

## **International Marketing Mix and Export Performance: A Spanish Perspective**

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## **Introduction**

The decision concerned with the standardisation versus adaptation of the international marketing strategy, which ultimately may determine export performance, has been, is and will be a research area of increasing interest for both academics as well as practitioners (Rosenbloom, Larsen, & Mehta, 1997; Viswanathan & Dickson, 2007; Waheeduzzaman & Dube, 2004), generally being seen as one of the most relevant marketing topics for the twenty-first century (Kahn, 1998). For several decades, the desirability and/or feasibility of standardising or adapting the international marketing strategy has been subject to numerous controversial debates, however without reaching a general agreement. Despite its relevance, the potential relationship established between the standardisation/adaptation of the international marketing strategy and the subsequent export performance, is characterised by a relative paucity and remains unresolved; therefore further research attention is needed (Katsikeas, Samiee, & Theodosiou, 2006; Lages, 2000; Shoham & Albaum, 1994; Theodosiou & Leonidou, 2003; Waheeduzzaman & Dube, 2004; Zou, Andrus, & Norvell, 1997). Also, traditional approaches in international marketing have tended to focus on the influence of the standardisation/adaptation strategy of a particular marketing mix element, commonly either product or promotion on export performance while the impact of price and distribution standardisation/adaptation has been relatively ignored (Lages, 2000; Theodosiou & Leonidou, 2003; Waheeduzzaman & Dube, 2004).

This research is focused on SMEs due to their recognised importance to economic growth, innovation, job and wealth creation in most countries, as they often account for the main part of the industrial base (Acs, Morck, Shaver, & Yeung, 1997; Karadeniz & Göçer, 2007; Katsikeas, Bell, & Morgan, 1998; Nieto & Fernández, 2006; Sousa, 2004).

In spite of this, approximately two-thirds of the studies that investigated the international marketing strategy analyse the foreign subsidiaries of multinational corporations (MNCs), whereas only a third was dedicated to the standardisation/adaptation of exporting firms, in general (Theodosiou & Leonidou, 2003) and even less in SMEs.

Spain represents one of the European economic settings which received limited research attention in the export centred literature (Suárez & Álamo, 2005). Similar to many other EU countries, Spain's economic growth is dependent on the results of the export activity. Merchandise and commercial service exports have gradually increased after Spain joined the European Union, in 1986, and have also been stimulated by the European Monetary Union (EMU), 2001. Currently, the Spanish economy presents a degree of international openness of approximately 65% to the GDP (Lucio, Mínguez, Valero, & Mednik, 2008) and ranked seventh for merchandise exports and fifth for commercial services among the EU countries, in 2005 (WTO, 2006). All together, these characteristics demonstrate that Spanish firms are strongly motivated to pursue and improve their international activity, thus the topic related to the international marketing strategy and its potential impact on export success becomes particularly relevant in this context.

Taking into account the above mentioned, the purpose of the study is to examine, in Spanish SMEs, whether the standardisation/adaptation of the international marketing strategy elements influences objective export performance and satisfaction with export performance, at the same time investigating if any link exists between these two performance constructs. First, a literature review on the relationship between the

standardisation/adaptation of the international marketing mix elements and export performance is provided; consequently the conceptual model and the research hypotheses are proposed. A method section describes the data collection process and measures utilised. Then, the results are presented and discussed. Finally, the findings are discussed, conclusions are drawn, and a review of the implications for academia and practitioners, limitations of the study and directions for future research are provided.

### **Literature Review and Research Hypotheses**

In what follows, a concise review of the current “state of art” of the standardisation/adaptation of the international marketing mix elements is presented.

#### *Product strategy standardisation/adaptation*

As previously mentioned, the relationship between product standardisation/adaptation and export performance is a key issue within the international marketing strategy which is still rather unclear (Hultman, Robson, & Katsikeas, 2009). For instance, while a positive relationship between adapting products to the local market and export performance was observed by several scholars (Calantone, Kim, Schmidt, & Cavusgil, 2006; Cavusgil & Zou, 1994; Lee & Griffith, 2004; Shoham, 1999) and was also reported by half of the studies included in Leonidou, Katsikeas and Samiee’s (2002) comprehensive review of international marketing mix elements, other scholars have observed that a standardised product was more successful (Christensen, Da Rocha, & Gertner, 1987; Zou, Andrus, & Norvell, 1997). Moreover, various studies reported insignificant effects of product standardisation/adaptation on different export performance measures (Albaum & Tse, 2001; Johnson & Arunthanes, 1995; O’Cass & Julian, 2003; Samiee & Roth, 1992) or provide support to a contingency approach which suggest that a thorough set of factors encompassing macro-, micro-, and internal

influences shape the fit between the extent to which the product is adapted to the local context, with positive implications for performance in exporting firms (Hultman, Robson, & Katsikeas, 2009). Collectively, while product adaptation has been widely studied by researchers and generally positively correlated with export performance, other studies obtained insignificant results or even negative correlations.

#### *Price strategy standardisation/adaptation*

Price standardisation versus adaptation has received little attention in the literature (Lages, 2000) and the results obtained in relationship with export performance are mixed (Shoham, 1995). In this sense, various researchers identified a positive relationship between price adaptation and export performance (Das, 1994; Lee & Griffith, 2004; Shoham, 1996). Also, Leonidou, Katsikeas, and Samiee (2002) observed, in their literature review, a strong positive relationship between price adjustment and export performance, with the exception of export sales volume. On the other hand, other studies indicate that price adaptation is negatively related to export performance (Lages & Montgomery, 2005; Özsomer & Simonin, 2004; Shoham, 1999; Sousa & Bradley, 2008; Zou, Andrus, & Norvell, 1997). Moreover, several scholars identified a non-significant association between price standardisation/adaptation strategy and export performance (Albaum & Tse, 2001; Lages & Jap, 2002; O'Cass & Julian, 2003; Samiee & Roth, 1992).

#### *Promotion strategy standardisation/adaptation*

Regarding the promotion standardisation versus adaptation several studies reported that exporters who adapted their international promotional strategy were associated with improved export performance (Shoham, 1996; 1999). Similarly, Leonidou, Katsikeas, and Samiee's (2002) review supported promotion adaptation which appeared to be strongly and positively associated with overall performance, while Cavusgil and Zou

(1994), who found a negative association between promotion adaptation and export performance, conclude that promotion adaptation is driven by the competitive pressure in the export market. However, other studies did not identify any significant relationship between promotion export strategy and export performance (Albaum & Tse, 2001; Lages & Jap, 2002; O'Cass & Julian, 2003; Samiee & Roth, 1992).

#### *Distribution strategy standardisation/adaptation*

International distribution is the export marketing mix element least investigated, receiving particularly little attention in the context of standardisation versus adaptation controversy (Myers & Cavusgil, 1996; Rosenbloom, Larsen, & Mehta, 1997; Zou & Stan, 1998). Leonidou, Katsikeas and Samiee (2002) observed that the few studies which researched distribution adaptation mainly point to the adjustment of the exporting enterprise's channel design in the export markets. Their review revealed a strong positive relationship between distribution adaptation and export performance, particularly when measured as export intensity and export profit level. Nevertheless, in opposition to findings such as Shoham's (1996) which support the positive significant impact of distribution adaptation on export performance, other studies revealed a positive significant association between distribution standardisation and static export performance (Shoham, 1999), or did not identify any significant link between distribution export strategy and the subsequent export performance (Albaum & Tse, 2001; Lages & Jap, 2002; O'Cass & Julian, 2003; Samiee & Roth, 1992).

Summarising, when examining the empirical literature on the relationship established between the standardisation/adaptation of the international marketing strategy and export performance, the findings are mostly contradictory, and no clear agreement has

been reached. However, it is evident that there appears to be a certain consistency in the relationship between the adaptation of the marketing mix strategy with increased performance (Ryans, Griffith, & White 2003). Moreover, for exporters serving dissimilar customer segments throughout the world, standardisation may alienate foreign customers who might switch to another product that better fulfils their needs (Kotabe & Helsen, 2001) or standardisation may not be applicable with inter-cultural, heterogeneous markets due to cultural and economic differences (Kustin, 2004).

#### *On the relationship between objective and subjective export performance measures*

Katsikeas, Leonidou, and Morgan (2000) state that while numerous studies used multiple measures of export performance, very few explored trade-off interactions among different export performance dimensions such as the potential link between objective and subjective export performance modes of assessment (e.g.: Stoian, Rialp, & Rialp, 2010). Several contributions call for further research on the potential relationship existing between different export performance dimensions/assessment modes (Diamantopoulos & Kakkos, 2007; Sousa, Martínez, & Coelho, 2008). Therefore, in order to contribute to the development of the international business literature, this study responds to the beforehand mentioned calls for further research by analysing the potential relationship established between export performance assessed objectively and export performance measured subjectively.

Based on the literature review process carried out we propose the conceptual model displayed in Figure 1 and the following research hypotheses:

#### *Research Hypotheses*

*H1. Objective export performance is positively influenced by the adaptation of the*

- a) product strategy;*
- b) price strategy;*
- c) promotion strategy;*
- d) distribution strategy.*

*H2. Subjective export performance is positively influenced by the adaptation of the*

- a) product strategy;*
- b) price strategy;*
- c) promotion strategy;*
- d) distribution strategy.*

*H3. Objective export performance positively influences subjective export performance.*

## **Methodology**

### *Data collection*

In order to empirically test the proposed model quantitative data was collected through an online survey addressed to the decision maker in charge of the export activity in Spanish SMEs. The structured questionnaire used for the survey, was first pre-tested by international business academics and four Spanish SME export managers. In this way its comprehensibility is assured simultaneously verifying which of the export performance related variables and marketing mix items highlighted by the international business literature were relevant in the specific context of this research. It is equally important mentioning that the interviews with the practitioners revealed a reticence of the respondents when asked to provide financial information regarding export performance in their companies. Thus, based on the constructive feedback received from the export managers interviewed, it was decided that, in order to avoid high item non-response rates, only the least problematic performance variables were to be



assessed objectively, namely export intensity and export market geographical coverage while export sales growth, export market share, as well as achievement of export objectives related items were to be subjectively measured by the use of a satisfaction measurement scale.

For selecting the firms to which the questionnaire was aimed, the Kompass data-base was used. A central concern of this research was to assure that the questionnaire respondent was the decision maker in charge of export operations in the firm. In this sense, a personal e-mail address represented an indispensable requirement for participating in the survey. Thus, a sample of 423 decision makers in charge of exports in their respective companies, presenting a personal e-mail address, was identified and selected to participate in the survey. The questionnaire was sent out in February 2008, and was followed by two other reminder e-mailings. After eliminating those observations that did not provide complete answers for all the questions related to this study, 155 cases (exporting SMEs of at most 499 employees) were considered valid, representing an effective response rate of 36.6 per cent. The issue of the non-response bias was addressed by using Armstrong and Overton's (1977) extrapolation procedure. More precisely, early respondents were compared to middle and late respondents using a series of t-tests. No significant differences were found between the three groups of respondents with respect to the size, age, export experience and industrial sector of the firms, indicating that non-response bias was not a problem. Moreover, very similar representativeness was observed, in terms of the previously mentioned characteristics, when comparing the 155 valid observation sample to the general population of Spanish exporting SMEs (ICEX, 2008). Also, as the data for both the independent and the dependent variables was collected from the same respondent utilising the same

questionnaire format, a potential for common methods bias exists. Thus, in order to rule out this problem the Harman's one factor test was performed on the items (Podsakoff & Organ, 1986). The results of the principal component factor analysis displayed 8 factors with an eigenvalue greater than 1. They also accounted for more than 76, 5% of the total variance. As various factors emerged from the factor analysis and because the first factor accounted for only 20.8% of the variance, common method bias does not appear to exist in the data (Menon, Bharadwaj, Adidam, & Edison, 1999).

### *Measurement*

In order to capture all variables/constructs on which the hypotheses of the present study are based, the questionnaire included several multi-item measures and indicators as follows:

#### *Product/Price/Promotion/Distribution strategy: standardisation-adaptation*

The items used to measure product and promotion standardisation/adaptation were adapted from Zou, Andrus, and Norvell (1997) whereas those used to measure price and distribution standardisation/adaptation were derived from Shoham (1999). The four marketing mix components were each measured with three different items on a five-point Likert scale. The respondents had to indicate the extent to which the main product (its price/promotion/distribution) was standardised/adapted to the export markets ("totally standardised" = 1; "totally adapted" = 5) regarding three different items for each marketing mix element: i) product - a) product brand, b) product design, c) product packing; ii) price - a) price strategy, b) discount policy, c) profit objective per product; iii) promotion - a) promotion objectives, b) promotion budget, c) media channels for advertising; and iv) distribution - a) transport strategy, b) distribution budget, c) distribution channels.

No uniform definition of export performance is provided by the literature (Cavusgil & Zou, 1994; Sousa, 2004) and also, in spite of the development of several comprehensive measurement scales (Lages & Lages, 2004; Zou, Taylor, & Osland, 1998) there is yet no full agreement on how to measure export performance (Katsikeas, Leonidou, & Morgan, 2000; Sousa, 2004; Wheeler, Ibeh, & Dimitratos, 2008; Zou & Stan, 1998). Nevertheless, there is general consensus that the objective and subjective measures are complementary in nature, and it is advisable to make use of both in order to provide a more comprehensive picture of export performance (Dimitratos, Lioukas, & Carter, 2004; Katsikeas, Leonidou, & Morgan, 2000; Shoham, 1998; Shoham, Evangelista, & Albaum, 2002; Sousa, 2004; Wheeler, Ibeh, & Dimitratos, 2008). Therefore, in order to assess export performance, two separate constructs were considered in this study: i) objective export performance and ii) subjective export performance.

#### *Objective export performance*

From the objective perspective, this study relies on export intensity as well as the export market geographical coverage. Export intensity is, according to Katsikeas, Leonidou and Morgan (2000), Sousa (2004) and Pla and Alegre (2007) by far the most widely used indicator in empirical research and was measured as the ratio of exports to total sales in 2007. For assessing export market geographical coverage two distinct variables were utilised: the total number of export countries in which the firm is active and the number of export zones entered by the SME. The number of export countries/markets entered by a firm shows its success in reaching the international community and represents another dominant measure of firm's export performance (Katsikeas, Leonidou, & Morgan, 2000; Samiee & Walters, 1990; White, Griffith, & Ryans, 1998). For measuring the latter variable, which shows the diversity of export coverage, seven

major export zones have been considered: a) the European Union, b) the rest of Europe, c) North America (USA and Canada), d) Latin America, e) Africa, f) Asia and g) Australia and Oceania. A similar zone division pattern was previously utilised in another study based on Spanish companies by Lado, Martínez, and Valenzuela (2004). This measure is particularly relevant for reflecting SMEs' export performance as it shows the diversity of export coverage, especially for the case of Spanish smaller companies, as traditionally they tend to focus their major export efforts on one geographical zone, namely the European Union.

#### *Satisfaction with export performance*

On the other hand, from a subjective point of view, managerial satisfaction with export performance was analysed. For selecting the items included in this construct several scales of prior studies were considered (Dhanaraj & Beamish, 2003; Lages & Montgomery, 2004; Shoham, 1998; 1999; Zou, Taylor, & Osland, 1998). The construct was measured with six different items on a five-point Likert scale ("very unsatisfied" = 1; "very satisfied" = 5). More precisely, respondents were asked to self-evaluate their satisfaction with the following items: i) growth of the overseas sales in total; ii) market share in total; iii) achievement of the export objectives.

## **Results**

### *Descriptive results*

Preceding the model testing, descriptive statistics were performed for the variables included in the valid sample. In this sense, first a profile of the 155 exporting SMEs was provided offering information concerning, firm size, export experience and the industry sector (Table 1).

(“Insert Table 1 about here”)

Next, descriptive statistics were also used for characterising the SMEs included in the valid sample regarding the international marketing mix and export performance variables (Table 2).

(“Insert Table 2 about here”)

#### *Reliability and validity analysis*

Content validity was assured through the literature review, by consulting experienced researchers as well as by carrying out four semi-structured interviews with decision makers of Spanish exporting SMEs during the pre-testing qualitative stage of this research.

The measures were purified using explanatory factor analysis and reliability analysis. Six factor analysis procedures were conducted in order to assess construct dimensionality and to condense and summarise the information related to several determinants. Following similar procedures as Cavusgil and Zou (1994) and O’Cass and Julian (2003), it was aimed to establish that items loaded onto their appropriate construct and factors were interpretable. KMO and Bartlett sphericity tests were utilised for revealing the correlation degree among the items considered. Next, principal components analyses, with varimax rotation were conducted for each of the constructs analysed and factors with eigenvalues greater than 1 were extracted. Items with high loadings on the intended factors, of above .65 were retained (Table 3).

(“Insert Table 3 about here”)

In order to provide reliability to the scales, Cronbach’s alpha and composite reliability were computed. Cronbach alpha coefficients of all the constructs in the model have scored values greater than .70 (Nunnally, 1978). Next, reliability was examined by a composite reliability test (Fornell & Larcker, 1981). All the values<sup>1</sup> of the construct reliability coefficients were above .75, thus exceeding the recommended minimum level of .70 (Bagozzi & Yi, 1988; Hair, Black, Babin, Anderson, & Tatham, 2005).

Next, convergent validity and discriminant validity tests have also been conducted. Convergent validity refers to the degree to which a measure is correlated with other measures which are theoretically predicted to correlate with. For the scales related to the four marketing elements, the objective export performance and perceived satisfaction with export performance the convergent validity analysis is given by the correlation matrix as they have one component only. If the correlations between the items are significant, then convergent validity is satisfied for the construct analysed. Tables 4, 5 and 6 show that correlations were significant for both constructs, at .01 significance level.

(“Insert Table 4 about here”)

(“Insert Table 5 about here”)

(“Insert Table 6 about here”)

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<sup>1</sup>  $CR = (\text{Sum of standardised loadings})^2 / [(\text{Sum of standardised loadings})^2 + (\text{sum of indicator measurement error})]$ ; Indicator measurement error =  $1 - (\text{standardised loadings})^2$  (Lu & Yang, 2007). Product strategy standardisation/adaptation CR = 0.851; Price strategy standardisation/adaptation CR = 0.874; Promotion strategy standardisation/adaptation CR = 0.885; Distribution strategy standardisation/adaptation CR = 0.887; Objective export performance = 0.771; Satisfaction with export performance = 0.877.

### *Hypotheses testing*

The relationship between the standardisation/adaptation degree of the international marketing mix and export performance measured objectively as well as managerial satisfaction was tested with a structural equation model using Analysis of Moment Structures (AMOS) 7.0 as displayed in Table 7.

(“Insert Table 7 about here”)

Firstly, the general structural equation model was evaluated. Although chi-square ( $\chi^2 = 194.1$  d.f. = 122) is significant ( $p < .01$ ), it is most probably sensitive to sample size (Bagozzi & Yi, 1988). Therefore, other fit indexes were computed:  $\chi^2/\text{d.f.} = 1.59$ , comparative index fit (CFI) = .950, Tucker-Lewis fit index (TLI) = .937, incremental fit index (IFI) = .951, root mean square error of approximation (RMSEA) = .062. The fit indexes obtained suggest a good model fit, meeting the cut-off points recommended by Browne and Cudeck (1993) as well as the stricter ones suggested by Hu and Bentler (1999). Given the adequate goodness of fit indexes the study continues by testing the hypotheses.

Regarding H1, out of the four connections proposed (a, b, c, d) our results show only one significant association (H1a) between product adaptation strategy and objective export performance, however contrary to our expectation with a negative sign (path coefficient =  $-.179$ ,  $p < .1$ ). So, H1 does not receive support. Concerning H2 we have obtained two significant relationships (H2b, H2c) one with a negative sign, for price (path coefficient =  $-.197$ ,  $p < .05$ ) and one with a positive sign for promotion (path coefficient =  $.176$ ,  $p < .05$ ). The study's results provide support for H3 (path coefficient

= .287;  $p < .01$ ), clearly denoting a strong positive influence of the objective export performance measure on the subjective one.

## **Discussion and Conclusions**

According to our results we observed that a more adapted product negatively influences export performance measured as export intensity, number of zones and countries entered by the firm. In this sense, we concur with other scholars who have reported that a standardised product was more successful (Christensen, Da Rocha, & Gertner, 1987; Zou, Andrus, & Norvell, 1997). Possible explanations could be the high costs needed for product adaptation that SMEs may not dispose of or the reduced likeliness of reaching an experience curve in production. In the same vain, as previously emphasised in the literature, product standardisation also facilitates the realisation of economies of scale in production and marketing which in turn leads to increased export performance. On the other hand, given the industrial diversity of the sample utilised it could be argued that it was easier to penetrate more international zones and markets as well as to obtain a higher export intensity for companies that offered a more standardised product/service, as compared to firms that implemented a major adaptation strategy.

Price adaptation negatively influences managerial satisfaction with export performance as previously reported by other researchers (Lages & Montgomery, 2005; Özsomer & Simonin, 2004; Shoham, 1999; Sousa & Bradley, 2008; Zou, Andrus, & Norvell, 1997). The use of a standardised pricing strategy might help to improve export performance (Zou, Andrus, & Norvell, 1997). A viable explanation could be that price is generally associated with the consistency of product's image across markets (Buzzell, 1986). As



previously emphasised by Lages & Montgomery (2005) it is quite possible that the decision makers included in our sample considered that the adaptation of the pricing strategy would hamper the desired universal image of the product, and would consequently have a negative effect on its performance.

As put forward by our findings, promotion adaptation positively influences managerial satisfaction with export performance as prior studies also suggest (Leonidou, Katsikeas, and Samiee's 2002; Shoham, 1996; 1999). In this case it is logical to assume that the decision maker, in charge of export activities in his/her company perceived that the export success was driven by a higher degree of customisation of the promotion strategy which acted as an impetus triggering consumer's purchasing act. Export managers who have invested effort and time into highly localising the company's promotion to the foreign markets entered were found to be more satisfied with the total market share overseas, the growth of the overseas sales in total, and the achievement of export objectives.

No significant results were obtained in the relationship between distribution and export performance similar to previous contributions (Albaum & Tse, 2001; Lages & Jap, 2002; O'Cass & Julian, 2003; Samiee & Roth, 1992). The lack of significance in the relationship between distribution adaptation measured in this study with the aid of three distinct elements (transport strategy, distribution budget and distribution channels) and export performance measured both objectively and subjectively maybe determined by the wide palette of markets entered by varies firms, by the specific characteristics of the goods or services marketed or simply by the size and resources available to the SME for the customisation of the distribution strategy.

On the other hand, in response to various calls for research (Diamantopoulos & Kakkos, 2007; Katsikeas, Leonidou & Morgan 2000; Sousa, Martínez, & Coelho, 2008) a strong positive significant relationship was observed between the objective and subjective export performance modes of assessment. Managerial satisfaction with export performance is positively influenced by the objective results, namely export intensity and export market geographical coverage measured in terms of the number and diversity of markets. Subsequently, it is pertinent to emphasise that among the influencing forces that may determine managerial satisfaction with export performance it is highly important to include the objective export result itself.

Summarising, as highlighted by various previous contributions in the international marketing strategy literature, the present study obtained mixed results regarding the relationship established between the degree of standardisation/adaptation of four marketing mix elements and the subsequent export performance attained, measured objectively and subjectively. While the negative relationship obtained in the relationship between the degree of product adaptation and export intensity and export markets coverage together with the negative connection displayed between the degree of price adaptation and managerial satisfaction with export performance point to the increased tendency of world's economies to become more globalised, the positive link observed between promotion adaptation and subjective export performance, highlights that in order to successfully communicate your marketing message to potential customers in distinct social/cultural/economic/political context customisation to local preferences and tastes it is important. On the other hand, no significant links were obtained between the degree of standardisation/adaptation of the marketing mix elements and at least one of the two performance measures considered (product strategy and subjective export

performance; price and promotion strategy and objective export performance; distribution and both objective and subjective export performance). In this sense, this study's findings provide support to the contingency perspective on the international marketing strategy standardisation/adaptation debate in line with various prior studies (e.g.: Albaum & Tse, 2001; Cavusgil & Zou, 1994; Theodosiou & Katsikeas, 2001; Theodosiou & Leonidou, 2003; Waheeduzzaman & Dube, 2004). In other words, the SMEs may focus on matching firm's characteristics with the environmental idiosyncrasy of the export markets, in this process implementing a certain standardisation/adaptation degree to the export marketing strategy. Concluding and in accordance to the findings obtained by this study we argue that given the rather dissimilar results observed for the four marketing mix elements, a firm should apply a different degree of standardisation/adaptation to the product/price/promotion/distribution in order to achieve export success.

Moreover, when considering the determinants of satisfaction with export performance, objective export performance should be taken into account as it may act as a strong influencing factor. The above mentioned results respond to various previous calls for research, thus shedding light on the relationship established between objective and subjective export performance measures, in the Spanish SME context.

### **Implications, Limitations and Future Research Directions**

The outcome of this research also provides valuable implications for practitioners. Firm managers should be aware that in order to achieve superior export performance no strategy is strictly better than the other; no universal panacea for achieving export success exists. More precisely, the selection of a more standardised or adapted

international marketing mix strategy may differ according to the element considered, therefore managers should carefully analyse the degree of standardisation vs adaptation that should be applied to each individual marketing mix element.

The limitations of the study should be considered when the results are interpreted. Firstly, although the empirical data focused on a sample of Spanish SMEs, the findings could be of interest to firms in other Southern European countries. However, the readers should exercise caution in attempting to generalise this study's findings to considerably different socio-economic settings. Secondly, the investigation was based on a rather limited number of observations (155) which restricted the number of variables/constructs to be included in the measurement model.

As future research directions it would be interesting to replicate similar studies in distinct geographical contexts, thus the results could be generalised to larger populations. Longitudinal analysis should also be conducted in order to illustrate the dynamics of exporting. In this way, complex constructs such as the degree of standardisation/adaptation of the international marketing strategy or export performance could be analysed from a time-based perspective, allowing for the investigation of composite cause-effect relationships. Alternatively, investigating the influence of other contingent variables (such as managerial, organisational or domestic and international market environmental factors) on the relation between the international marketing strategy and export performance may yield fruitful findings. Furthermore, it may also be advisable to carry out similar investigations within various industries, separately, as well as to differentiate the results obtained according to the specific overseas markets served. Thus, the formulation of pertinent comparisons would be possible, highlighting

the differences established between the impact of the international marketing strategy on export performance in distinct manufacturing and service sectors and/or socio-economic settings.

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## Appendix

**Table 1 Sample profile**

| Firm size (Number of employees)  | (%)   | Export experience                                |
|--|-------|--|
| Micro enterprises (1-49 employees):  | 56.8  | Mean: 18 years                                   |
| Small enterprises (50-249 employees):  | 37.4  |  |
| Medium enterprises (250-499 employees):  | 5.8   |  |
| Industrial sector  | (%)   | Technological intensity<br>(NACE Rev. 1.1 and 2) |
| Manufacture of food, beverage and tobacco  | 10.3  | Low-technology                                   |
| Manufacture of textiles and textile products   | 8.4   | Low-technology                                   |
| Manufacture of wood and paper products   | 6.5   | Low-technology                                   |
| Manufacture of basic metals and metal products   | 10.3  | Medium-low-technology                            |
| Other low-technology manufactures  | 9.7   | Low-technology                                   |
| Manufacture of chemicals and other chemical products   | 18.1  | High and medium-high-technology                  |
| Manufacture of machinery and equipment   | 10.3  | Medium-high-technology                           |
| Manufacture of electrical machinery and apparatus  | 13.5  | Medium-high-technology                           |
| Manufacture of motor vehicles trailers, semi-trailers and other transport equipment              | 4.5   | Medium-high-technology                           |
| Low-technology services (wholesale and retail trade; support and auxiliary transport activities) | 5.8   | Low-technology                                   |
| High-technology services (computer and related activities; R&D; other business activities)       | 2.6   | High-technology                                  |
| Total  | 100.0 |  |

\* Including pharmaceuticals, medical chemicals and botanical products

**Table 2 Descriptive statistics for the international marketing mix and export performance variables**

| Variables  | Min | Max | Mean  | SD     |
|--|-----|-----|-------|--------|
| <b>Marketing Mix Variables</b>                   |     |     |       |        |
| Product strategy standardisation/adaptation      |     |     |       |        |
| Product brand                                    | 1   | 5   | 2.41  | 1.557  |
| Product design                                   | 1   | 5   | 2.66  | 1.572  |
| Product packing                                  | 1   | 5   | 2.59  | 1.498  |
| Price strategy standardisation/adaptation        |     |     |       |        |
| Price strategy                                   | 1   | 5   | 3.69  | 1.398  |
| Discount policy                                  | 1   | 5   | 3.57  | 1.400  |
| Profit objective per product                     | 1   | 5   | 3.54  | 1.374  |
| Promotion strategy standardisation/adaptation    |     |     |       |        |
| Promotion objectives                             | 1   | 5   | 3.23  | 1.283  |
| Promotion budget                                 | 1   | 5   | 3.28  | 1.336  |
| Advertising channels                             | 1   | 5   | 3.16  | 1.317  |
| Distribution strategy standardisation/adaptation |     |     |       |        |
| Transport strategy                               | 1   | 5   | 3.35  | 1.418  |
| Distribution budget                              | 1   | 5   | 3.25  | 1.361  |
| Distribution channels                            | 1   | 5   | 3.51  | 1.393  |
| <b>Export Performance</b>                        |     |     |       |        |
| Objective export performance                     |     |     |       |        |
| Number of export zones                           | 1   | 7   | 3.60  | 1.712  |
| Number of export countries                       | 1   | 67  | 15.81 | 13.864 |
| Export intensity (%)                             | 1   | 100 | 34.67 | 24.507 |
| Satisfaction with export performance             |     |     |       |        |
| Growth of the overseas sales in total            | 1   | 5   | 3.50  | .928   |
| Total market share overseas                      | 1   | 5   | 3.06  | 1.002  |
| Achievement of export objectives                 | 1   | 5   | 3.47  | .784   |

**Table 3 Explanatory factor analysis**

| Construct/Item   | Factor loadings | Eigen values | % of variance explained |
|--|-----------------|--------------|-------------------------|
| Factor 1. Product strategy (standardisation/adaptation)      |                 | 2.314        | 77.130                  |
| Product design   | .890            |              |                         |
| Product packing  | .881            |              |                         |
| Product brand  | .863            |              |                         |
| Factor 2. Price strategy (standardisation/adaptation)        |                 | 2.385        | 79.509                  |
| Discount policy  | .914            |              |                         |
| Price strategy   | .894            |              |                         |
| Profit objective per product                                 | .866            |              |                         |
| Factor 3. Promotion strategy (standardisation/adaptation)    |                 | 2.411        | 80.358                  |
| Promotion budget   | .939            |              |                         |
| Promotion objectives   | .912            |              |                         |
| Advertising channels   | .835            |              |                         |
| Factor 4. Distribution strategy (standardisation/adaptation) |                 | 2.419        | 80.621                  |
| Distribution budget  | .936            |              |                         |
| Transport strategy   | .911            |              |                         |
| Distribution channels  | .845            |              |                         |
| Factor 5. Objective export performance                       |                 | 1.998        | 66.590                  |
| Number of export zones                                       | .892            |              |                         |
| Number of export countries                                   | .866            |              |                         |
| Export intensity   | .672            |              |                         |
| Factor 6. Satisfaction with export performance               |                 | 4.033        | 67.214                  |
| Total market share overseas                                  | .862            |              |                         |
| Total overseas sales growth                                  | .840            |              |                         |
| Achievement of export objectives                             | .765            |              |                         |

**Table 4 Correlations for convergent validity for the marketing mix elements**

| Construct                                       | 1       | 2       | 3       | 4 |
|---|---------|---------|---------|---|
| Product strategy (standardisation/adaptation)   | 1       |         |         |   |
| Product brand                                   | .863*** | 1       |         |   |
| Product design                                  | .890*** | .650*** | 1       |   |
| Product packing                                 | .881*** | .629*** | .691*** | 1 |
| Price strategy (standardisation/adaptation)     | 1       |         |         |   |
| Price strategy                                  | .894*** | 1       |         |   |
| Discount policy                                 | .914*** | .750*** | 1       |   |
| Profit objective per product                    | .866*** | .638*** | .688*** | 1 |
| Promotion strategy (standardisation/adaptation) | 1       |         |         |   |
| Advertising channels                            | .835*** | 1       |         |   |
| Promotion budget                                | .939*** | .672*** | 1       |   |
| Promotion objectives                            | .912*** | .600*** | .837*** | 1 |
| Discount strategy (standardisation/adaptation)  | 1       |         |         |   |
| Transport strategy                              | .911*** | 1       |         |   |
| Distribution budget                             | .936*** | .825*** | 1       |   |
| Distribution channels                           | .845*** | .615*** | .682*** | 1 |

\*\*\*  $p < .01$ .

**Table 5 Correlations for convergent validity for objective export performance**

| Construct                    | 1       | 2       | 3       | 4 |
|------------------------------|---------|---------|---------|---|
| Objective export performance | 1       |         |         |   |
| Number of export zones       | .892*** | 1       |         |   |
| Number of export countries   | .866*** | .707*** | 1       |   |
| Export intensity             | .672*** | .413*** | .348*** | 1 |

\*\*\*  $p < .01$ .

**Table 6 Correlations for convergent validity for satisfaction with export performance**

| Construct                            | 1        | 2       | 3       | 4 |
|--------------------------------------|----------|---------|---------|---|
| Satisfaction with export performance | 1        |         |         |   |
| Total overseas sales growth          | .840** * | 1       |         |   |
| Total market share overseas          | .862***  | .604*** | 1       |   |
| Achievement of the export objectives | .765** * | .698*** | .511*** | 1 |

\*\*\*  $p < .01$ .

**Table 7 Results for the general structural equation modelling**

| Construct/Item   | Estimates | Standardised estimates |
|--|-----------|------------------------|
| Product strategy standardisation/adaptation → <b>Objective export performance</b>        | -.220*    | -.179                  |
| Price strategy standardisation/adaptation → <b>Objective export performance</b>          | .188      | .146                   |
| Promotion strategy standardisation/adaptation → <b>Objective export performance</b>      | .066      | .041                   |
| Distribution strategy standardisation/adaptation → <b>Objective export performance</b>   | -.087     | -.071                  |
| Product strategy standardisation/adaptation → <b>Satisfaction with export perf.</b>      | .052      | .076                   |
| Price strategy standardisation/adaptation → <b>Satisfaction with export perf.</b>        | -.140**   | -.197                  |
| Promotion strategy standardisation/adaptation → <b>Satisfaction with export perf.</b>    | .157**    | .176                   |
| Distribution strategy standardisation/adaptation → <b>Satisfaction with export perf.</b> | .027      | .040                   |
| <b>Objective export performance</b> → <b>Satisfaction with export perf.</b>              | .159***   | .287                   |
| <b>Product strategy standardisation/adaptation</b>                                       |           |                        |
| Product brand  | 1.000***  | .765                   |
| Product design   | 1.134***  | .859                   |
| Product packing  | 1.014***  | .806                   |
| <b>Price strategy standardisation/adaptation</b>   |           |                        |
| Price strategy   | 1.000***  | .819                   |
| Discount policy  | 1.117***  | .914                   |
| Profit objective per product   | .824***   | .722                   |
| <b>Promotion strategy standardisation/adaptation</b>                                     |           |                        |
| Promotion objectives   | 1.217***  | .865                   |
| Promotion budget   | 1.419***  | .968                   |
| Advertising channels   | 1.000***  | .693                   |
| <b>Distribution strategy standardisation/adaptation</b>                                  |           |                        |
| Transport strategy   | 1.000***  | .852                   |
| Distribution budget  | 1.093***  | .970                   |
| Distribution channels  | .689***   | .637                   |
| <b>Objective export performance</b>  |           |                        |
| Number of export zones   | 1.000***  | .858                   |
| Number of export countries   | 7.745***  | .820                   |
| Export intensity   | 7.742***  | .464                   |
| <b>Satisfaction with export performance</b>  |           |                        |
| Growth of the overseas sales in total  | 1.000***  | .874                   |
| Total market share overseas  | .772***   | .644                   |
| Achievement of the export objectives   | .773***   | .801                   |

\*\*\*p < .01

**Figure 1 Conceptual model**





