That causes a serious problem especially in the case when the manufacturer is not well known abroad and the reputation of the distributor becomes the reputation of the manufacturer (Cateora and Graham, 1996). Therefore, difficulties associated with selecting a reliable distributor in a foreign country could act as a barrier to export (Karunaratna and Johnson, 1997; Katsikeas and Morgan, 1994; Leonidou, 1995; Moini, 1997). As such, it is hypothesised that:

H4: Inaccessibility to channels of distribution will have a significant negative effect on the export marketing performance of Queensland export market ventures.

Adapting to foreign market needs as a barrier to export relates to differences in product usage in foreign markets, the need to modify pricing and promotional policies according to the conditions of the foreign market and the need to adapt products to meet foreign customer preferences (see O’Cass and Julian, 2003). With regards to the differences in product usage in different foreign markets, in international marketing the product has to be adapted to a certain degree to accommodate certain target markets. Part of this adaptation process is finding out how the product is used in these target markets (Cateora and Graham, 1996). If the product is used differently and the company is unaware of it, the export venture could fail. Thus, differences in product usage could act as a barrier to export.

As far as modifying pricing and promotional policies are concerned, according to the condition of the foreign market, managers judge international pricing to be among the
most crucial decisions in their business practise (Stottinger, 2001; Vorhies et al., 1999). Export pricing includes additional costs that do not occur in domestic pricing. These include international freight and insurance charges, import duties, commissions for import agents and other environmental uncertainties (see Karunaratna and Johnson, 1997). Export price analyses must be conducted in order to find out what value the target market segment places on the product and how do differences in the product add to or detract from its market value (Cavusgil, 1993). If the exporter does not modify it's pricing strategy to accommodate market conditions the export venture could fail (Czinkota and Ursic, 1991; Da Silva and Da Rocha, 2000; Mayo, 1991; Moini, 1997; O’Cass and Julian, 2003).

Regarding promotional strategy, it is also desirable for this to be modified according to the requirements of the target market (Cavusgil, 1993; O’Cass and Julian, 2003). According to Donthu and Kim (1993), Katsikeas and Morgan (1994), Moini (1997) and others the need to adapt the promotional strategy to the foreign market is a significant barrier to export.

With respect to the need to adapt products to meet foreign customer preferences, it has been acknowledged that when a firm enters a foreign market, local competition will inspire the firm to adapt its strategies to accommodate the needs of the local market. The increased knowledge of local markets will stimulate the firm to develop products that better meet the local needs and tastes. However, whether to adapt and how much to adapt is a decision based on the costs of a localised strategy and the respective benefits of better serving the local market (Albaum and Tse, 2001; O’Cass and Julian, 2003). As a result of increased costs it could be concluded that the need to adapt products to meet foreign customer preferences could be a barrier to export for some companies.
In relation to the effects of the degree of product adaptation on a firm's marketing performance Koh (1991) reported that American exporters who often modified their product line had higher perceived profitability than others that didn’t modify their product lines. As such, it is hypothesised that:

**H5: The adaptation of products/services to meet local market needs will have a significant positive effect on the export marketing performance of Queensland export market ventures.**

Government policy as a barrier to export involves the lack of government assistance in overcoming export barriers and the lack of a tax incentive provided by the home country government for companies that export. In relation to the lack of government assistance in overcoming export barriers, the export marketing literature suggests that exporters need government assistance when barriers are created by foreign governments in order to reduce the barriers under their control (Shoham and Albaum, 1995). It has also been suggested that a firm's export involvement occurs in stages and each stage presents different problems to exporters. Therefore, exporters need different types of export assistance at the different stages (Kotabe and Czinkota, 1992). At the same time, in a foreign market the exporter must build a reputation that is a costly and a lengthy process. However, most small exporters have limited funds (Kotabe and Czinkota, 1992). Government assistance in the form of export subsidies can help companies break into foreign markets (Raff and Kim, 1998). Without this assistance some companies will find it difficult to break into export markets, especially when host country governments protect local industries. Thus, the lack of government assistance in overcoming export barriers can act as barrier to export (Barker and Kaynak, 1992; Katsikeas, 1994; Lages, 2000).
Furthermore, Gencturk and Kotabe (2001) and Truett and Truett (1994) reported that export assistance programs make a direct contribution to a firm's competitive position and an indirect contribution to the firm's profitability thereby impacting marketing performance. As such, it is hypothesised that:

**H6: Government policy has a significant positive effect on the export marketing performance of Queensland export market ventures.**

Export marketing performance has been measured, principally, by three different ways. Firstly, via the economic indicators of performance i.e. via profit, sales or market share. The underlying theoretical justification for measuring export marketing performance via the economic indicators is that exporting is part of the firm's marketing program and as a firm's marketing operations have been measured in economic terms, therefore, the marketing performance of an export venture should be measured in the same way i.e. in economic terms (Julian and O’Cass, 2004; Styles, 1998; Zou, Taylor and Osland, 1998). Measuring export marketing performance via the economic indicators is the most commonly used measure of export marketing performance in the literature (Zou, Taylor and Osland, 1998).

Secondly, export marketing performance has been measured via the strategic indicators, such as gain in market share, gain in strategic presence in the export market or attainment of a competitive position in the export market (Cavusgil and Zou, 1994; Julian and O’Cass, 2004; Styles, 1998; Zou, Taylor and Osland, 1998). Here, the underlying theoretical justification is that firms set strategic goals as well as economic goals in exporting (Cavusgil and Zou, 1994; Zou, Taylor and Osland, 1998). Thus, the attainment of strategic goals, such as improved competitiveness, increased market share or strengthened strategic position must be considered as
part of a firm’s export marketing performance (Julian and O’Cass, 2004; Styles, 1998; Zou, Taylor and Osland, 1998).

Finally, export marketing performance has been measured via perceptual or attitudinal measures i.e. marketing performance being measured directly via perceived export success or satisfaction with the export market venture (Cavusgil and Zou, 1994; Julian and O’Cass, 2004; O’Cass and Julian, 2003; Styles, 1998; Zou, Taylor and Osland, 1998). Here, the underlying theoretical justification is that being positively disposed toward exporting and/or satisfied with exporting operations is a strong indication of success in exporting (Zou, Taylor and Osland, 1998).

The variety of approaches to the measurement of export marketing performance makes it difficult to compare the findings of different studies. When conflicting findings are obtained by studies that employ different measurement schemes for export performance, it makes it impossible to identify whether the findings are because of the measurement scales or the independent variables being studied. As a result of the use of different measurement schemes, it is difficult to assess which of the individual variables are the strongest predictors of export marketing performance (Zou, Taylor, and Osland, 1998).

The particular theoretical perspective adopted here is that the measurement scheme should incorporate the major perspectives of export performance used in previous studies and it should be consistent with the existing export performance measures used by studies in different countries (Julian and O’Cass, 2004; Styles, 1998). The benefits of adopting this theoretical perspective are that it combines the three primary means of measuring export performance that have been used in previous studies: economic indicators, strategic indicators and satisfaction with the venture’s export performance (Cavusgil and Zou, 1994; Julian and O’Cass, 2004; Zou, Taylor, and
osland, 1998;). 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; Julian and O’Cass, 2004).

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 (Julian and O’Cass, 2004; Zou, Taylor, and Osland, 1998).

**METHODOLOGY**

The study was based on an empirical investigation of firms involved in exporting to foreign countries from Queensland, a large Australian state. The sample of firms comprised of manufacturing firms from a wide cross section of industries including construction, engineering, packaging, and many others. The list of firms comprising the sample was provided by a state 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 and Zou, 1994).

The instrument contained items identified by the literature as measuring barriers to export such as export market attractiveness (Katsikeas and Morgan, 1994), foreign
practises being incompatible with domestic business (Katsikeas, 1994), characteristics of the export venture’s management (Lages, 2000), distribution access (Karakaya, 1993), adapting products/services to meet foreign market needs (Koh, 1991) and government policy (Gencturk and Kotabe, 2001). Export market attractiveness was measured via items tapping the difficulty in collecting payments from foreign customers and providing after sales service, high costs of selling abroad including high transportation costs to ship products to foreign markets, problems associated in quoting prices with fluctuating exchange rates and the difficulty in arranging a licensing or joint venture arrangement with foreign firms. The items used in this measure of export market attractiveness were adapted from Katsikeas and Morgan (1994). Foreign practises being incompatible with domestic business were measured via items tapping foreign business practices being difficult to understand; confusing import regulations and procedures; risks involved in selling abroad; and, the high value of foreign currency in export markets (Da Silva and Da Rocha, 2000; Katsikeas, 1994; Leonidou, 1995). Export venture management characteristics was measured via items tapping managerial indifference towards the value of exporting, management’s emphasis on developing domestic markets and insufficient personnel to manage international trade activity together with a lack of capacity dedicated to a continuing supply of exports (Lages, 2000). Distribution access was measured via items tapping the lack of foreign channels of distribution and the difficulties associated with selecting a reliable distributor and gathering information on foreign markets (Karakaya, 1993). Adapting to foreign market needs was measured via items that tapped the differences in product usage, language and culture; and, the need to modify product, price and promotional strategies. These items were adapted from Albaum and Tse, (2001); Koh, (1991); and, Moini, (1997). Finally, government policy was measured via items tapping a lack of government assistance in overcoming export barriers and the lack of a tax incentive by the home country government for companies that export (Lages, 2000).
Export marketing performance has been measured via the use of economic indicators, strategic indicators and overall satisfaction with performance. As a result, we used a composite measure of export marketing performance that incorporated all three measures of export marketing performance (Julian and O’Cass, 2004). The theoretical perspective behind this conceptualisation is that it incorporates the major perspectives of export marketing performance used in previous studies by combining the three primary means of measuring export marketing performance, that is, economic export performance, strategic export performance and satisfaction with the performance of the export market venture into a composite scale (Cavusgil and Zou, 1994; Julian and O’Cass, 2004; Styles, 1998). As such, this conceptualisation helps integrate the existing literature. It is also consistent with the export marketing literature generated in various countries where firms in different countries may tend to emphasise different types of performance measures for cultural, economic or sectoral reasons (Zou, Taylor, and Osland, 1998).

From the pre-test ten strategic objectives were preset in the research instrument. Respondents were asked to indicate the relative importance of each objective on a five-point bipolar scale with scale poles ranging from strongly disagree (1) to strongly agree (5) (Cavusgil and Zou, 1994). The extent to which the objectives were achieved was then computed. Respondents then indicated their perceived success of the export venture on a 10-point bipolar scale (1=unsuccessful, 10=successful). Finally, they were asked to indicate how profitable the export market venture was on a 10-point bipolar scale (1=fairly profitable, 10=extremely profitable). These three indicators were then summed into a composite scale for measuring export marketing performance (Cavusgil and Zou, 1994).
After the pilot test the questionnaire was mailed to a purposeful sample of 694 firms who were identified as being involved in direct exporting, yielding 122 usable questionnaires being returned accounting for an effective response rate of 17.6 percent and considered to be adequate (Groves, 1990).

**DATA ANALYSIS**

Prior to analysing the data the issue of non-response bias is discussed. An ‘extrapolation procedure’ technique was used to assess non-response bias. 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 122 Queensland export market ventures and the target population of 694 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.

Prior to analysing the data a brief profile of respondents and firms in the sample is provided. The number of years the respondents had worked in international business prior to joining this current firm was approximately 50.0% for 1 to 3 years, 8.1% for 4 to 6 years, 11.6% for 7 to 9 years and 30.3% of the respondents had worked in international business prior to joining their current firm for 10 years or more. Around 17.4% of respondents had worked for their current organisation for 3 years or less, 15.7% of respondents had worked for their current organisation for 4 to 6 years, 9.9% of respondents had worked for their current organisation for 7 to 9 years, 13.2% of
respondents had worked for their current organisation for 10 to 12 years and 43.8% of respondents had worked for their current organisation for 13 years or more. Around 5.0% of firms had been in business 5 years or less, 14.0% of firms had been in business between 6 to 10 years, 17.4% of firms had been in business between 11 and 15 years, 15.7% of firms had been in business between 16 and 20 years and 47.9% of firms had been in business 21 years or more. Indicating that a large percentage of firms and respondents in the sample had substantial experience in international business and were more than qualified to respond to issues in this study.

The data were initially analysed using principal components analysis to assess the psychometric properties of the instrument assessing barriers to export identified as export market attractiveness, foreign practises being incompatible with domestic business, export venture management characteristics, distribution access, adapting to foreign market needs and government policy. 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 (Table 1). Each scale was reviewed using factor analysis to establish that they were unidimensional. The final reliabilities for all scales were greater than .60 in all cases with a few over .80. A test of reliability for the six factors resulted in Cronbach’s alpha of 0.82, 0.76, 0.80, 0.72 respectively for the factors “export market attractiveness”, “foreign practises incompatible with domestic business”, “export venture management characteristics” and “distribution access” suggesting high reliability. A test of reliability for the factors “adapting to foreign market needs” and “government policy” resulted in Cronbach’s Alpha of 0.66 and 0.64 respectively suggesting modest reliability. Though 0.60 is acceptable for a four-item scale or less (Anderson and Coughlan, 1987), more statements relating to the construct would considerably improve the scale’s reliability. As such, the measure was judged adequate to
examine the hypothesised relationships. The six factors explained 51.733 percent of respondent variation on issues about the barriers to export confronting Queensland export market ventures (Table 2).

A multiple regression analysis was then conducted to examine the relationship between the export marketing performance of Queensland export market ventures as a dependent variable when measured by a composite measure of export marketing performance and the six factors as barriers to export: “export market attractiveness”, “foreign practices incompatible with domestic business”, “export venture management characteristics”, “distribution access”, “adapting to foreign market needs” and “government policy” (Table 3). The analysis resulted in an $R^2 = .254$ suggesting that the six barriers to export “export market attractiveness”, “foreign practices incompatible with domestic business”, “export venture management characteristics”, “distribution access”, “adapting to foreign market needs” and “government policy” together explained 25.4 percent of the variation in the export marketing performance of Queensland export market ventures as explanatory variables when measured by a composite measure of export marketing performance that included economic export performance, strategic export performance and satisfaction with the performance of the export market venture. The results also show only two factors – “export venture management characteristics” and “adapting to
foreign market needs” as having a significant influence on the export marketing performance of Queensland export market ventures.

Overall the results indicate that H3 and H5 were supported, where it was found that the export marketing performance of Queensland export market ventures was negatively influenced by export venture management characteristics. Also, the export marketing performance of Queensland export market ventures was positively influenced by adapting the ventures products/services to meet foreign market needs.

**DISCUSSION AND MANAGERIAL IMPLICATIONS**

The two barriers to export contributing significantly to the variation in the export marketing performance of Queensland export market ventures were export venture management characteristics and adapting to foreign market needs. The two variables together accounted for 25.4 percent of the variation in the Queensland firms’ export marketing performance. Export market attractiveness, foreign practices incompatible with domestic business, distribution access and government policy as barriers to export were found to have no effect on the Queensland firms’ export marketing performance.

It is important for the management of any company to be aware of these factors when contemplating an export venture of any magnitude. As far as export venture management characteristics were concerned, the study findings have shown that managerial indifference toward the value of exporting, management emphasis on developing domestic markets, a lack of capacity dedicated towards a continuing
supply of exports and insufficient personnel to manage international trade activity have a significant effect on export marketing performance.

It is argued that in the context of venture management 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), human resources (Lages, 2000) and resources available for export development (O’Cass and Julian, 2003). 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).

The lack of any real commitment on behalf of management towards engaging in exporting and the absence of adequate skills and expertise at a managerial, supervisory and production employee’s level is a serious barrier to export and will have a significant negative effect on the export marketing performance of any export market venture. 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 leading to better performance (Julian, 2003). This study’s findings confirms the findings of previous research that the management of export firms must make commitments to their products/services and to the export market they are operating in for export marketing success (Julian, 2003).
The same significant negative effect will be contributed to the firm's export marketing performance if management lacks the capacity to supply export markets on a continuing basis and places greater emphasis on developing the domestic market (Christensen, Da Rocha and Gertner, 1987; Kedia and Chhokar, 1986).

As far as adapting to foreign market needs were 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 market venture. Specifically, differences in product usage in various foreign markets, language and cultural differences, the need to modify pricing and promotional policies according to the condition of the foreign market and the need to adapt products to meet foreign customer preferences all require management's attention. Export managers must be aware of the importance of adapting the venture’s products/services to meet the needs of the local market and refrain from opting for a globally standardised product/service for export marketing success.

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 et al., 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).
Furthermore, 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 et al., 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).

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, an adaptation strategy is likely to lead to better export marketing performance than a standardised strategy and an inexperienced firm may see the costs of pursuing such a strategy as a barrier to entry.

The present study has extended the literature on the effect of export barriers on export marketing performance in several areas within the specific Queensland context. The importance of certain export venture management characteristics to export marketing performance has been identified. Those export venture management characteristics identified here concern management’s emphasis on the domestic market, managerial indifference toward the value of exporting, lack of capacity dedicated to a continuing supply of exports and insufficient personnel to manage international trade activity. In relation to management’s emphasis on the domestic market, management should consider taking international expansion
opportunities because a preoccupation with the domestic market can make local firms vulnerable to other growth oriented foreign firms and economies of scale via increased productive capacity can assist in reducing the costs of production thereby enabling firms to be more competitive in the global market as well as in the firm’s own domestic market.

As far as managerial indifference towards the value of exporting is concerned a negative attitude towards exporting must be avoided at all times as it limits the company from exploiting their full potential. In relation to a lack of capacity dedicated to a continuing supply of exports management should consider being involved in exporting on a regular basis rather than using exporting to increase profitability when the domestic market is weak and there is excess productive capacity. That way the firm will be able to determine its own destiny and maintain and increase profitability on a continuous basis not just when the domestic market is slow or in decline. Thereby, not putting all their eggs in the one basket. The final implication for management concerns insufficient personnel. As Lages (2000) suggested, the skills of top management, training in international business and their knowledge in foreign languages are positively related to export marketing performance. Therefore, these findings make it vital that proper export training programs should not be only for management but for all personnel involved in exporting. The study findings also confirm previous findings generally, that export managers must be aware of the importance of adapting the venture’s products/services to meet the needs of the local market and refrain from opting for a globally standardised product/service for export marketing success.
DIRECTIONS FOR FUTURE RESEARCH

The constructs developed here can serve as a foundation for further research into the barriers to export and their impact on export marketing performance. Reliable and valid measures have been provided for a number of different barriers to export including export market attractiveness, foreign practices being incompatible with domestic business, export venture management characteristics, distribution access, adapting to foreign market needs and government policy. Further research should be conducted into the effect of these barriers to export on export marketing performance using a much larger sample in a different national setting to validate the findings of this study and to see if the measures developed here are statistically reliable and valid across different national settings. Further research into these barriers to export as antecedents of export marketing performance for the export of services as opposed to tangible products would be another important area of future research that could substantially enhance the body of knowledge. Finally, this study has contributed to a more comprehensive understanding of the barriers to export that impact export marketing performance. Export venture management characteristics and adapting to foreign market needs have emerged as the key barriers to export that impact export marketing performance significantly.

REFERENCES


### Table 1 – Summary of Exploratory Factor Analysis

<table>
<thead>
<tr>
<th>Factor</th>
<th>Cronbach’s Alpha</th>
<th>Dominant Statements</th>
<th>Factor Loadings</th>
</tr>
</thead>
</table>
| **Factor 1**<br>Export Market Attractiveness | 0.82 | Difficulty providing after sales service.  
Problem quoting prices with fluctuating exchange rates.  
High transportation costs to ship products to foreign markets.  
High costs of selling abroad.  
Difficulty collecting payment from foreign customers.  
Difficulty arranging licensing/ joint venture agreements with foreign firms. | 0.74  
0.67  
0.65  
0.64  
0.53  
0.50 |
| **Factor 2**<br>Foreign Practices Incompatible with Domestic Business | 0.76 | Foreign business practices are difficult to understand.  
High value of foreign currency in export markets.  
Confusing foreign import regulations and procedures.  
Risks involved in selling abroad. | 0.61  
0.59  
0.59  
0.59 |
| **Factor 3**<br>Export Venture Management Characteristics | 0.80 | Management emphasis on developing domestic markets.  
Managerial indifference toward the value of exporting.  
Lack of capacity dedicated to a continuing supply of exports.  
Insufficient personnel to manage international trade activity. | 0.77  
0.73  
0.71  
0.50 |
| **Factor 4**<br>Distribution Access | 0.72 | Lack of foreign channels of distribution.  
Difficult to select a reliable distributor in the foreign country.  
Difficulty gathering accurate information on foreign markets. | 0.76  
0.73  
0.60 |
| **Factor 5**<br>Adapting to Foreign Market Needs | 0.66 | Needed to adapt products to meet foreign customer preferences.  
Differences in product usage in foreign markets.  
Language and cultural differences.  
Needed to modify pricing and promotional policies according to the condition of the foreign market. | 0.77  
0.72  
0.60  
0.51 |
| **Factor 6**<br>Government Policy | 0.64 | Lack of a tax incentive by the home government for companies that export.  
Lack of government assistance in overcoming export barriers. | 0.77  
0.65 |
**Table 2 - Exploratory Factor Analysis - Final Statistics**

<table>
<thead>
<tr>
<th>Factor</th>
<th>Eigenvalue</th>
<th>Pct of Var</th>
<th>Cum Pct</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Export Market Attractiveness</td>
<td>3.347</td>
<td>11.157</td>
<td>11.157</td>
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<td>(2) Foreign Practices Incompatible with Domestic Business</td>
<td>2.746</td>
<td>9.152</td>
<td>20.309</td>
</tr>
<tr>
<td>(3) Export Venture Management Characteristics</td>
<td>2.434</td>
<td>8.115</td>
<td>28.424</td>
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<td>(4) Distribution Access</td>
<td>2.380</td>
<td>7.934</td>
<td>36.358</td>
</tr>
<tr>
<td>(5) Adapting to Foreign Market Needs</td>
<td>2.358</td>
<td>7.859</td>
<td>44.217</td>
</tr>
<tr>
<td>(6) Government Policy</td>
<td>2.255</td>
<td>7.516</td>
<td>51.733</td>
</tr>
</tbody>
</table>

**Table 3 – Multiple Regression Analysis**

<table>
<thead>
<tr>
<th>Variable</th>
<th>Coefficient</th>
<th>T-Statistic</th>
<th>Sig T</th>
<th>Significance</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Export Market Attractiveness</td>
<td>.144</td>
<td>0.869</td>
<td>.388</td>
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</tr>
<tr>
<td>(2) Foreign Practices Incompatible with Domestic Business</td>
<td>-.113</td>
<td>-0.746</td>
<td>.458</td>
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<td>(3) Export Venture Management Characteristics</td>
<td>-.472</td>
<td>-3.808</td>
<td>.000</td>
<td>Yes*</td>
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<tr>
<td>(4) Distribution Access</td>
<td>-.211</td>
<td>-1.808</td>
<td>.074</td>
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<tr>
<td>(5) Adapting to Foreign Market Needs</td>
<td>.213</td>
<td>1.945</td>
<td>.055</td>
<td>Yes**</td>
</tr>
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<td>(6) Government Policy</td>
<td>.131</td>
<td>1.143</td>
<td>.256</td>
<td>No</td>
</tr>
</tbody>
</table>

* $p < .001$  
** $p < .10$  

$R^2 = 0.254$  
n = 122  
df = 6