

The role of entry into regional markets in fulfilling brand promise

Ali Ghasemi* and Abdolhamid Hajipoor Shoshtari

Department of Computer Science, South Tehran Branch, Islamic Azad University, Tehran, Iran

CHRONICLE

Article history:

Received June 10, 2014

Accepted 10 November 2014

Available online

November 12 2014

Export

Distribution channels

Organizational capabilities

Customer satisfaction

ABSTRACT

This paper presents an empirical investigation to study the role of entry into regional markets in fulfilling brand promise. The study designs two questionnaires, one for measuring brand promise and the other for measuring export capabilities, in Likert scale and distributes it among 250 randomly selected producers who were involved in production and development of various products in city of Esfahan, Iran. Cronbach alphas were calculated for brand promise and export capabilities as 0.856 and 0.812, respectively. Using structural equation modeling, the study has detected seven factors including product development, public advocacy, strategic orientation, customer satisfaction, competitive pressures, organizational capabilities and distribution strategies.

© 2014 Growing Science Ltd. All rights reserved.

1. Introduction

During the past few years, there have been tremendous efforts on detecting important factors for product development and export activities (Filatotchev et al., 2009; Auttarapong, 2012; Chou & Wang, 2012). Nataghi and Nasrabadi (2014) tried to evaluate structural barriers influencing on exports of rose water and essences of Kashan to United Arab Emirates. They reported issues associated with information infrastructure, legislative, legal and secure infrastructure, human, educational, cultural and behavioral infrastructure, infrastructure of customs, trade and taxation, internet problem, technical and hardware infrastructure and financial and software infrastructure issues were the most important factors. Mohammadi et al. (2014) determined five packaging factors influencing on export development including communications, infrastructure, awareness, design and technical extraction. Through the implementation of principal component analysis, they reported that all five packing components were effective in export development of food industry. Hosseini et al. (2014) presented a study on the effects of firm and management team's characteristics to develop food industry. The proposed study considered four factors associated with firms and 9 factors, which are related to management team's characteristics in a food industry in Iran. They reported that

*Corresponding author.

E-mail addresses: ghasemiaali158@gmail.com (A. Ghasemi)

management knowledge about export market was number one important factor followed by the level of technology used, competitive advantage, believe in being profitable was the last item influencing export activities.

Yazdi et al. (2014) presented an empirical investigation to detect important factors influencing exporting herbal supplements. The study determined eight factors including supportive laws and regulations, organizational atmosphere, marketing structure, knowledge oriented, feasibility study, research and development, competitive strategy and partnership strategies influencing on export activities. Nikseresht (2013) considered whether or not improving relationships between countries positively could influence on empowering firms and export capabilities. They also considered whether or not improving national strategies for developing exports positively influences on empowering firms and export capabilities. They reported that empowering small and mid-cap firms could contribute the whole economy through boosting export.

Azad et al. (2013) attempted to determine important factors impacting on insurance issued by export guarantee funds. They determined four factors including risk management, customer oriented, quality management and trade management. Rahchamandi and Fallahi (2014) studied the effects of outsourcing logistics on improvement of export activities in minerals firms in Iran. Using structural equation modeling, the study indicated that there had been a meaningful relationship between strategic orientations of exporters against outsourcing third part logistics (3PL) and basic and additional capabilities of 3PL. In addition, there was a meaningful relationship between basic capabilities of 3PL and competitive advantage of exporters but there was not any meaningful relationship between additional capabilities of 3PL and competitive advantage of exporters. Finally, there was a meaningful relationship between competitive advantage of exporters and performance of exports. Villar et al. (2014) investigated the effects of knowledge management on export activities.

2. The proposed method

This paper presents an empirical investigation to study the role of entry into regional markets in fulfilling brand promise. The study designs two questionnaires, one for measuring brand promise and the other for measuring export capabilities, in Likert scale and distributes it among 250 randomly selected producers who were involved in production and development of various products in city of Tehran, Iran. Fig. 1 demonstrates personal characteristics of the participants.

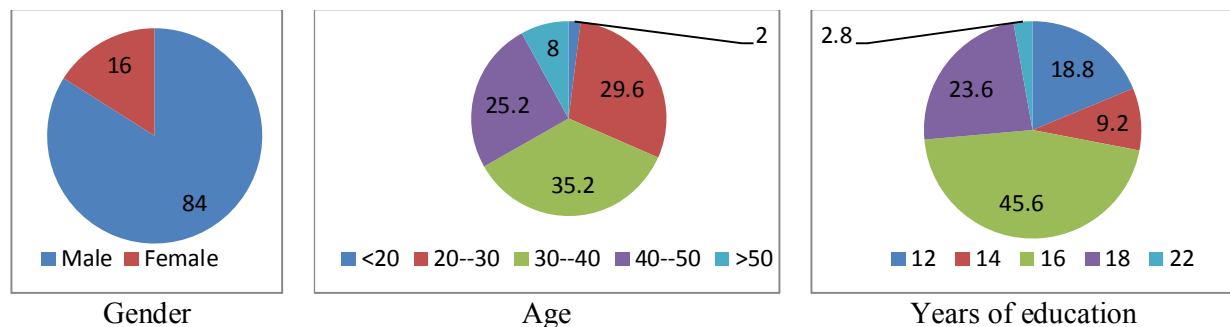


Fig. 1. Personal characteristics of the participants

As we can observe from the results of Fig. 1, most people who participated in our survey were middle-aged male. In addition, they were highly educated since nearly 80% of them had some university educations. The study uses principal component analysis and Table 1 demonstrates the results of our survey.

Table 1
The summary of principle component analysis

Factor	Eigenvalue			Extracted			Extracted after rotation		
	Variance	%Variance	Accumulated	Variance	%Variance	Accumulated	Variance	%Variance	Accumulated
1	7.198	19.453	19.453	7.198	19.453	19.453	4.242	11.464	11.464
2	3.793	10.252	29.705	3.793	10.252	29.705	3.174	8.577	20.041
3	2.719	7.349	37.054	2.719	7.349	37.054	2.52	6.81	26.852
4	1.815	4.905	41.959	1.815	4.905	41.959	2.298	6.211	33.063
5	1.643	4.44	46.399	1.643	4.44	46.399	1.945	5.256	38.319
6	1.427	3.857	50.256	1.427	3.857	50.256	1.847	4.992	43.311
7	1.283	3.467	53.722	1.283	3.467	53.722	1.817	4.911	48.223
8	1.204	3.254	56.977	1.204	3.254	56.977	1.815	4.906	53.129
9	1.127	3.047	60.024	1.127	3.047	60.024	1.792	4.843	57.971
10	1.057	2.858	62.882	1.057	2.858	62.882	1.597	4.315	62.287
11	1.017	2.75	65.631	1.017	2.75	65.631	1.238	3.345	65.631
12	0.899	2.429	68.061						
13	0.829	2.24	70.301						
14	0.811	2.192	72.492						
15	0.781	2.11	74.602						
16	0.71	1.92	76.522						
17	0.678	1.834	78.355						
18	0.656	1.772	80.127						
19	0.638	1.726	81.853						
20	0.631	1.707	83.559						
21	0.549	1.484	85.044						
22	0.541	1.463	86.506						
23	0.513	1.387	87.894						
24	0.501	1.355	89.248						
25	0.486	1.312	90.561						
26	0.44	1.19	91.751						
27	0.418	1.13	92.881						
28	0.392	1.059	93.94						
29	0.383	1.036	94.976						
30	0.365	0.988	95.963						
31	0.347	0.937	96.901						
32	0.317	0.856	97.757						
33	0.254	0.688	98.445						
34	0.227	0.614	99.059						
35	0.168	0.453	99.512						
36	0.101	0.272	99.784						
37	0.08	0.216	100						

In addition, Fig. 1 demonstrates the results of Scree plot. According to the results of plot, we may extract seven factors. Moreover, Table 2 demonstrates the results of factors loading along with details of each group.

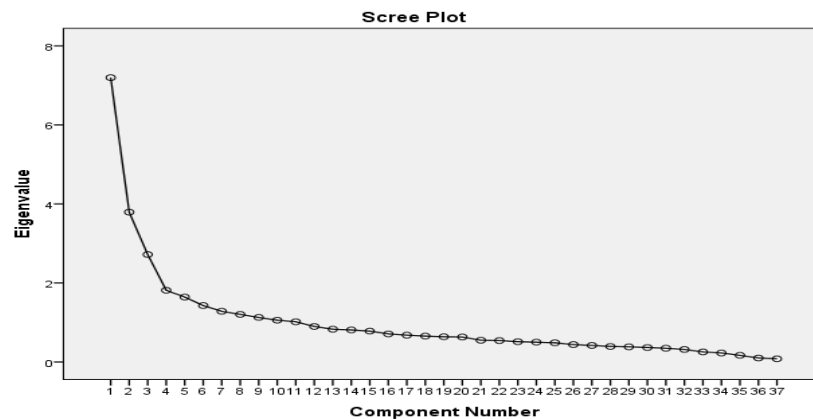


Fig. 2. The results of Scree plot

Table 2

The summary of factors loading

Factor	Question	Description	Factor loading
Product development	q3	Research and development	0.729
	q6	Innovation in production	0.705
	q7	Product life cycle	0.699
	q2	Advanced technological adaptation	0.686
	q1	High quality	0.646
	q5	Compatibility of market with product	0.629
	q4	Product diversity	0.562
	q8	Packaging	0.497
Government	q22	Custom rates	0.792
	q23	Subsidy for export encouragement	0.724
	q19	Tax exemption	0.693
	q20	Government support from industry	0.685
Strategic	q18	Currency policy	0.594
	q25	International fair participation	0.86
	q13	Strategic merger	0.747
	q26	Integrated marketing strategies	0.586
Customer	q14	Pricing strategies	0.561
	q33	After sales services	0.731
	q37	Customer relationship channels	0.644
competitive	q34	Market segmentation	0.562
	q16	International competition	0.655
	q15	Competition diversity	0.584
Organizational orientation	q9	Market share	0.476
	q38	Research for marketing	0.715
	q39	Management commitment for export	0.713
Distribution strategies	q40	Human resources	0.581
	q30	Foreign sales units	0.731
	q29	Distribution ownership	0.591
	q31	e-commerce	0.575

According to the results of Table 2, there are seven main factors influencing on the success of export development including product development, public advocacy, strategic orientation, customer satisfaction, competitive pressures, organizational capabilities and distribution strategies. We have also performed Spearman correlation test between brand promise and these seven factors and Table 3 shows details of our findings.

Table 3

The summary of Spearman correlation test

Relationship	r	Sig.	Level	Result
Product development has meaningful relationship with brand promise	0.501	.000	0.05	Confirmed
Competition has meaningful relationship with brand promise	0.348	.000	0.05	Confirmed
Customer satisfaction has meaningful relationship with brand promise	0.263	0.015	0.05	Confirmed
Organizational capabilities has meaningful relationship with brand promise	0.519	0.000	0.05	Confirmed
Distribution channels has meaningful relationship with brand promise	0.124	0.198	0.05	Not Confirmed
Strategic orientation has meaningful relationship with brand promise	0.455	0.007	0.05	Confirmed
Government support has meaningful relationship with brand promise	0.087	0.211	0.05	Not Confirmed

The results of the implementation of Spearman test confirm the effects of five factors including product development, competition, customer satisfaction, organizational capabilities and strategic orientation. However, the effects of distribution channels and government support have not been confirmed. In our survey, organizational capabilities had the highest positive impact followed by product development and strategic orientation. We have performed stepwise regression technique and Table 4 shows the results of our survey.

Table 4
The summary of stepwise regression technique

Variable	Coefficient	Standard value	Standard coefficient	t-value	Sig.
Intercept	60.114	3.091		21.996	0.000
Organizational capabilities	0.598	0.213	0.398	3.937	0.003
Product development	0.577	0.181	0.320	3.545	0.012
Competition	0.425	0.126	0.284	3.201	0.006

The results of Table 4 have also confirmed the positive effects of organizational capabilities, product development and competition when the level of significance is five percent.

4. Conclusion

In this paper, we have presented an empirical investigation to study the effects of different factors on brand promise in exporting goods in regional countries in Middle East. The using principle component analysis, the study has extracted seven factors and the implementation of Spearman correlation and stepwise correlation have confirmed that organizational capabilities, product development and competition have maintained positive impacts on brand promise on regional countries surrounded Iran. The results of our study are somehow consistent with other studies accomplished in other countries (Sousa & Bradley, 2008; Stoian et al. 2011; Chi & Sun, 2013).

Acknowledgement

The authors would like to thank the anonymous referees for constructive comments on earlier version of this paper.

References

- Auttarapong, D. (2012). Package design expert system based on relation between packaging and perception of customer. *Procedia Engineering*, 32, 307-314.
- Azad, N., Abbaszadeh, V., Rikhtegar, M., & Asgari, M. (2013). An empirical investigation on factors influencing on electronic banking for developing export. *Management Science Letters*, 3(6), 1583-1586.
- Chi, T., & Sun, Y. (2013). Development of firm export market oriented behavior: Evidence from an emerging economy. *International Business Review*, 22(1), 339-350.
- Chou, M. C., & Wang, R. W. (2012). Displayability: An assessment of differentiation design for the findability of bottle packaging. *Displays*, 33(3), 146-156.
- Filatotchev, I., Liu, X., Buck, T., & Wright, M. (2009). The export orientation and export performance of high-technology SMEs in emerging markets: The effects of knowledge transfer by returnee entrepreneurs. *Journal of International Business Studies*, 40(6), 1005-1021.
- Hosseini, S., Hamedani, A & Nikbakht, M. (2014). The effect of firm characteristics and the propensity to export decision in food industry. *Management Science Letters*, 4(6), 1161-1166.
- Mohammadi, M., Hnzayy, S & Azad, N. (2014). A study on packaging factors influencing on export development. *Management Science Letters*, 4(10), 2213-2220.
- Nataghi, A & Nasrabadi, A. (2014). Investigating the effect of ecommerce on export development of rose water and essences. *Management Science Letters*, 4(11), 2343-2350.
- Nikseresht, F. (2013). How empowering small and mid-cap firms develops national exports. *Management Science Letters*, 3(10), 2661-2664.
- Rahchamandi, E & Fallahi, K. (2014). An investigation on logistics outsourcing on exports of minerals goods. *Uncertain Supply Chain Management*, 2(3), 163-166.
- Sousa, C.M.P., & Bradley, F. (2008). Antecedents of international pricing adaptation and export performance. *Journal of World Business*, 43(3), 307-320
- Stoian, M.C., Rialp, A., & Rialp, J. (2011). Export performance under the microscope: A glance through Spanish lenses. *International Business Review*, 20(2), 117-135.

- Villar, C., Alegre, J., & Pla-Barber, J. (2014). Exploring the role of knowledge management practices on exports: A dynamic capabilities view. *International Business Review*, 23(1), 38-44
- Yazdi, N., Naami, A & Azad, N. (2014). An empirical investigation on factors influencing export of herbal supplements. *Management Science Letters*, 4(2), 347-352.