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Implications of perceived competitive advantages, adaptation of marketing tactics and export commitment on export performance

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ABSTRACT

The aim of this exploratory paper is to fill an important gap in the international marketing literature by examining the influence of firm behavior in foreign markets (export commitment and adaptation of marketing tactics) on perceived competitive advantages and export performance. Using a sample of 150 Spanish export firms, the study found that firms that are more committed to their foreign markets are more willing to adapt elements of the marketing program. These firms also perform better in foreign markets. Moreover, the results also point out that adapting marketing tactics does not have direct effects on export performance, although it does have on the achievement of perceived competitive advantages in foreign markets, which positively influence export performance.

1. Introduction

In today's business environment, characterized by the increasing globalization of markets and interrelation of economies, internationalization strategies are becoming particularly important. Even those firms choosing to operate exclusively in their own domestic market face the challenges of international competitiveness. In this context, exporting is a fundamental strategy for ensuring firms' survival and growth.

From this perspective, both the size and the rapid growth of global exporting call for an effective commitment of resources and the design of successful international marketing strategies that allow companies to create, communicate, deliver, and exchange market offerings that have a superior value for customers, clients, marketers, etc. (Morgan, Kaleka, & Katsikeas, 2004). This way, competitive advantages in foreign markets may be achieved, with a positive influence on current and future export performance (Morgan, Vorhies, & Schlegelmilch, 2006). However, in the international marketing field, the extant knowledge about the determinants of firm's competitive position on foreign markets and their influence on export performance is very scarce (Leonidou, Katsikeas, & Samiee, 2002; Morgan et al., 2004). The majority of studies about export performance have focused on a set of very diverse variables (Aaby & Slater, 1989; Cavusgil & Zou, 1994; Katsikeas, Leonidou, & Morgan, 2000; Sousa, Martínez-López, & Coelho, 2008). One of the main purposes of this study is to overcome this gap by developing a conceptual model to analyze the influence of managers' perceived competitive advantages reached in foreign markets on export performance. Moreover, strategic decisions directed at adapting marketing tactics to the requirements of the different country-markets will have an effect on the achievement of these competitive advantages (Griffith, Jacobs, & Richey, 2006; Shoham, 1999, 2002). Finally, the international orientation of the firm will influence the level of adaptation of marketing tactics and export performance (O'Cass & Julian, 2003).

To achieve these objectives, the work is organized as follows. The next section presents a theoretical review of the variables included in the study: export performance, perceived competitive advantages, adaptation of marketing tactics, and export commitment. This review provides the basis for the formulation of various research hypotheses, which are tested using a sample of 150 Spanish export firms. The paper then presents the theoretical model, with the various relations proposed between the constructs analyzed, defines the measurement scales used, describes the methodological aspects of the empirical study, and presents the results obtained. The final section discusses the most important conclusions that can be drawn from the results obtained, analyses the implications for management, and offers a series of recommendations. The work ends with limitations and future lines of research.

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2. Literature review and formulation of hypotheses

2.1. Export performance

Madsen (1998) regards export performance as a fundamental aspect for decision-making in international trade. Researchers do not agree on its conceptual or operational definition (Katsikeas et al., 2000; Shoham, 1998), which frequently leads to incoherent and contradictory results (Katsikeas et al., 2000; Walters & Samiee, 1990). One of the main reasons given for this is the absence of an agreed measure to evaluate this variable (Matthyssens & Pauwels, 1996; Zou, Taylor, & Osland, 1998). Comparing studies using different indicators is difficult as is generalizing their conclusions (Styles, 1998; Zou & Stan, 1998).

Cavusgil and Zou (1994) define export performance as the extent to which the firm achieves its objectives when exporting a product to a foreign market. Economic (profits, sales, costs, etc.) or strategic (expansion of market, increase in market share abroad, etc.) considerations through the planning and execution of its international marketing strategy are the focal points.

Although the majority of researchers accept that export performance is multi-dimensional in nature, it can be conceptualized and operationalized in many ways (Rose & Shoham, 2002; Sousa, 2004). Export performance must include managerial satisfaction because it provides a benchmarked measure of performance against organizational expectations and affects the selection of future strategies (Shoham, 1999). In particular, one approach that is increasingly relied upon is the aggregation of satisfaction with various performance measures into a single measure of export performance (Diamantopoulos & Winklhofer, 2001; Katsikeas et al., 2000). This is the approach incorporated here. Satisfaction is defined as a compound psychological variable assessing the effectiveness of a marketing program in terms of performance (Bonoma & Clark, 1988; Lages & Montgomery, 2004).

2.2. Perceived competitive advantages

A firm possesses a competitive advantage when it has certain resources and capabilities that are unique and difficult to imitate and it can present an offer to the market that provides more value to its customers than competing offers (Barney, 1991). In the exporting area, a critical research question is whether the competitive position of the firm plays an important role in determining its export performance. However, the present state of knowledge regarding export competitive advantage is still very incomplete (Ling-yee & Ogunmokun, 2001) because although the link between competitive advantage and export performance seems reasonably well documented, the empirical link has not been substantiated by many studies (Moen, 1999; Morgan et al., 2004).

In this context, competitive advantages are derived from the value offered to customers in the target export market and the cost of delivering this realized value (Aulakh, Kotabe, & Teegen, 2000; Day & Wensley, 1988). Kaleka (2002) and Morgan et al. (2004) point out that the competitive advantages deriving from exports constitute the position the firm achieves in relation to the combination of cost, product and service elements in a particular foreign market. Cost advantage involves the resources consumed in producing and marketing firm value offered and affects price and perceived value in the export market. Product advantage denotes quality, design, and other product attributes that differentiate the firm value offered from those of competitors. Service advantage includes service-related components of the value offered, such as delivery speed and reliability and after-sales service quality.

Moreover, evaluating a firm's competitive advantage implies collecting information about customers' perceptions of the firm's products and services, or investigating the explanatory factors (resources and capabilities) of each firm's position in the market compared to its competitors. For that reason, we adopted an approach that previous research has also taken (Albaum, Tse, Hozier, & Baker, 2003; Katsikeas, Piercy, & Ioannidis, 1996; Ling-yee & Ogunmokun, 2001). We define export competitive advantage as a firm's perceived (managers' perceptions) competitive strength relative to competitors in export markets.

Competitive advantages are direct antecedents of export performance (Morgan et al., 2004; Zou, Fang, & Zhao, 2003) because the relative superiority of a firm's value offered determines target customers' buying behaviors (Piercy, Kaleka, & Katsikeas, 1998) and the outcomes of this behavior for the export performance (Albaum & Tse, 2001; Cavusgil & Zou, 1994; Moini, 1995).

The above leads to the first research hypothesis:

H_1. Perceived competitive advantages have a positive effect on export performance.

2.3. Adaptation of export marketing tactics

Levitt (1983) points out that making standardized or globalized export competitive strategies is possible and profitable, because the firm will then be able to gain scale economies in production, marketing, management, and research and development, as well as to create a coherent brand image in all the countries in which the firm sells its product (Samiee & Roth, 1992; Schuh, 2000). In this respect, various researchers recommend using a standardization strategy when the firm's target foreign markets behave similarly (Kustin, 2004; Özsomer & Simonin, 2004). The standardization marketing program involves the offering of identical product lines at identical prices through identical distribution systems, supported by identical promotional programs in several different countries (Levitt, 1983).

Opponents of standardized strategies have pointed out that though socioeconomic trends in some market segments may be converging, national cultures, local market conditions, public policies and regulations across markets and consumer reactions to standardized strategies may be diverging (Buzzell, 1968; Douglas & Wind, 1987; Griffith et al., 2006; Sheth, 1978). For this reason, Albaum and Tse (2001) point out that adaptation is inevitable after a firm successfully enters its foreign markets. The adaptation of marketing tactics implies the change of any attribute of product (label, brand name, etc.), price, distribution and/or promotional program to fit the particularities of each country-market (culture, individual income, consumer tastes and preferences, etc.) (Shoham, 1999).

In any case, two extreme positions, standardization versus adaptation, are impossible to implement strictly, because, as the contingency approach indicates, the degree of adaptation versus standardization is a function of a product's characteristics, industry, market, organization, and environmental characteristics (Calantone, Kim, Schmidt, & Cavusgil, 2006; Jain, 1989; Özsomer & Simonin, 2004; Schuh, 2000; Zou & Cavusgil, 1996; Zou, Andrus, & Norvell, 1997). In this context, researchers prefer to speak about different degrees of standardization or adaptation in the export marketing strategy (Lages & Montgomery, 2004; Sorenson & Wiechmann, 1975; Theodosiou & Leonidou, 2003; Vrontis, 2003; Zou et al., 1997). Consequently, we evaluate export marketing strategy along the standardization-adaptation continuum, concentrated in the degree of adaptation of four marketing tactics (product, price, distribution and promotion). In this sense, we view the adaptation of an export marketing strategy in terms of the degree to which the marketing tactics are adapted for export markets to accommodate differences in environmental forces,