



New product adoption and sales performance from the importer perspective



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ABSTRACT

From an international business setting, this paper investigates how importers determine new product adoptions and how exporters diffuse new products to offshore markets through importers. Using the technology–environment–organization framework, we examine the effect of innovative characteristics of selected new products, importer-specific organizational capability, and exporter-specific environmental factors, on the adoption of new products by importers. Our sample included 585 new products from 152 local import firms nested in 34 foreign export firms. The results indicate that product meaningfulness, product superiority, and customer familiarity facilitate importer success in new product adoption. Importer host-market experience enhances new product adoption and moderates the relationship between adoption and sales performance. Exporter influence of market reputation in the host market and product-innovation capability is beneficial in promoting new products for enhanced sales performance. Instead of a single focus on new product adoption, we used a cross-level model to test the factors that foster new product adoption by importers.

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1. Introduction

Global markets have resulted in numerous manufacturers increasingly launching new products into foreign markets. A manufacturer launching a new product into a foreign market, as an exporter, relies heavily on a foreign distributor or importer because of importer control of local market access (Aulakh & Gencturk, 2008). To launch a new product successfully into foreign markets, an exporter needs to be assured that the new product will be accepted by foreign importers, who provide important channels in foreign markets.

Although studies have recognized the importance of channel distributors adopting new products to the success of the new product or to the diffusion of innovation (Hultink, Tholke, & Robben, 1999; Kaufman, Jayachandran, & Rose, 2006; Lin & Chang, 2012), few studies have explored how importers adopt a new product in the context of foreign market entry. The lack of research in this area is surprising, particularly because fostering importers' continued adoption of a new product, which requires psychological acceptance for the product (commitment) and exerting efforts for its introduction (effort), appears to be complex. Importer commitment to new product adoption involves an importer accepting and internalizing new product goals, whereas the effort of new product adoption refers to the extent to which an importer strives to introduce and sell the new product.

To address the issue abovementioned, we adopt the technology–organization–environment (TOE) framework (Tornatzky & Fleischer,

1990). Tornatzky and Fleischer (1990) suggested an innovation adoption model in which innovation adoption occurs at the firm level, which may be influenced by factors related to technology, organization, and environment context. The Rogers theory of innovation diffusion, one of the most widely applied theories in the explanation of firm-level innovation adoption, also supports the notion that innovation adoption may be influenced by these three contexts (Rogers, 1983). Based on the TOE framework, we argue that adoption of new products by importers is based on factors in organizational and environmental contexts, and new product characteristics. We systematically examine three contexts of the innovation adoption model to clarify the drivers and conditions under which new product adoption by importer influences new product sales performance in the context of foreign market entry.

Because each adoption decision of a new product is organized into foreign importers that in turn are nested within exporters (Bianchi & Saleh, 2010), the capability of foreign importers (organizational context) and exporter innovative experience (environmental context) might have cross-level direct and interaction effects on each new product adoption decision. Thus, in this study, answering Frambach and Schillewaert's (2002) call for the examination of the micro–macro links of organizational innovation adoption, we conducted a multiple-level framework of new product adoption by importers and considers how an exporter increases new product adoption by a foreign importer from a single product-level to an exporter level.

Thus, our study contributes to the international marketing and innovation adoption literature in several ways. First, by investigating the acceptance or adoption of new product from an importer perspective, we extended the previous innovation adoption studies that focus

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on new product adoption from a customer perspective (Gielens & Steenkamp, 2007; Hoffmann & Broekhuizen, 2010) or a buyer perspective (Everdingen, Sloot, Nierop, & Verhoef, 2011; Hultink et al., 1999). Such an extension is useful, as it provides a new issue expanding the research arena of international marketing and innovation adoption. Second, as Frambach and Schillewaert (2002) suggested, one of the gaps to fill in the innovation adoption literature is to expand the research to the micro–macro links to seek multilevel generalization of theory, because of an innovation adoption decision influenced by multiple level factors. Thus, this research may contribute to prior studies by examining a multi-level framework. Finally, we develop a model addressing the relationship between new product adoption by importers and new product sales performance. New product adoption by channels or importers does not lead to higher sales performance, because of potential customer resistance or other market conditions (Eng & Quaia, 2009). Understanding the conditions under which new product adoption by importers influences new product sales performance in the foreign market becomes salient.

2. Literature review and hypotheses

On the surface, a typical decision-making process of importing innovative products from foreign exporters is associated with an importer that perceives need, and then accepts, and adopts the selected new products to make profit in host country marketplace. Referring to Rogers (1983, 2004) innovation diffusion model, four prior influential conditions were noticeable in the early stage of promoting new product including adopter's previous technology experience, perception on market demand, the extent of product innovation, and social system and norms. An importer may not only need to evaluate its own organizational capability of launching a new product but also to assess the new product profession provided by exporters, and the marketability of the new product (Bianchi & Saleh, 2010; Cateora, Gilly, & Graham, 2001). Rogers (1983) diffusion concept proposed that the relative advantages

of product innovation technology can be a decisive factor for adopting a new product. When entering the Roger's decision and implementation stages, an importer should consider the environmental elements such as intangible market reputation, and the stability of reciprocal relationship between an importer and its associated exporters. An exporter has to seek alternatively global importers to manage host country marketing and channel distribution because of their familiarity with local environments (Liang & Parkhle, 1997). Therefore, another environmental determinant that affects the implementation and confirmation of a new innovation by an importer is the unpredictability of the host country market. Based on the contextual elements from the Rogers theory, we further adopt the view of technology–organization–environment TOE in new technology adoption (Hong & Zhu, 2006; Wang, Wang, & Yang, 2010; Zhu, Dong, Xu, & Kraemer, 2006) underlying our theoretical framework, consisting of three exogenous multi-level variables. We employ new product characteristics to represent the technology aspect of innovation diffusion, consider importer organizational capability of marketing products, and use exporter partnership and host country uncertainty to address the environmental appropriateness of innovation diffusion. Fig. 1 illustrates the research model of our study.

2.1. New product adoption

The success of introducing a new product to foreign countries requires local importer acceptance and support because it involves a series of channel activity efforts in the host country market (Bianchi & Saleh, 2010; Lin & Chang, 2012). New product adoption by importers requires a considerable assessment process, from knowledge awareness and cost-benefit analysis to the final adoption (Rogers, 1983). For each import decision, importers must recognize a need and general solution of the host country market, evaluate product characteristics, consider supplier (exporter) credibility, and analyze performance before accepting specific new products from international exporters (Kaufman et al., 2006; Liang & Parkhle, 1997). A commitment to

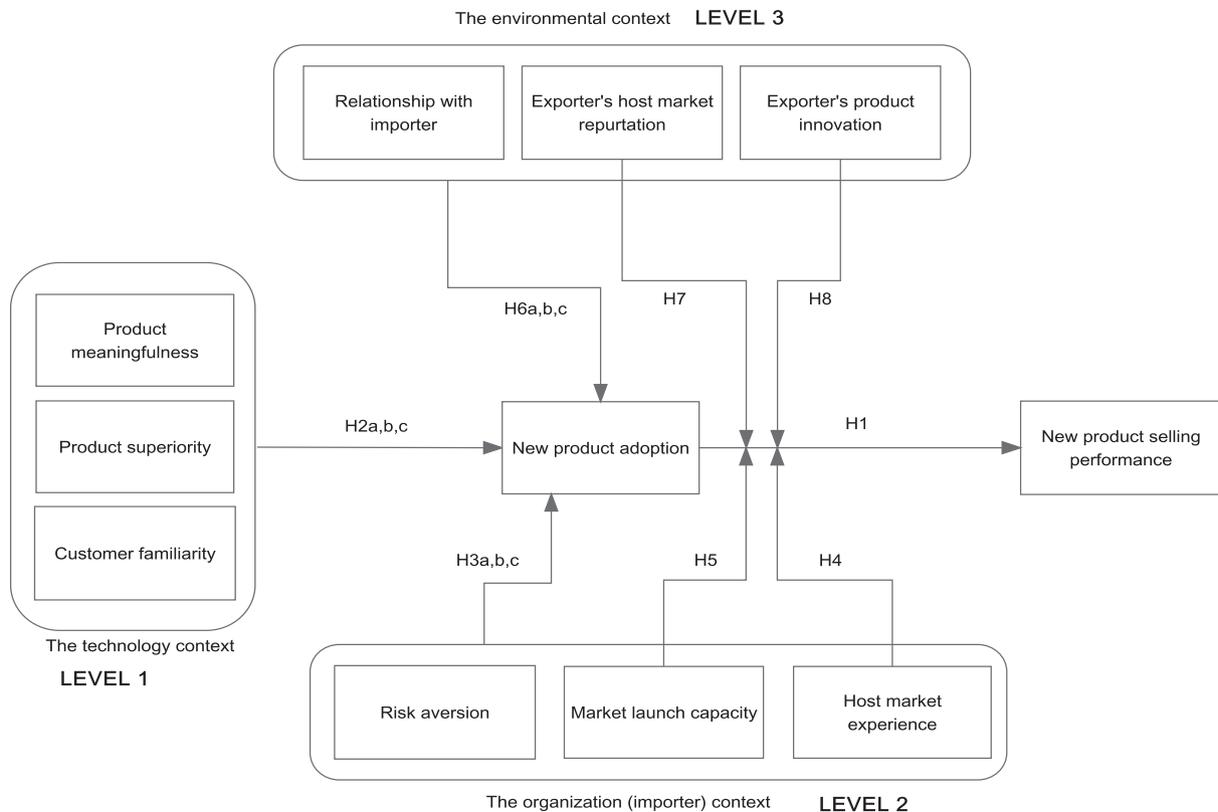


Fig. 1. The research model.

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