

The Relationship between Competitive Pricing and Export Performance: The Moderation Role of Market Development

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Abstract

Pricing competitiveness is an important dimension of export pricing, which directly affect the exporting activities and outcomes (Obadia, 2013). *Competitive export pricing* refers to export pricing level related to competitors' price setting in the host market, which determines the degree of price competitiveness of an export venture (Melitz & Ottaviano, 2008). In the international context, the same level of price competitiveness may lead to different performance in different markets. Contingency theory posits that the effect of competitive export pricing strategy on export performance is subject to external contextual conditions. By combining resource-based view (RBV) and contingency theory, the purpose of this study is to offer a robust view of curvilinear relationships between competitive export pricing and export performance, and the moderating role of export market development. As such, this paper developed three hypotheses to examine the intertwined relationships between competitive export pricing, export market development and export performance. By employing the longitudinal data from Chinese exporting firms, the results indicate that competitive export pricing tends to have inverted quadratic relationship with export performance. In addition, this quadratic relationship is moderated by export market development. The empirical results of this study indicate a fit line between competitive export pricing and export market development that provides the superior export performance, which delineates the best competitive export pricing effort across difference markets.

The full paper is available from the authors.

Key words: Competitive export pricing, export performance, contingency fit, longitudinal study