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Successful Export Marketing Management: Some Empirical Evidence

Successful
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Evidence

by

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This article reports the results of a cross-sectional empirical export performance study. The main purpose of the study is to identify critical success factors in exporting. The focus is on experienced exporters, i.e. firms that are in the medium stages of the internationalisation process.

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The rationale behind export performance research is that gathering of empirical data about alternative practices and their results is a means for developing guidelines for successful export marketing management. Such a research approach has previously been discussed and advanced in this journal by Bilkey (1985). During the last decade a fairly large body of empirical export performance research has appeared (Madsen, 1987).

The study reported in this article differs from previous studies by having a broader model specification, i.e. including a rich array of explanatory variables relating to export marketing policy as well as to the firm and the market. As a result, specification error problems are reduced and contingency analysis possibilities are increased. The dependant variable is also more broadly specified including measures of export profitability as well as export sales and export growth.

A broad model specification avoids some of the pitfalls of underspecified models. Conceptualisation of the export marketing process has typically been much too narrow in previous export performance studies. One result of such underspecification is that findings become unstable between studies. Unstable and in some instances contradictory findings in fact appear in previous studies (Madsen, 1987). The reason may be specification errors in the studies; however, it might be that cross-sectional generalisations about optimal export marketing strategies cannot be made. This latter issue is not yet resolved (Bilkey, 1985).

The contribution of the present study is that it adds to the existing knowledge about successful export marketing management. As the possibility for generalisations is still an open issue, it is necessary to expand on previous efforts.

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Furthermore, the study elaborates on methodology by having a broader model specification than similar studies. Consequently, more advanced data analysis is possible, e.g. contingency analysis. In that way stability of findings can be examined.

The article does not concentrate much on discussing the conceptualisation of the export marketing process. The reason is that both the conceptual variables and indicators (see Appendix 1) included in the study are to a large extent based on the export marketing literature and on previous studies. The intention of this article is to expand on methodology while building its conceptualisation on an integration of previous work. In the findings section, references will be made to previous studies.

Research Methodology

This study focuses on the typical Danish exporter, namely a small- to medium-sized manufacturing company which has been established with the purpose of serving the Danish market and from this platform has moved out to the export markets. Danish firms' international activities are nearly entirely devoted to exporting. Licensing, franchising, joint ventures, production in foreign countries, etc., are seldom chosen alternatives.

Out of about 40,000 manufacturing firms in Denmark there are around 9,000 exporters. Direct exports amount to approximately 30 per cent of total sales for the whole manufacturing sector and 40 per cent if one excludes food manufacturing (these figures only include the manufacturers' direct export; if indirect exports are taken into account the figures are much higher). Denmark is a member of the European Common Market. A little more than 50 per cent of all export sales go to other member countries. Denmark has a little more than 5 million inhabitants. It means that the domestic market is rather small. Consequently, many firms are "forced" to export. Historically, farm products were very important for Danish exports but nowadays they represent only about 20 per cent of total exports.

The *unit of analysis* in the study is the individual export case which is defined as being the marketing of one product in one foreign country (e.g. the sale of cheese from company X to France). For each export case, the participating firm has given information about performance, export marketing policy, firm characteristics and market characteristics.

A total of 82 manufacturing firms have participated in the survey. A random *sample* of 157 relevant firms were contacted. The response rate was about 52 per cent. Each firm was asked to answer two questionnaires, one based on a successful export case and one based on a failure. Thirty firms only answered one questionnaire resulting in 134 usable responses.

Selection of the actual export case was done in co-operation with the firms (by telephone). Each export case was required to be initiated about five years ago for the purpose of ensuring comparability in performance. Another reason for this requirement is the desire to exclude *ad hoc* export activities from the study. As can be seen, this second step in the sampling procedure is not random. Therefore, immediate generalisations of the results are not possible. The statistical tests later in the article should therefore be seen as descriptive.

The participating firms represent a broad cross-section of manufacturing industries. A little less than half of them come from the metal and machinery industries which are heavy exporting industries in Denmark. Most of the firms in the survey have 20-200 employees (median value about 75 employees). Their median export share is about 50 per cent, but it ranges from five per cent to 95 per cent. Export markets are Norway/Sweden (20 per cent), European Common Market member countries (50 per cent), other Western European countries (10 per cent), and countries outside Europe (20 per cent). Most of the export cases have to do with industrial products (60 per cent), the rest with consumer products (40 per cent). When comparing the above distributions with statistical information about Danish exporting manufacturing firms in general, the conclusion is that the sample very well represents the typical Danish exporting manufacturer.

As it appears, the sample is rather heterogeneous; this is deliberate. As mentioned earlier, it is as yet unclear to what extent generalisations are possible concerning relationships investigated in empirical export performance research. From a theoretical point of view, it is preferable first to assess the highest degree of generalisability. This constitutes the first reason for choosing a heterogeneous sample. Another reason is that such a design increases the variation of explanatory variables which is definitely an advantage in data analysis.

The *substance* investigated in the survey has been governed by the theoretical model given below. It shows possible relationships between the four variable groups: export marketing policy, firm characteristics, market characteristics, and export performance.

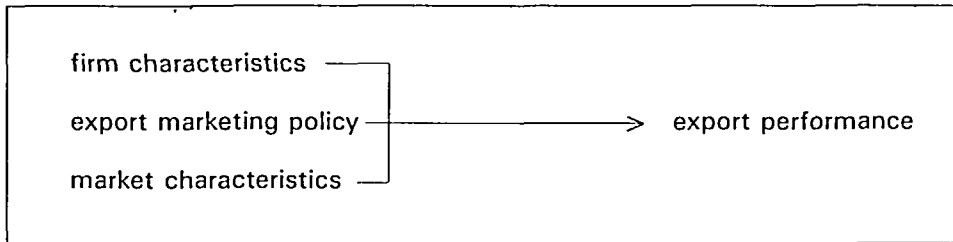


Figure I.
Relationship between
the Four Variable
Groups

The idea behind the model is that the performance of a particular export case is the result of an interaction of the other three variable groups. More simple models would consider only direct effects, e.g. of export marketing policy on performance. Of course, such direct effects are examined in this study, too.

The model above is more comprehensive than models seen in other export performance studies. However, it still represents a strong simplification of the real world export marketing process. Feedback loops from export performance are, of course, present in the real world, as well as relationships between the three groups of explanatory variables.

For each variable group several conceptual variables are investigated. The conceptual variables chosen have a strong foundation in the general export marketing literature but also in previous empirical export performance studies and interviews with Danish exporters. Variables emphasised in these sources

as important for performance are included in this study. Each conceptual variable is measured by multiple indicators. The purpose of such a procedure for the development of measures is to improve the validity and reliability of the study, see for example, Churchill (1979) and Peter (1979).

It must be emphasised that there is a trade-off in seeking a minimum of specification errors and at the same time high validity and high reliability. Avoiding specification errors requires a rich array of conceptual variables; increasing validity requires measurement of a rich array of dimensions of each conceptual variable; and increasing reliability calls for multiple measures of each dimension. Clearly a questionnaire will rapidly blow up in size if all three desires should be considered fully. In this study the largest consideration has been given to avoiding specification errors. The reason is that this error source is seen as basic in this kind of study, leading to biased and unstable estimations of relationships (see for example Kmenta, 1971).

Actual conceptual variables and indicators included in the study are shown in Appendix 1. Measurement of dependent and independent variables is discussed below. Values for conceptual variables are calculated as simple means of the respective indicators. It means that all conceptual variables are measured by summated scales. The indicators summed for each conceptual variable are listed in Appendix 1. All summations were prespecified.

All measures tap the perceived value of that variable/indicator; furthermore, indicators of export marketing policy and market characteristics are nearly always measured relative to the same characteristics on the domestic market. One reason for choosing such a measurement design is that a pilot test of the questionnaire showed that many respondents neither could nor would respond to questions about absolute values. Other reasons draw more upon theoretical considerations. First, perceived values might be more relevant than "objective" ones because management is often seen as guided by their subjective perceptions rather than by perfect, objective knowledge about the world. Theories of bounded rationality lead to such a conclusion, which is reinforced by much of the empirical work on the internationalisation process of firms. Second, by using relative measures the impact of firms' different general resources (size, product line characteristics, general managerial competence, etc.) is to a large extent removed from the analysis.

All variables are measured on a horizontal 7-point semantic differential scales, Likert scales, or Stapel scales. This number of response alternatives has been suggested by Cox (1980) after a thorough literature review. Alternate scale types were chosen to reduce monotony and resulting response bias. It has been reported elsewhere that the three scaling formats used show no real overall differences (Menezes and Elbert, 1979). One more reason for choosing these scales is that they communicate interval scale properties to the respondent. Research results also indicate that these scale types produce data that can be assumed interval scaled, particularly in connection with cognitive questions as in this study (Schertzer and Kernan, 1985).

Scale mid-points mainly represent the answer: no difference from domestic market. Anchoring of scale end points is typically "much less" and "much more" of that variable compared with the domestic market. For example the indicator for export sales is measured on a -3 to +3 horizontal scale; the zero is given

as “sales volume the same as on the domestic market”, the -3 as “half or less than half the sales volume compared with the domestic market” and +3 as “double or more than double sales volume compared with the domestic market”.

One more measurement issue should be mentioned before addressing data analysis. When analysing variables influencing performance, one can often question the direction of causality: e.g. does top management support lead to higher export performance or *vice versa*? In an attempt to avoid such interpretation problems, time lags are introduced in this study; performance is measured as an average of the past two years; values of explanatory variables relate to the time of export entry or the years thereafter. One can of course question the reliability of data giving information about actions taken five years ago. However, clarity about direction of causality is considered more valuable than the reliability problems created.

In accordance with the reasoning about choice of scales, the data are assumed interval scaled in the *data analysis*. Simple and multiple regression analysis is used for estimating direct effects. Analysis of variance is used for estimating interaction effects. In the latter case, explanatory variables are categorised into three categories.

When performing such multivariate data analysis, *multicollinearity* problems should be addressed. Such problems turn out to be minor in this study. Bivariate correlation coefficients among explanatory conceptual variables are nearly all below 0.30, which does not indicate severe multicollinearity problems (Green, 1978). The Variance Inflation Factor (VIF) suggested by Belsley, Kuh and Welsh (1980) has been calculated but it does not point to severe problems either. The VIF index lies generally about 1.5 with the highest being a little above 2.0. Another method for diagnosing multicollinearity is suggested by Belsley, Kuh and Welsh, namely inspection of the eigensystem of the explanatory variables.

Principal components analysis shows a maximum eigenvalue of 3.57 and a minimum eigenvalue of 0.25 which results in a proportion of maximum eigenvalue/minimum eigenvalue on 14.28. The interpretation of this proportion, too, is that multicollinearity problems are minor. The principal components analysis identifies several significant dimensions in the data. Interestingly, these dimensions are nearly identical with the conceptual variables prespecified in the present study.

The research methodology has now been outlined in quite some detail. The reason is that methodological issues are considered very important for the progress of empirical export performance research. This point of view is advocated in Bilkey (1985) as well.

Findings: Variable Group Level

We will first look into the findings regarding the impact on performance of the three variable groups examined (export marketing policy, firm characteristics, and market characteristics). The data analysis undertaken for this purpose is stepwise multiple regression analysis (Test procedure in SPSSX). This procedure computes R^2 change and its test significance for the exclusion of a user specified subset from a complete model.

In the complete model all conceptual variables (see Appendix 1) are included. The three variable groups are then excluded as blocks. All possible inclusion combinations are examined. The results of the data analysis are shown below in Table I. It must be emphasised that interaction effects are not considered in this section.

Ability of variable group to explain variation in export sales/growth/profits	Export marketing policy	Firm characteristics	Market characteristics
Inclusion level of variable group:			
First group	0.24 ^a /0.25 ^a /0.22 ^b	0.22 ^a /0.07/0.14 ^b	0.20 ^a /0.04/0.06
After export policy	—	0.13 ^b /0.02/0.08	0.11 ^b /0.01/0.02
After firm characteristics	0.14 ^c /0.20 ^b /0.16 ^c	—	0.14 ^a /0.03/0.03
After market characteristics	0.15 ^c /0.22 ^b /0.17 ^c	0.16 ^a /0.06/0.11 ^c	—
Last group	0.10 /0.19 ^b /0.14 ^c	0.12 ^b /0.02/0.08	0.10 ^b /0.01/0.01
Note: Figures in the table show R^2 change resulting from including that particular variable group in the multiple regression analysis. Level of significance is shown by: a (0.001 level); b (0.01 level); and c (0.05 level).			

Table I.
The Impact of
Variable Groups on
Export Performance

Table I is read as follows: if the variable group pertaining to export marketing policy is included as the first group then the resultant R^2 is 0.24 when export sales is the dependent variable (significant at 0.001 level). When export growth is the dependent variable R^2 becomes 0.25 (also significant at the 0.001 level). If the same variable group is included as the last group, it produces an additional R^2 of 0.10 (not significant) when export sales is the dependent variable and 0.14 (significant at the 0.05 level) when export profitability is the dependent variable.

The analysis is meant to give a feel for the relative impact of the three variable groups on export performance. It appears from Table I that the relative explanatory power of the three variable groups is different for different measures of export performance.

When *export sales* are considered, it is clear that all three variable groups have a strong and independent explanatory power. Inclusion of all three variable groups, i.e. all conceptual variables as explanatory variables, results in an R^2 of 0.47. The ability of the three variable groups to explain variance in export sales is nearly identical. Variance in *export growth*, on the other hand, is almost exclusively explained by export marketing policy. Variance in the last dependent variable, *export profitability*, is primarily explained by the export marketing policy variable group

but also to some extent by firm characteristics. The capability of the three variable groups to explain variance in the two last mentioned measures of export performance is smaller (R^2 about 0.30).

How can these differences be explained? Some theoretical reasoning may be useful here: export sales level can be thought of as being a reflection of the export potential of the firm. The "objective" export potential can be assessed by examining the company's Firm-Specific Advantage (FSA). How easily can its FSA be transferred to the foreign market? Does its FSA lie in a patented product? In its network on the market? A firm's FSA is deeply rooted in the firm itself, and its impact on export sales level is evidence. Therefore, it is not unexpected that firm characteristics have a significant impact on sales performance. An FSA must always be evaluated in connection with market conditions. So it is also natural that market characteristics have a strong impact on sales performance.

Growth and profitability performance, on the other hand, depend more on the firm's ability to carry out the dynamic exchange process effectively, i.e. implement the optimal export marketing strategy and minimise transaction costs. The strong impact of export marketing policy, on these performance measures is therefore logical. Clearly, a firm with a strong FSA as well as high ability to implement transactions effectively should experience a convincing joint effect on overall performance.

Where comparisons with previous research are possible, the findings mentioned above are in accordance with earlier findings. Cooper and Kleinschmidt (1985) report that export growth is closely related to export marketing policy, whereas firm characteristics appear to play a more important role for export sales. Also empirical work on the internationalisation process of firms has shown that organisational and management characteristics to a significant extent can explain variance in export intensity/export sales.

The findings of this study therefore reinforce the existing knowledge in the area. They also go further than that by explicitly considering alternative measures of export performance in connection with a broad range of explanatory variables.

Findings: Conceptual Variable Level

An examination of the impact of conceptual variables on export performance is carried out by means of different methods of data analysis. Ordinary bivariate and multiple regression analyses give evidence of direct effects. In other multiple regression analyses, selected variables have been controlled for with the purpose of disclosing direct effects otherwise suppressed in the data. Interaction effects are examined by means of analysis of variance. In the questionnaire, firms were also asked to indicate their subjective opinion about critical success factors in that particular export case. These opinions were categorised and added to the data base. They are used as supplementary data in this section; they often reveal indirect effects.

Table II exhibits bivariate correlation coefficients between dependent and independent variables.

	Export sales	Export growth	Export profitability
<i>Export marketing policy:</i>			
<i>a priori</i> market research			
planning and control intensity	0.35 ^a	*0.33 ^a	*0.32 ^a
internalisation of marketing functions	i	i	i
adaptation of marketing policy		0.22 ^c	
product strength	*0.34 ^a	*0.39 ^a	*0.34 ^a
price competitiveness		0.21 ^c	
communication intensity	0.29 ^b	0.24 ^c	0.25 ^b
channel support	0.27 ^b	0.23 ^c	
<i>Firm characteristics:</i>			
general firm resources	i	i	i
export experience	*0.38 ^a	0.27 ^b	*0.26 ^b
top management support	0.20 ^c i	i	i
status of internal export organisation	0.25 ^b i	i	i
technology and knowledge content of product			
<i>Market characteristics:</i>			
attractiveness of export market	*0.40 ^a		0.23 ^c
amount of trade barriers	i	i	i
physical distance to export market	i	i	i
psychological/cultural distance to market	i	i	i
attractiveness of domestic market	-0.28 ^b		
Note: Figures in the table below show Pearson correlation coefficients. Level of significance is shown by a (0.001 level), b (0.01 level) and c (0.05 level). An * indicates that the particular variable is significant at least at the 0.05 level in stepwise multiple regression analyses. An 'i' stands for an important interaction effect or suppressed direct effect.			

Table II.
The Impact of
Conceptual Variables
on Export Performance

The table also reports which explanatory variables are significant at the 0.05 level or better in the multiple regression analyses. The latter results come from stepwise multiple regression analyses. The number of significant explanatory variables of course declines in the multivariate analyses because of the (although not severe) collinearity that exists among these variables. Standardised regression coefficients (BETA coefficients) and R^2 resulting from the three stepwise multiple regression analyses are shown in Table III.

	Export sales	Export growth	Export profitability
Planning and control intensity		0.26 ^b	0.20 ^c
Product strength	0.25 ^b	0.31 ^a	0.27 ^b
Export experience	0.36 ^a		0.21 ^c
Attractiveness of export market	0.31 ^a		
R ²	0.36	0.25	0.21
Adjusted R ²	0.34	0.23	0.19

Note: Figures in the table show the standardised coefficients and R² form three stepwise multiple regression analyses. Level of significance is shown by a, b and c (see Table II).

Table III.
Multiple Regression
Results

Standard multiple regression analyses have also been carried out. The findings are nearly identical. However, the explanatory power decreases resulting from the fact that the standard method only attributes incremental explanatory power to each variable. Yet all the conceptual variables mentioned above, except two, remain significant at the 0.05 level or better. So the results and their interpretation are not influenced drastically by change of regression method.

Conceptual Variables Relating to Export Marketing Policy

As it appears from Table II, export marketing policy again stands out as the most important explanatory variable group. It is clear that the product itself is crucial for successful exports. From a marketing point of view, it is not surprising that product uniqueness and product quality in particular have a strong impact on export performance.

Product strength affects performance directly through better satisfaction of customer needs, but this study also reveals some indirect effects. There is a significant association between product strength and the firm's ability to find good agents/distributors on the export market. The interpretation is that a strong product enables the firm to attract better agents which again has a positive impact on performance. Secondly, a strong product creates larger commitment in the firm itself which among other things leads to better contact with the market and a higher degree of channel support. Also, the latter indirect effect leads to better performance.

There is one further theoretical explanation for the positive impact of product strength on export performance. It is often emphasised in the literature that buyer uncertainty can be a major obstacle for choosing a foreign supplier. Clearly, high product quality can reduce buyer uncertainty by conveying seller credibility and reliability. Therefore product strength might be even more important for export performance than it is for performance on the domestic market.

On opposite grounds one can attempt to explain the weak impact that price competitiveness appears to have on export performance. Low price will tend to

increase buyer uncertainty: will the product be satisfactory at that price? Can/will the firm fulfil its obligations at these low prices? The finding in this study is that price competitiveness only marginally affects export performance. This is in accordance with typical findings in previous research (Madsen, 1987).

The two remaining conceptual variables pertaining to the export marketing mix, communication intensity and channel support, both lose explanatory power in the multiple regression analyses. The reason is their positive intercorrelation and association with product strength, planning and control intensity and also export experience.

Analysis at the indicator level, however, shows that good personal contact and joint decision making with the channel members have a positive bearing on performance. The rationale must be sought in the fact that increasing personal contact will lead the firm to better understanding of customer and channel member needs and behaviour. Improved target market selection, adaptation of marketing policy, and better relations to channel members — including qualified joint decision making — is the natural consequence which affects performance positively. Similar findings are reported in a study of manufacturer-distributor relations by Rosson and Ford (1982) and also in other previous empirical export performance studies. The reason for better performance may be attributed to better decision quality and larger commitment from both parties.

Good personal contact with the market and close relationships with channel members furthermore enhance the firm's capability for careful planning and control of the export activity. This study shows a significant relationship between planning and control intensity and export performance. Export growth is mainly affected positively by close monitoring of market changes. This finding reinforces previous findings by Kirpalani and Macintosh (1980). Export profitability, on the other hand, is primarily influenced by the extent of budgeting.

As we have seen, personal contact with and understanding of the market is important for export performance. This finding will be further elaborated below when discussing the impact of firm characteristics on export performance. The importance of such understanding will of course depend on the choice of export entry strategy, i.e. the choice of export channel. Previous research has shown that no single entry strategy can be regarded as universally optimal.

In this study, entry strategy is evaluated through the concept of internalisation, i.e. the extent to which the firm chooses to carry out the export marketing functions itself as opposed to buying them on the market (through agents, distributors, etc.). As seen in Table II, no universal generalisations are possible in this study either. As expected, there is no universal association between degree of internalisation and export performance.

However, interaction effects are present. As hypothesised, analysis of variance discloses a significant interaction between internalisation, general firm resources and distance to the export market. At the one extreme we find the small firm (up to 50 employees) operating in distant markets (countries outside Europe). In such an export case the optimal internalisation strategy appears to be exports through a foreign agent/distributor who is given power over most marketing decisions. At the other extreme we find the larger firm (more than 50 employees)

operating in very close markets (other Scandinavian countries). In that case the firm should apparently internalise to the same extent as in the domestic market.

The results make sense because differences in market conditions, compared to the domestic market, are a source of extra transaction costs which the small firm can overcome only with great difficulty if at all. Situations in between the two extremes are more difficult to assess from this study. However, it appears that the small firm should only under special circumstances choose to internalise to the same extent as on the domestic market. Larger firms should apparently only under special circumstances choose to transfer the majority of marketing decision power to foreign agents/distributors. The data shows a tendency for small firms to be too "venturesome", i.e. choose too high a degree of internalisation.

The last conceptual variable in the export marketing policy variable group is "a priori market research". Indicators for this variable tap the extent to which the firm has performed formal analysis of market size, market growth, etc., in advance. No significant associations are seen between this variable and export performance. Previous research exhibits similar findings. The reasons for this lack of association need yet to be explored. One explanation might be that such formal market analyses are not able to provide an understanding of the crucial market mechanisms.

Export marketing policy is seen as the most important variable group also by the firms themselves. Looking at their subjective opinions about critical success factors, they primarily stress the product itself and choice of agent/distributor as important for performance. About half of all critical success factors mentioned relate to export marketing policy.

Conceptual Variables Relating to Firm Characteristics

Among the conceptual variables relating to firm characteristics it appears from Table II that the firm's export experience is by far the most important explanatory variable. The indicators show a strong relationship between a firm's general export share and its performance. Even stronger is the association between performance in a particular country market and the buyer country's share of the firm's total exports (note that these relationships are not tautological since performance is measured relative to performance on the domestic market for only one specific product).

The interpretation is that successful export marketing management is facilitated by export experience in general and to an even larger extent by export experience relating to the buyer country. The study indicates that the causal path is the following: increasing country-specific experience will lead to better understanding of market mechanisms and a network of personal contacts; consequently product decisions, agent/distributor choice, and communication with market participants are improved. This in turn leads to better performance.

As a guideline, therefore, a firm should probably seek to exploit already-covered export markets, rather than spread their efforts over a larger number of countries. Such a concentration strategy can be achieved by extending the product mix exported or by internalising more export marketing functions, gaining a higher share of the value chain. From a theoretical point of view, market concentration

can be justified by considering the extra transaction costs imposed on export marketing: mutual buyer/seller ignorance of and uncertainty towards each other and hence extra transaction costs can be reduced when the selling firm has wide experience with exporting to the buyer country.

However, market concentration is not always a good strategy as has been demonstrated by others (Ayal and Zif, 1979; Piercy, 1981). This study suggests that very small firms will be better off spreading their efforts over several markets. The reason may be that such firms are not in possession of the resources necessary for a concentration strategy to be successful.

Among the other conceptual variables in this variable group, top management support and status of internal export organisation exhibit a positive but weak impact on export performance. It is well documented that top management support is very important in the first stages of a firm's internationalisation process. This study focuses on experienced exporters. The impact of top management support is then somewhat less prominent. This is a logical consequence of the fact that such experienced exporters typically have a group of employees with high export skills. In that situation, it seems natural to decentralise responsibility and decision power. Is such a guideline justifiable?

This study cannot give a definite answer to the question. However, some interesting (although not statistically significant) interaction effects are revealed in the data:

- When exporting to a very close country (in our case other Scandinavian countries) or to a very distant country (in our case countries outside Europe), top management support shows a higher positive impact on export performance, whereas decentralisation of responsibility and decision power tends to be negatively associated with performance. In the former case, the reason may be that top management is a qualified decision making participant, able to understand market mechanisms through analogy the domestic market. Decentralisation, on the other hand, may be a bad idea because the export manager may want to concentrate efforts on more distant, exciting, and status-giving markets. When exporting to very distant markets it may be that market ignorance and uncertainty is so large in the firm that commitment is needed in the whole organisation. If so, top management support is of course of decisive importance.
- When exporting to other countries (in our case other countries in Europe), decentralisation shows a fairly strong positive impact on performance, whereas top management support tends to be negatively associated with performance. The reason may be that in, these cases too, top management tries to grasp the market mechanisms by analogy from the domestic market. However, analogies may be misleading because of too large a market differences. In that case top management will be an ignorant decision maker and should rather give decision power to the lower level managers who understand the market.

These interpretations are inspired by the fact that the study has shown a high association between country-specific experience and performance. However, the

interaction effects mentioned are not statistically significant and interpretations must be considered tentative. They may also be subjected to biases relating to firm size and cultural aspects.

The last two conceptual variables pertaining to firm characteristics, general firm resources and technology content of product, do not exhibit any direct relationship with performance. As commented earlier, however, "general firm resources" interacts significantly with other variables. The finding that technological intensity of the product has no bearing on performance is in accordance with typical findings in other empirical export performance studies.

Conceptual Variables Relating to Market Characteristics

The last variable group, market characteristics, reveals only a weak immediate impact on export performance. However, export market attractiveness has quite a strong impact on export sales. Export markets with high growth and little local competition, in particular, tend to result in high sales. Such markets will affect sales directly by offering more favourable market conditions. This study also indicates an indirect effect, in that attractive markets create higher commitment in the firm itself; the consequence is better adaptation, closer personal market contact, better planning and control, and hence better performance.

The amount of export barriers (represented by the amount of trade barriers, physical distance to export market, and psychological/cultural distance to market) show no immediate association with export performance. This is contrary to what one would have expected.

However, the data expose a significant (at the 0.05 level or better) relation, in that markets with high export barriers are typically also high growth markets. They are typically penetrated by large, highly committed firms having quite strong products, marketed to a well defined target group. These circumstances affect performance positively and therefore tend to suppress a negative effect from the amount of export barriers. When controlling for the above-mentioned circumstances, evidence of such a negative impact on export performance is seen in the data (level of significance between 0.05 and 0.1). The negative impact of the amount of trade barriers on export sales is particularly significant.

The negative impact is, of course, due to "hard" barriers such as tariffs and physical distance. The study also indicates, however, that the firm's experience with exporting to such buyer countries is typically low, leading to difficulties in finding a good agent/distributor and problems with understanding the market in general.

Finally, a negative association is seen between domestic market attractiveness and export sales. Also, for these experienced exporters, good sales and profit potential on the domestic market reduce their export efforts. The association must be assumed to be even stronger for firms in their first stages of internationalisation. Domestic market attractiveness is clearly much lower in a small country like Denmark than in a huge country like the United States. This fact can probably to a large extent explain why Danish firms have a much higher export intensity than do their American counterparts.

The main findings of the study have now been outlined and implications for export marketing management have been discussed in some detail. In the next section these implications will be summarised.

Implications for Export Marketing Management and Research

Analysis at the variable group level revealed export marketing policy as having the largest impact on export performance, especially when the latter concept is measured by indicators for export growth and export profitability. Respondents in this study are experienced exporters. It appears, therefore, that such firms should concentrate their efforts on export marketing policy considerations. This guideline is to some extent contrary to guidelines for firms in their early stages of internationalisation where organisational issues are very important.

This study indicates that firms that want to secure stable export activities with high performance should:

- exploit their present export markets fully rather than attack new markets;
- create good personal contact with the export market and obtain insight into how it works;
- offer a strong, high quality product;
- be cautious of selling at low prices;
- adapt export entry strategy/degree of internalisation to the situation at hand;
- give decision power to the person(s) who know and understand the market;
- choose close markets rather than distant, exotic markets;
- choose markets with high growth and low local competition.

The background and rationale for these guidelines and their more detailed content has been outlined in the previous sections. A very important question concerns the generalisability of the guidelines. Basically, they can only be claimed valid for the particular sample of export activities included in this study. However, relationships reported in this paper are quite stable in the survey. Furthermore, previous research has reported similar findings in many instances. Although the guidelines can only be regarded as tentative, these facts do give some confidence that they are more than just sample-specific.

Empirical export performance studies have proved to contribute to our understanding of the export manufacturing management process of committed exporters in the medium stages of their internationalisation process. The present study also indicates that generalisations about successful export marketing management is possible even for a quite heterogeneous sample. However, the potential of this vein of research is not yet exhausted. Further validation of findings is still needed.

The model specification in this study is very broad. Analysis of suppressed and interaction effects has therefore been possible. Also multicollinearity problems have been explicitly addressed. A disadvantage of having a broad model specification

is of course that each concept can only be examined in a rather superficial manner, i.e. a limited set of dimensions measured by a limited set of indicators. Validity and reliability concerns recede somewhat into the background and in-depth analysis of important questions is often not possible. How does a firm, for example, create a strong product? And why is it that export experience with the buying country is so important?

Such questions can only be answered very tentatively on the basis of studies like the present one. Empirical studies with a more narrow model specification are more adequate for providing such complex knowledge. Therefore, in-depth studies of that kind will hopefully be performed in the future. Investigations with a broad model specification help to identify the most important in-depth questions by scanning a more complete set of issues relevant to export marketing management. In conclusion, then, such a mixed research strategy can potentially lead the way to successful export marketing.

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Appendix 1. Conceptual Variables and Indicators Included in the Study

<i>Conceptual Variable</i>	<i>Indicator</i>
<i>Export performance:</i>	
Export profitability	<ul style="list-style-type: none"> ● total net income last two years, compared with total net income on domestic market (dom)
Export sales	<ul style="list-style-type: none"> ● total sales last two years (dom)
Export growth	<ul style="list-style-type: none"> ● sales growth last two years (dom)
<i>Export marketing policy:</i>	
<i>A priori market research</i>	
Planning and control intensity	<ul style="list-style-type: none"> ● number of information sources used ● knowledge about market when starting to export ● extent of budgeting (dom) ● degree of monitoring of market changes (dom) ● extent of control of results (dom)
Internalisation of marketing functions	<ul style="list-style-type: none"> ● choice of export entry mode ● influence on final marketing mix
Adaptation of marketing policy	<ul style="list-style-type: none"> ● adaptation of target group ● adaptation of product offer ● adaptation of pricing ● adaptation of promotion ● adaptation of distribution channel
Product strength	<ul style="list-style-type: none"> ● user perception of product uniqueness (dom) ● user perception of product quality and design (dom) ● strength of augmented product (dom)
Price competitiveness	<ul style="list-style-type: none"> ● competitiveness of actual price (dom) ● competitiveness of financing conditions (dom)
Communication intensity	<ul style="list-style-type: none"> ● relative size of promotion campaigns (dom) ● amount of contact with end user (dom) ● magnitude of personal contact with middlemen
Channel support	<ul style="list-style-type: none"> ● amount of sales support to channel members (dom) ● equality in relationship with channel members (dom) ● stabilities in deliveries (dom) ● size of profits given to channel members (dom)
<i>Firm characteristics:</i>	
General firm resources	<ul style="list-style-type: none"> ● total sales volume ● number of employees
Export experience	<ul style="list-style-type: none"> ● number of countries to whom the firm exports ● export share of the firm

- buyer country's share of the firm's export sales
- manager's experience with exporting to buyer country
- general export orientation of top management
- top management support of that particular export case
- internal prestige of export management
- authority of manager responsible for that particular export case
- R&D costs (per cent)
- technology content of production
- demands knowledge of employees

Top management support

Status of internal export organisation

Technology and knowledge content of product

Market characteristics:

Attractiveness of export market

Amount of trade barriers

Physical distance to export market

Psychological/cultural distance to market

Attractiveness of domestic market

- intensity of competition (dom)
- market size (dom)
- market growth (dom)
- general economic growth in buyer country
- size of tariffs, quotas, etc.
- size of non-tariff barriers
- support of local competitors
- aerial distance to export market
- importance for transportation costs
- conventions for doing business (dom)
- conventions for personal relationships (dom)
- general way of working and living (dom)
- degree of absence of competition
- sales potential relative to firm goals
- profit potential relative to firm goals