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How frontline managers mould local markets: Influence of capability exploitation and brand orientation on market-driving behaviour and performance

ABSTRACT

Market orientation studies underline that firms need to closely monitor changes in the marketplace. Market orientation studies show that an organization's understanding of and attitude towards the market can influence firm performance. Most market orientation studies focus on a firm's ability to adapt quickly to changing market trends. However, firms that are market orientated and carry out extensive market research may also seek to implement their own business concept and drive market trends (termed 'market-driving behaviour'). There has been scant empirical attention on the market driving orientation. In addition, few have studied variations in market orientation at the level of individual managers. In the internationalization context, variations in market driving behaviour at the level of local managers may have a great impact on business unit performance. For example, the corporate branding literature emphasizes that employees may have different levels of affinity towards the corporate brand (termed 'brand orientation') and this may influence their behaviour towards stakeholders such as customers and competitors. It is likely that managers who are more brand oriented may be more motivated to implement market driving strategy than those who are less brand oriented. In this paper, we focus on sales managers and look at the extent to which managers who are brand oriented make efforts to influence consumers and competitors and achieve greater performance. In addition, we study the moderating effects of managerial capability exploitation and market-driving behaviour and performance. Capability exploitation refers to the manager’s commitment and exploitation of strategic resources that are rare and specific to their business unit. Based on a survey of 4929 retail stores in a global retail chain operating in Taiwan and Thailand, we find that managers with stronger brand orientation achieve greater market-driving behaviour and perform better. Moreover, the relationship between market-driving behaviour and business unit performance is stronger for managers with greater capability exploitation.

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1. INTRODUCTION

The market orientation concept underlines the importance of understanding stakeholders such as local customers and competitors for sustainable competitive advantage (Kohli & Jaworski, 1990, Lado, Maydeu-Olivares, & Rivera, 1998, Rogers, Ghauri, & George, 2005). Kohli and Jaworski (1990) classify market orientation as the firm's strategic behaviour, and suggest that the element of market orientation reflects the organisation's ability to generate and disseminate customer and competitor information, in order to respond and make use of this information.

Market orientation has often been studied in relation to adaption to changes in customer or competitor behaviours (Narver, Slater, & MacLachlan, 2004, Slater & Narver, 1995). Within the market orientation strand, certain scholars have argued that global firms, such as Swatch, IKEA, Starbucks, or Wal-Mart, may not always seek to adapt to local market trends, but instead, may prefer to drive new trends in the local market that fits in with firm strategy (Harris & Cai, 2002, Jaworski, Kohli, & Sahay, 2000, Kumar, Scheer, & Kotler, 2000). Indeed, global firms have resources that can be efficiently managed in order to gain a competitive advantage on the international market (Hitt, Bierman, Uhlenbruck, & Shimizu, 2006). They may use their resources to influence and change the market conditions and the minds of the customers in the foreign markets, rather than to adapt its market activities to local circumstances (Carrillat, Jaramillo, & Locander, 2004, Harris & Cai, 2002, Jaworski, Kohli, & Sahay, 2000, Kumar, 1997, Kumar, Scheer, & Kotler, 2000). These scholars use the term "market-driving" to describe this particular form of market orientation. Market driving strategy stresses the value of pioneering change in the market and revolutionizing rather than responding to market trends (Kumar, Scheer, & Kotler, 2000). Kumar et al (2000) propose that market driving firms implement radical business innovation involving the development of unique business systems as well as a revolution in the customer value proposition. Jaworski, Kohli, and Sahay (2000: 47) define market driving as “changing the composition and/or roles of players in a market and/or behaviours of players in the market.” Thus, market driving can be understood as a market orientation strategy that emphasizes the need to educate consumers and exert an influence on their values, norms and behaviour in order to prepare the ground for the new, unique benefits that will be offered (Carrillat, Jaramillo, & Locander, 2004, Jaworski, Kohli, & Sahay, 2000, Kumar, Scheer, & Kotler, 2000). Understanding and changing customer perceptions is a proactive behaviour that helps firms to create new markets (Hamel & Prahalad, 1994).

Although market orientation is an established topic in the strategic marketing literature, the emphasis has been on the adaptation of firm activities to changes in the market (Kohli & Jaworski, 1990) rather than on the implementation of changes in the market to suit the core competencies of the firm. Market orientation studies also focus on the firm level and do not consider variations in market orientation at the individual level. Moreover, there are sparse empirical studies on market driving strategy and its relationship with performance (Hills & Bartkus, 2007, Neuenburg, 2010).We address these gaps by looking at the market driving orientation of individual frontline managers in a retail organization operating in Taiwan and Thailand, and investigating the extent to which being more or less market driving can influence business unit performance. Frontline managers are critical in helping the firm mould international markets because they are in direct contact with customers and competitors. Therefore, studying frontline managers may help us better understand the implementation of market orientation, and in particular, market driving orientation. Drawing on the corporate branding literature, we explore whether managers' brand orientation, or affinity with the corporate brand, may influence market driving behaviour and ultimately, performance. In addition, based on the resource based view, it is likely that the relationship between market driving behaviour and performance may be stronger for managers who are able to exploit business unit capabilities.

2. CONCEPTUAL BACKGROUND

2.1 Market driving strategy

Market orientation emphasizes the importance of gathering information about the market and responding effectively to market trends (Kohli & Jaworski, 1990). Scholars have studied mainly market orientation based on the premise that firms should adapt to changes in customer or competitor behaviours (Narver, Slater, & MacLachlan, 2004, Slater & Narver, 1995). However, market orientation can also involve being "market driving", that is, influencing and changing the market (Harris & Cai, 2002, Jaworski, Kohli, & Sahay, 2000, Kumar, Scheer, & Kotler, 2000). Market driving focuses on *forward sensing* rather than market sensing as traditionally propounded in the market orientation literature. The aim of market driving strategy is to achieve a discontinuous leap in customer value proposition (Kumar, Scheer, & Kotler, 2000). Market driving firms with clear business propositions will seek to enter foreign markets without changing their overall business proposition, and attempt to mould market conditions to fit adequately with the firm's business model, rather than change and adapt to local circumstances (Carrillat, Jaramillo, & Locander, 2004, Harris & Cai, 2002, Jaworski, Kohli, & Sahay, 2000, Kumar, 1997, Kumar, Scheer, & Kotler, 2000).

2.2 Capability exploitation

Hunt & Lambe (2000) argue that the link between capabilities and marketing activities needs to be exploited in order to support more robust theory building. Ray, Barney, and Muhanna (2004) suggest that in order to understand whether the resource-based view leads to competitive advantage, one should study whether a firm's capabilities translate effectively into activities and business processes.

Capability exploitation refers to the commitment and exploitation of strategic resources that are rare and specific to the firm (Luo, 2002). A key premise within the resource based view is that a firm is more likely to gain a competitive advantage by developing, maintaining, and managing a set of rare capabilities that are difficult for competitors to imitate or substitute (Barney, 1991, Grant, 1998, Sirmon, Hitt, & Ireland, 2007, Wernerfelt, 1984). Capabilities are important for developing a firm's competitive advantage, because they are necessary for the deployment of firm-specific resources (Day, 1994), and because they reflect the unique skills and core competencies that distinguish one firm from another(Hall, 1993, Hitt & Ireland, 1985, Snow & Hrebiniak, 1980). In our view, being market driving implies dynamic capabilities in utilizing, combining, and reconfiguring resources as well as "creat[ing] market change" (Eisenhardt & Martin, 2000: 1107). Market driving firms tend to implement radical business innovation (Kumar, Scheer, & Kotler, 2000), regardless of the characteristics of the specific market that they enter, by leveraging unique capabilities (Narver, Slater, & MacLachlan, 2004, Tuominen, Rajala, & Möller, 2004).

2.3 Brand orientation

The expression, "brand orientation", refers to the extent to which a firm views the brand as a strategic platform for implementing its mission and vision (Urde, 1999). Responding to sporadic customer demands may not be as effective in sustaining competitive advantage as developing a brand's core values over a long period of time (Urde, 1999). Brand orientation is the attempt to focus marketing strategy and activities on the brand rather than on the product in order to achieve long-term differentiation (Wong & Merrilees, 2005).

Most marketing literature view branding as an element for external image building that enhances product differentiation (Urde, 1999). However, supporters of brand orientation argue that the corporate brand is also an element of internal image building that helps guide strategy formulation (Urde, 1999, Wong & Merrilees, 2005). Kärreman and Rylander (2008) provide case evidence showing that the brand may be more meaningful for employees than for customers. The authors find that the brand is meaningful not so much due to its "content", but more due to its "strength" in distinguishing insiders from outsiders and providing "elite confirmation" of the organization (Kärreman & Rylander, 2008: 117). In this sense, the brand provides meaning in terms of social identity. The brand serves to create and reinforce positive distinctiveness of the organizational members.

There has been little effort to study variations at the individual level, despite arguments that brand orientation is a strategy to help the firm's constituents to develop a clear idea of what the whole organization stands for (Balmer & Greyser, 2003) and that it is a 'mindset' holding strategic significance for organizational members (Urde, 1999), Anecdotal evidence hints at the varying degrees of brand orientation within an organization. For example, Camillo Pagano, former head of marketing at Nestle, talks about the need for top management to make visits to subsidiaries and carry out continuous checks on how the brands are managed (Urde, 1999: 124). This description implies that brand orientation is not automatic for organizational members and that variation exists at the individual level. We are interested at the brand orientation of different managers within an organization. By definition, managers who are brand oriented will view the brand as being strategically significant (Urde, 1999) and favor the brand as a platform for developing differentiation strategy (Wong & Merrilees, 2005).

3. HYPOTHESIZED MODEL

3.1 <u>From brand orientation to market driving behaviour</u>

Vision is essential to developing a firm's activities (Kumar, Subramanian, & Yauger, 1998). Vision is often encompassed in the corporate brand and much of the market driving literature describes organizations with strong international brands as successful market driving firms (e.g. Carrillat, Jaramillo, & Locander, 2004, Jaworski, Kohli, & Sahay, 2000, Kumar, Scheer, & Kotler, 2000, Schindehutte, Morris, & Kocak, 2008). Kumar et al. (2000) remark that the corporate brands of market driving firms often have positive associations with unique and innovative offerings, and this association tends to create a buzz amongst consumers, thus reducing the need for heavy advertising. Ni and Wan (2008) argue that branding helps create and grow a firm's brand value. Overall, these studies suggest that branding can have a strong impact on supplier and customer relationships, and is therefore a source of sustainable competitive advantage for a market driving firm.

Notwithstanding the above, the market driving literature does not specifically develop the concept of internal branding. The internationalization literature also gives little attention to branding as a driver of firms' internationalization strategy (Wong & Merrilees, 2007), although it has been recognized that shared goals and values amongst managers operating in different regions can help integrate foreign operations (Ghoshal & Nohria, 1989). A number of studies show that a corporate brand can form the basis of a company's whole business model (Baumgarth, 2010, Urde, 1999). As such, corporate branding may be used as a symbolic device for expressing long-term organizational values and providing its identity with meaning for the employees (Kärreman & Rylander, 2008). Aurand, Gorchels and Bishop (2005) especially investigate internal HR activities and their importance on foreign markets as a key aspect related to a firm's brand building. Larsson et al. (2003) show that IKEA's corporate brand is used to develop a strong corporate identity and consistent corporate image. In addition, Elg et al. (2008) argue that IKEA's specific ability to base the recruitment of new employees upon its core brand values was a critical factor when entering a new market. Balmer and Gray's (2003) argue that corporate brand orientation gives employees a clear identity of what the organization stands for and, consequently, a unique brand proposition to customers and other constituents. Therefore, we propose that managerial brand orientation may lead to greater market driving behaviour and ultimately, better performance. By definition, managers with stronger brand orientation will understand the goals and values of an organization *better* than managers with weak brand orientation. Therefore, managers with stronger brand orientation may be able to more inclined to communicate corporate values to stakeholders.

Hypothesis 1. Managerial brand orientation will positively influence market driving behaviour.

3.2 Market driving behavior and performance

Studies that investigate the relationship between market orientation and business performance offer mixed conclusions. A number of studies found that market orientation leads to greater profitability (Deshpandé, Farley, & Webster, 1993, Kohli & Jaworski, 1990, Narver & Slater, 1990). However, other studies argue that market orientation may not lead to increased market share (Jaworski, Kohli, & Sahay, 2000) and that in situations such as dynamic economies, few competitors, and stable market preferences, market orientation might not have an effect on business performance (Kohli & Jaworski, 1990).

Although market driving strategy is increasingly being recognized as an important source of competitive advantage in strategic marketing literature (Jaworski, Kohli, & Sahay, 2000, Kumar, Scheer, & Kotler, 2000), there are very few empirical studies that look at market driving behaviour and performance. We found only two empirical studies on market driving behavior in the high technology sector from Hills and Bartkus (2007) and Neuenburg (2010) suggesting that market driving behavior is positively related to competitive advantage and performance. Studies in the strategic management literature indicate that firm's competitive behavior, for example in terms of rapid speed of response, positively influences a company's market share relative to the competitors (Chen & MacMillan, 1992). Overall, the relationship between market driving behavior and performance has not been studied sufficiently, especially at the managerial level. Therefore,we seek to understand the extent to which managers' market driving behaviour may influence their business units' performance. We hypothesize that:

Hypothesis 2: Greater managerial market driving behavior will have a positive impact on business unit performance.

3.3 Moderating impact of capability exploitation

According to Kumar et al. (2000), a “[b]usiness system refers to the configuration of the various activities required to create, produce and deliver the value proposition to the customer”. The authors discuss that Dell’s success lay in the development of a unique business system that enabled customers the possibility to have customized products at the low prices that were usually reserved for standardized products. The capability to develop, combine and utilize internal resources that allows a market driving firm to look beyond the conventional boundaries of competition and existing industry standards.

In foreign markets, capability exploitation, or the commitment of unique firm resources and the ability to exploit them in the local market (Luo, 2002), may be particularly important for the success of market driving strategy. International business scholars underline the risk that certain resources can lose their advantage or worse, create disadvantages, when transferred abroad (Cuervo-Cazurra, Maloney, & Manrakhan, 2007) and the importance of a firm's ability to exploit its unique resources within culturally and structurally different settings (Luo, 2002). Overall, the literature suggests that internationalization success is related to a firm’s capability to configure internal resources across different markets. We suggest that local manager’s degree of capability exploitation is likely to moderate the relationship between market driving behaviour and performance. Market driving behaviour will positively influence performance but this influence will be stronger when capability exploitation is high, and weaker when capability exploitation is low. Thus,

> Hypothesis 3. Capability exploitation will positively moderate the relationship between market driving behaviour and performance.

Drawing on our discussion above, we develop a conceptual framework as shown in Figure 1.

-- Insert Figure 1 about here –

4. RESEARCH METHODOLOGY

4.1 Questionnaire development and measurement

Our research context consisted of retail stores of a convenience store franchise operating in Taiwan and Thailand. Retail stores are treated as independent business units. We used the as franchise brand as a basis for assessing brand orientation. There was sufficient variance between the stores to warrant an analysis of the data based on our model. We drew measures for our constructs from extant literature and adapted the wording according to our research context.

Brand orientation

Branding capabilities of market driving firms can be operationalized by looking at how a firm capitalizes on corporate brand identity, and how it aligns local employees in international markets to key company values. Wong and Merrilees (2007)’s *brand orientation* scales assess the importance of brand consistency the infusion of branding in all marketing activities. Baumgarth (2010)’s *brand orientation value* scale emphasize the importance of branding to top management and to overall corporate strategy.

We used a combination of Wong and Merrilees (2007)’s brand orientation scale and Baumgarth (2010)’s *brand orientation value* scale. Both scales were originally used for a firm-level study, and had to be adapted to reflect the managerial level and the franchise context. The adapted scale assesses the extent to which the franchise brand is a perceived as a crucial element for store strategy and operations.

Market driving behavior

The market driving scale is based on combining the *customer driving scale* and the *competitor driving scale* developed and tested by Hills and Bartkus (2007) based on definitions of market driving strategy given by Kumar, Scheer, and Kotler (2000) and Jaworski, Kohli, and Sahay (2000). In line with Jaworski, Kohli, and Sahay (2000)'s argument that market driving entails changing market behaviour, customer driving behaviour scales in Hills and Bartkus (2007) emphasize a firm's deliberate influence on customers' perceptions, for example: "We regularly launch products/services that are intended to make customers rethink their likes/dislikes" and "We often encourage customers to rethink the value they place on certain product/service features". Likewise, competitor driving behaviour scales in in Hills and Bartkus (2007: 151) measure a firm's influences on competition, for example, "Our company regularly introduces new practices that change the way our competitors operate." We adapted the scales to suit individual store level analysis.

We question whether customer driving behaviour can be measured by the widely used scale, proactive customer orientation (Narver, Slater, & MacLachlan, 2004). Upon close inspection, we feel that proactive customer orientation focuses on the firm's ability to identify and satisfy customers' latent needs, but does not address the firm's ability to encourage change in customer behaviour or tastes and preferences (Carrillat, Jaramillo, & Locander, 2004, Jaworski, Kohli, & Sahay, 2000, Kumar, Scheer, & Kotler, 2000). In contrast, customer driving behaviour in Hills and Bartkus (2007) emphasize change.

Capability exploitation

Capability exploitation assesses how well a firm exploits its unique set of resources within different cultural and structural settings. We used Luo's (2002) capability exploitation scales which look at the extent to which a firm exploits rent-generating resources that are firm specific, difficult to imitate, and able to generate abnormal returns. We adapted the scales to suit store level analysis.

Performance

We drew on subjective performance measures from Powell and Dent-Micallef (1997) and Li and Atuahene-Gima (2001) and asked respondents to evaluate their degree of satisfaction with sales growth, store's profit growth, store's net income over the past year as well as the store's overall financial performance and profitability in relation to competitors over the past three years.

Control variables

We include four control variables in our analysis. We controlled for 'competitive intensity' within the retail industry (Jaworski & Kohli, 1993) and for perceived 'demand uncertainty' (Shervani, Frazier, & Challagalla, 2007) as these environmental factors may influence managerial behaviour and performance. Additionally, we used a dummy variable to control for country differences. Within the franchise organization, store managers in corporate-owned stores will be employees, while those in franchised stores will not, and this is likely to affect the nature of store managers' perception of the organization (Knight, 1984). Thus, we also include 'franchise' as a control variable.

4.2 Method

Research design consisted of one questionnaire to be filled out store managers. The questions are mainly Likert-type scales with 1 for 'strongly agree' and 7 for 'strongly disagree'. The questionnaire was translated into Chinese, then back-translated to English. Where disparity was found, the process of translation and back-translation was repeated until we felt confident that the translated versions reflected the original English version. We then tested the questionnaire on 3 store managers from each country and edited any unclear wording. A cover letter inviting participation was co-signed by us and the operations manager of the master franchisee company in each country. Paper questionnaires were mailed to stores between June 2012 and August 2012 through the corporate mailing system. A total of 4929 questionnaires were returned from 6000 stores (82%) after two rounds of mailings.

5. RESULTS

Table 1 shows the correlations matrix. Although some of the correlations are high the variable inflation factors (VIF) in our regression analyses indicate that collinearity is not a problem with our data; VIF scores are all less than 2.0, considerably below the suggested threshold of 5 recommended by De Vaus (2002).

--- Insert Table 1 here ---

We test our hypotheses using ordinary least squares (OLS) regression and report our findings in Table 2. Model 1 suggests that the control variables do an excellent job of explaining market driving behavior. The regression is significant ($p < 0.001$) and accounts for around 52 percent of the variance in our dependent variable, market driving behavior (adjusted $R^2 = 0.52$). All of the control variables are significantly associated with competitor driving behavior. Competitive intensity and demand uncertainty have a positive relationship with market driving behavior while franchise store has a negative relationship.

--- Insert Table 2 here ---

In Model 2, we add our independent variable, brand orientation. This model is also significant ($p < 0.001$) and the improvement in explanatory power over Model 1 is significant ($p < 0.001$), demonstrating that this model does a better job of explaining market driving behavior compared with the controls-only model. Hypothesis 1 is supported as brand orientation is significant and positively related to market driving behavior.

Model 3 shows the explanatory power of the control variables for the financial performance of different stores. Our theory suggests that more managerial market driving behavior will lead to better store performance compared with less market driving behavior. Model 3 shows that the control variables explain around 19 percent of the variance in the dependent variable, store financial performance (adjusted $R^2 = 0.19$). In Model 4, by adding our variable of interest, market driving behavior, we improve the explained variance by around 3 percent. Model 4 is significant ($p < 0.001$) and the improvement in explained variance over Model 4 is significant ($p < 0.001$). Therefore we find support for hypothesis 2, that market driving behavior is positively related to store performance.

Finally, Model 5 shows the moderating effect of capability exploitation on market driving behaviour and performance. By adding the capability exploitation and the interaction term, we improve the explained variance by a further 3 percent. Model 5 is significant ($p < 0.001$) and the improvement in explained variance over Model 4 is significant ($p < 0.001$). The moderating effect is shown graphically in Figure 2: the positive relationship between market driving behavior and store performance is stronger for managers with strong capability exploitation rather than weak capability exploitation, lending support to Hypothesis 3. The results suggest that store managers who are market driving are able to effectively improve store performance when know how to exploit the capabilities of the firm.

--- Insert Figure 2 here ---

6. DISCUSSION

Our aim was to develop an in-depth understanding of how frontline managers of global firms mould international markets. Market driving behaviour is characterized by a firm's efforts to influence or change the perceptions, behaviours, and structures of market participants such as customers, competitors, industry participants, suppliers and the society as a whole. The extent to which market driving strategy impacts positively on performance is still an under-researched area. Apart from detailed case studies on successful multinational firms, there is sparse evidence on the link between market driving and performance.

Our study looked at the relationships between brand orientation, market driving behaviour and business unit performance in an international retail firm. We found that managers with stronger corporate brand orientation tend to exhibit greater market driving behaviour, and that market driving behaviour leads to better business unit performance. In addition, our results show that capability exploitation positively moderates the relationship between market driving behaviour and performance. This implies that managers with stronger capability exploitation of rare and firm-specific resources tend to be more effective in implementing market driving strategy.

We make several key contributions to the strategic marketing literature. First, has been little effort to study market orientation at the level of individuals and there are limited empirical studies on market driving behaviour and there. We argued that frontline managers have direct contact with the market and are key to the implementation of market orientation, especially with regards to market driving orientation. We provided strong empirical evidence on the links between a manager's market driving behaviour and business unit performance.

Second, we contribute to the corporate branding literature. Most papers on brand orientation have been conceptual. We provide the empirical evidence that brand orientation can ultimately lead to superior performance. Our findings suggest that global firms should continue to invest in corporate brand communication within the organization.

Third, we contribute to the international business literature by showing that capability exploitation (Luo, 2002) can moderate the relationship between market driving behaviour and performance. Our results suggest that recruitment and training of frontline managers remain a key element in strategy implementation in foreign markets.

Finally, with regards to the retailing literature and the discussion on corporate branding for franchisees, studies show that higher performing firms use more franchise branding rhetoric (Zachary, McKenny, Short, Davis, & Wu, 2011), and that non-coercive methods supporting corporate values can promote franchisee acceptance and satisfaction (e.g. Frazier & Summers, 1984, Sibley & Michie, 1982). Our empirical evidence suggests that fostering brand orientation of managers improves decision-making and performance, thereby minimizing problems of agency.

We developed a framework to better understand market driving strategy in global firms and have tested the constructs in our model. Some of the limitations of our study include the self-reported performance measures, and the fact that we only had access to two countries, Taiwan and Thai-land. Future research can use more objective measures of performance to complement subjective measures. Having data on more countries may also reveal country difference and influences of country factors such as culture. This will augment our understanding on why some firms achieve high performance in certain markets but not in others. We believe many opportunities remain for theory development in market driving orientation and we believe that our study opens up this new and exciting research area within the field of marketing and international corporate strategy.

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FIGURE 1. Conceptual model

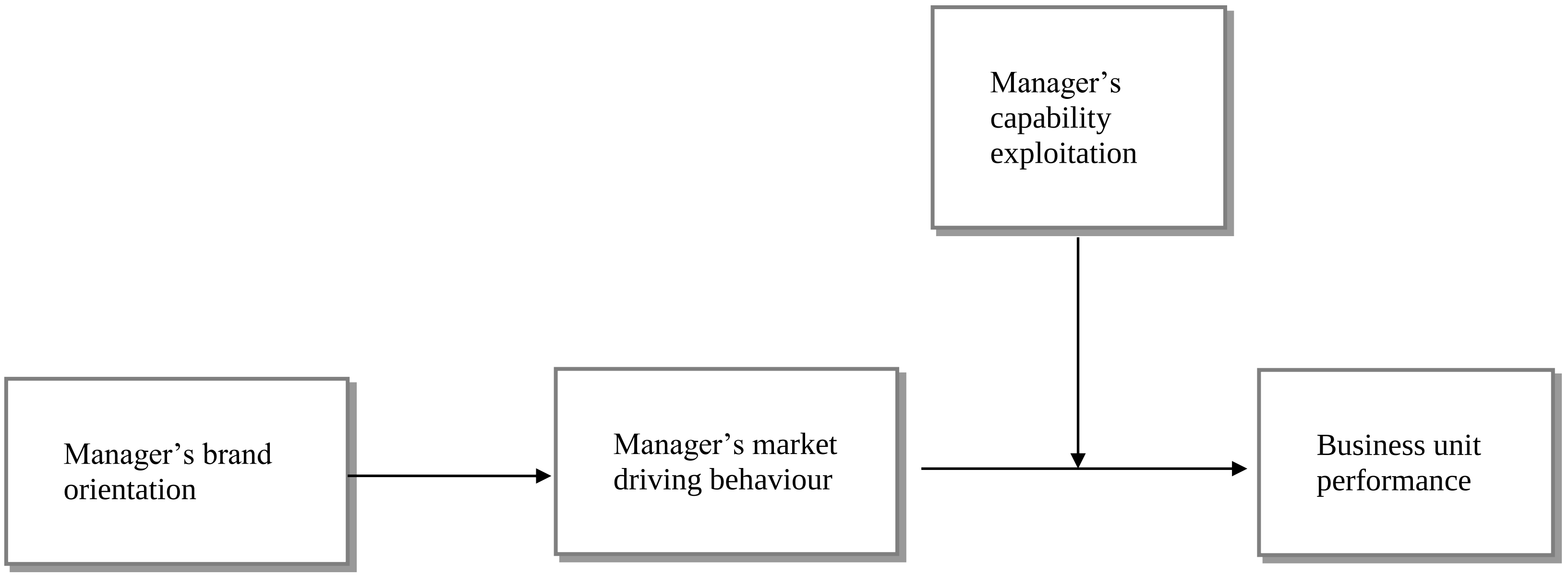

Table 1. Correlations

	Market_driving	Financial_performance	Capability_exploitation	Brand_orientation	Competitive_intensity	Market_uncertainty	Franchise
Market_driving	1	.358**	.672**	.709**	.578**	.694**	-.033*
Financial_performance	.358**	1	.376**	.336**	.193**	.340**	-.140**
Capability_exploitation	.672**	.376**	1	.642**	.465**	.529**	-.004
Brand_orientation	.709**	.336**	.642**	1	.546**	.514**	-.022
Competitive_intensity	.578**	.193**	.465**	.546**	1	.562**	.034*
Market_uncertainty	.694**	.340**	.529**	.514**	.562**	1	.005
Franchise	-.033*	-.140**	-.004	-.022	.034*	.005	1
Mean	5.74	4.88	.00	-.04	5.86	5.58	.82
Standard deviation	.87	1.38	.93	.86	.91	.94	.38

**. Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).

c. Listwise N=3887

Table 2. Results

Variables	Market driving behavior				Financial performance					
	Model 1		Model 2		Model 3		Model 4		Model 5	
	B	t	B	t	B	t	B	t	B	t
(Constant)	1.41	21.44***	2.85	42.08***	3.30	24.16***	5.07	27.50***	5.34	29.19***
Competitive intensity	.26	22.16***	.11	9.80***	.02	.87	-.09	-3.41***	-.11	-4.52***
Demand uncertainty	.49	44.31***	.38	38.12***	0.47	20.25***	.26	9.89***	.24	9.01***
Franchise store	-.078	-3.69***	-.05	-2.81**	-0.40	-8.90***	-.37	-8.34***	-.37	-8.63***
Country	.147	5.98***	-.22	10.10***	-.80	-15.62***	-.86	-17.04***	-.85	-17.18***
Branding capability			.44	39.72***						
Market driving (MD)							.41	13.96***	.25	7.90***
Capability exploitation (CE)									.34	13.01***
CE x MD									.06	3.61***
Adjusted R^2	.518		.637		.192		.222		.249	
F	1284.46***		1681.26 ***		293.36***		282.93***		233.89***	
ΔR^2 from model 1			.120							
ΔR^2 from model 3							.031			
ΔR^2 from model 4									.026	

Figure 2: Moderating effect of capability exploitation on market driving behaviour and performance