DETERMINANTS OF SUCCESSFUL EXPORT MARKETING STRATEGIES AMONG SMALLER AND MEDIUM SIZED FIRMS

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ABSTRACT

Overseas marketing activity will become increasingly important to small- and medium-sized firms for both micro and macro reasons. Up to one-third of profits earned by U.S. businesses are estimated to be derived from export sales, but small-and medium-sized firms, which generate more jobs than large firms, generally lack an export orientation (Birch 1987). But smaller firms may actually have competitive advantages in international sales through astute use of deliberate marketing strategies (Czinkota 1986).

Studies by other researchers have examined characteristics and attitudes of exporting and nonexporting firms, the influence of marketing strategy variables on export results, and the effect of strategy decisions on export intensity and growth (Hirsch and Lev 1974; Ayal and Zif 1979; Cooper and Kleinschmidt 1985).
In the present study, three hypotheses are investigated:

- H1: Marketing strategy variables are significantly related to both the static (export intensity) and dynamic (export growth) measures of export performance.
- H2: Marketing strategy variables are more related to the dynamic measure of export performance (export growth) than are firm characteristics.
- H3: Firm characteristics are more related to the static measure (export intensity) of performance than are marketing strategy variables.

The independent variables included in this analysis are:

<u>Export marketing strategy variables</u>
- Target export countries
  - Number
  - Developed vs. developing vs. centrally planned
  - Japan vs. Pacific Rim (including Japan) vs. Pacific Rim plus U.S. neighbors (Mexico and Canada)
  - Marketing mix orientation
    - Emphasis on nonproduct or product component

<u>Firm characteristics</u>
- Sales volume
- Number of employees
- Subsidiary status

The dependent variables are:
- Static success (percent of sales attributable to exports)
- Dynamic success (change in static success compared to two years previously)

The analysis was based on data obtained from telephone interviews with 57 export managers of Oregon firms that manufacture lumber and have 500 or fewer employees.

Results showed that H1 could not be completely accepted. Some of the marketing strategy variables were significantly related to static export performance, but none were significantly related to dynamic performance. H2 was rejected because there was no significant relationship between the strategy variables and dynamic performance nor did the firm characteristics have a significant relationship to either of the dependent variables. Finally H3 was also rejected because the strategy variables were significantly related to the static measure although firm characteristics were not. There was some indication, however, that firm characteristics might be more related to export intensity as opposed to export growth.

This study supports the tenets of the marketing concept in relation to international marketing: careful target country segmentation and selection is important. The more market-oriented firms exhibited somewhat greater export success, and the marketing strategy variables were more related to static export success than were firm characteristics.

Further research is indicated involving additional strategy variables, such as the nature of export distribution channels, and firm characteristics, such as the number of countries exported to, the number of years exported to each country. This type of investigation should also be extended to different industries in different time periods.

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