The effect of brand advantage on export ventures

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CHRONICLE	ABSTRACT
	Research in the field of export marketing suggests that resources play an important role in providing necessary investments for development of businesses for exporting goods and services. The present study examines the factors influencing brand advantage for export ventures in small and medium firms (SMEs) located in city of Tehran, Iran. In this survey, we choose a sample of 256 managers of the SMEs randomly and distribute a questionnaire among them in Likert scale. Cronbach alpha has been calculated as 0.770, which is well above the minimum desirable level. Using principal component analysis, the study has detected six factors including organizational advantages, future studies, position of the firm in the market, product capability, the consumer's image and development tools influencing the most on export development. The implementation of structural equation modeling has also determined positive as well as negative impact of the factors on export ventures.

1. Introduction

Research in the field of export marketing suggests that resources can play an important role in providing necessary investments for development of businesses to export goods and services (Zahra et al., 1997). The present study examines the factors influencing brand advantage for export development. The desirability of marketing adaptation versus standardization has been discussed, extensively, within both academic and business groups. Cavusgil et al. (1993, 1994) shed light on the correlates of product and promotion adaptation in export ventures by proposing a conceptual framework of product and promotion adaptation in export ventures. The conceptual model was then specified in a testable form and examined via data collected from export marketing managers. Their results supported the contingency perspective emerging in the standardization literature, and recommended that the degree of the different characteristics of product adaptation and promotion adaptation were significantly affected by firm, product/industry, and export market characteristics. However, the profile of the correlates differed across different characteristics of product and promotion adaptation.

Ambler et al. (1999) examined the relationship marketing in the People's Republic of China (PRC). They concentrated on the dyadic channel relationships between the exporter and the importer/distributor in the new province. The hypotheses were examined using data from 102 ventures within the PRC and confirmed that the nature of the channel relationships and guanxi could have a positive effect on the performance of these ventures. Morgan et al. (2003, 2004, 2006) developed a framework for export venture knowledge management and studied relationships between various kinds of individual-level and organizational-level knowledge relevant to the market environment, architectural marketing abilities, and the adaptive performance of export ventures. The study indicated that export ventures' organizational-level experiential and informational knowledge, and individual-level experiential knowledge relevant to the market environment, was positively associated with export ventures' architectural marketing capabilities.

Lages and Montgomery (2005) investigated the relationship between export assistance and performance improvement in Portuguese export ventures by examining the mediating role of pricing strategy adaptation. Lages et al. (2008) employed organizational learning theory to study the short-term impact of past export performance, and internal as well as external forces on marketing strategy adaptation and current export performance. Their results from a survey of over 500 export managers have indicated that current-period performance improvement was influenced by the firm's commitment to exporting. Moreover, they reported that while performance satisfaction could feed performance improvement in the following year, both the previous year's export intensity and export performance achievement end up producing a negative effect on current-period performance improvement. Nevertheless, the level of development in the export market could facilitate marketing strategy adaptation in the short term, as did export intensity in the previous year. Finally, in their survey, satisfaction with previous-year performance negatively impacted the degree of distribution adaptation.

Sousa and Lengler (2009) presented an empirical study of the relationship among psychic distance, international marketing strategies, and export performance of Brazilian organizations. A sample of senior managers of industrial firms in Brazil was implemented to examine different hypotheses. They reported that the degree of international marketing strategy adaptation could be influenced by the manager's psychic distance towards the foreign markets. Product and promotion adaptation were also detected to have a positive impact on export performance while surprisingly, distribution and price adaptation were determined to impact export performance negatively. Contrary to expectations, their results verified that psychic distance had a positive impact on the export performance of the company.

Sousa and Bradley (2009) developed a new model, which could integrate these two constructs as critical variables influencing on export performance. They reported that export assistance programs and distributor support were significant determinants of export performance.

2. The proposed study

This paper presents an empirical investigation to study the effect of brand advantage on export investment in small and medium firms (SMEs) located in city of Tehran, Iran. The study chooses a sample of 256 managers of the SMEs randomly and a questionnaire is distributed among them in Likert scale. Cronbach alpha has been calculated as 0.770, which is well above the minimum desirable level.

The study uses principal component analysis with Varimax rotation. Kaiser-Meyer-Olkin Measure of Sampling Adequacy is equal to 0.745 and Bartlett's Test of Sphericity yields Chi-Square = 3503.463 with Sig. = 0.000. Table 1 demonstrates some basic statistics associated with the questionnaire. According to the results of Table 1, all data are within desirable levels and we normality assumption may hold on the data.

Table 1
The summary of some basic statistics

		N	Minimum	Maximum	Skewness		Kurtosis	
		Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
q1	Organizational culture	256	1	5	-0.639	0.152	0.608	0.303
q2	Channel ownership	256	1	5	-0.536	0.152	-0.269	0.303
q3	Brand financial performance	256	1	5	-0.566	0.152	-0.034	0.303
q4	Advertising	256	1	5	-0.526	0.152	0.301	0.303
q5	Participatory management	256	1	5	-0.639	0.152	-0.041	0.303
q6	Entrepreneurship	256	1	5	-0.237	0.152	-0.448	0.303
q7	Research and development	256	1	5	-0.519	0.152	-0.172	0.303
q8	Technological change	256	2	5	-0.666	0.152	-0.517	0.303
q9	Factors within the organization	256	2	5	-0.291	0.152	-0.502	0.303
q10	Core values of the organization	256	2	5	-0.258	0.152	-0.836	0.303
q11	Resources	256	2	5	-0.272	0.152	-0.433	0.303
q12	Brand image	256	1	5	-0.867	0.152	0.338	0.303
q13	Market share	256	1	5	-0.347	0.152	-0.271	0.303
q14	Brand reputation	256	1	5	-0.703	0.152	0.381	0.303
q15	Market segmentation	256	1	5	-0.375	0.152	-0.514	0.303
q16	Market position	256	1	5	-0.672	0.152	0.353	0.303
q17	Human resources	256	1	5	-0.329	0.152	-0.928	0.303
q18	Differentiation of product	256	1	5	-0.686	0.152	0.221	0.303
q19	Brand personality	256	1	5	-0.738	0.152	0.773	0.303
q20	Consumer experience	256	1	5	-0.72	0.152	0.205	0.303
q21	Pricing approach	256	1	5	-0.2	0.152	-0.757	0.303
q22	The distinction between existing brands	256	1	5	0.109	0.152	-0.377	0.303
q23	Uniqueness of brand name	256	1	5	-0.505	0.152	0.236	0.303
q24	Uniqueness of packing design	256	1	5	-0.136	0.152	-0.024	0.303
q25	Service quality	256	1	5	-0.014	0.152	-0.121	0.303
q26	Competitive market environment	256	1	5	0.055	0.152	-0.985	0.303
q27	Brand equity	256	1	5	-0.307	0.152	-0.589	0.303
q28	Competitive advantage	256	1	5	-0.143	0.152	-0.674	0.303
q29	Strategic integration	256	1	5	-0.2	0.152	-0.44	0.303
q30	Export venture market knowledge	256	1	5	-0.368	0.152	-0.25	0.303
q31	Comprehensive quality control	256	1	5	-0.762	0.152	0.452	0.303
q32	Strategic direction	256	1	5	-0.673	0.152	0.009	0.303
q33	Attributes of product	256	1	5	-0.131	0.152	-0.567	0.303
q34	Product life cycle	256	1	5	-0.273	0.152	-0.299	0.303
q35	Effective marketing research	256	1	5	-0.315	0.152	-0.83	0.303
q36	Network development	256	1	5	-0.075	0.152	-0.631	0.303
q37	Consumer certainty	256	1	5	0.007	0.152	-0.7	0.303
q38	New products	256	2	5	-0.821	0.152	0.281	0.303
q39	Promotional strategy	256	1	5	-0.047	0.152	-1.097	0.303
q40	Prospecting	256	1	5	-0.008	0.152	-1.153	0.303
q41	Beliefs	256	1	5	-0.601	0.152	-0.011	0.303
q42	Cost experience	256	1	5	-0.234	0.152	-0.49	0.303
q43	Understanding customers' needs	256	1	5	-0.422	0.152	-0.017	0.303

3. The results

This section presents details of the implementation of principal component analysis. We first present the results before rotation in Table 2. According to Table 2, on third of the items maintain eigenvalues whose values are greater than one. In addition, Fig. 1 demonstrates the results of Scree plot. Table 3 and Table 4 show the results of principal component analysis before and after rotation.

Table 2
The summary of principal component analysis

Component	Initial Eigen values			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	5.631	14.438	14.438	5.631	14.438	14.438	3.512	9.006	9.006
2	4.176	10.708	25.147	4.176	10.708	25.147	2.68	6.871	15.877
3	2.454	6.292	31.439	2.454	6.292	31.439	2.631	6.746	22.623
4	2.342	6.006	37.444	2.342	6.006	37.444	2.537	6.504	29.127
5	1.716	4.4	41.844	1.716	4.4	41.844	2.322	5.953	35.08
6	1.607	4.119	45.963	1.607	4.119	45.963	2.292	5.876	40.957
7	1.499	3.843	49.807	1.499	3.843	49.807	1.969	5.048	46.004
8	1.396	3.578	53.385	1.396	3.578	53.385	1.589	4.073	50.077
9	1.227	3.145	56.53	1.227	3.145	56.53	1.525	3.91	53.987
10	1.139	2.92	59.45	1.139	2.92	59.45	1.482	3.8	57.788
11	1.063	2.725	62.175	1.063	2.725	62.175	1.435	3.68	61.468
12	1.025	2.628	64.802	1.025	2.628	64.802	1.3	3.334	64.802
13	0.906	2.324	67.126						
14	0.849	2.177	69.303						
15	0.826	2.118	71.421						
16	0.777	1.994	73.415						
17	0.746	1.914	75.329						
18	0.703	1.802	77.13						
19	0.661	1.695	78.825						
20	0.657	1.684	80.51						
21	0.585	1.5	82.009						
22	0.584	1.498	83.508						
23	0.557	1.428	84.936						
24	0.526	1.348	86.284						
25	0.491	1.258	87.542						
26	0.485	1.243	88.785						
27	0.465	1.194	89.978						
28	0.446	1.144	91.122						
29	0.414	1.061	92.183						
30	0.389	0.998	93.181						
31	0.368	0.944	94.125						
32	0.356	0.912	95.037						
33	0.342	0.878	95.915						
34	0.304	0.78	96.695						
35	0.291	0.747	97.442						
36	0.28	0.718	98.16						
37	0.264	0.676	98.836						
38	0.251	0.642	99.478						
39	0.203	0.522	100						
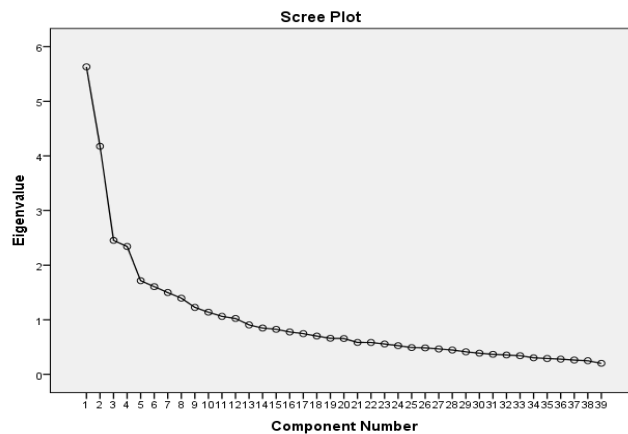
Fig. 1. The results of Scree plot

Table 3
The results of principal component analysis before rotation

	Factor	1	2	3	4	5	6	7	8	9	10	11	12
q2	Channel ownership	0.695											
q11	Resources	0.676											
q9	Factors within the organization	0.669											
q10	Core values of the organization	0.643											
q1	Organizational culture	0.619											
q17	Human resources	0.579			-0.372								
q34	Product life cycle	0.567											
q7	Research and development	0.546			0.372			0.409					
q40	Prospecting	-0.503	0.383		0.337								
q6	Entrepreneurship	0.495			0.383			0.331					
q24	Uniqueness of package design	0.466	0.368										
q33	Attributes of products	0.431		0.368									
q8	Technological change	0.414											
q35	Effective marketing research	-0.363	0.571										
q37	Consumer certainty		0.568										
q27	Brand equity		0.566										
q39	Promotional strategy	-0.492	0.553										
q41	Beliefs		0.52										
q43	Understand customers' needs		0.441		-0.396								
q26	Competitive market environment	-0.35	0.422			0.336							
q15	Market segmentation		0.388	-0.63									
q16	Market position		0.391	-0.599									
q14	Brand reputation		0.359	-0.585									
q13	Market share		0.461	-0.506									
q31	Comprehensive quality control			0.426									
q36	Network development				0.457		0.332						
q42	Cost experience				-0.426	-0.403							
q32	Strategic direction		0.395		0.4		0.35				0.331		
q22	The distinction between existing				-0.368					0.355			
q5	Participatory management	0.341			0.343								
q4	Advertising					0.489		-0.34					
q19	Brand personality						-0.509						
q23	Uniqueness of brand name		0.404				-0.421						
q29	Strategic integration		0.394						-0.469				
q21	Pricing approach		0.347					0.349	0.373				
q12	Brand image	0.357								-0.589			
q3	Brand financial performance	0.334				0.373					-0.493		
q20	Consumer experience						-0.387					0.379	0.391
q25	Service quality		0.34				-0.341						-0.378

Using the components extracted from Table 4, the study has proposed a structural model and using LISREL software package, the study has derived the effects of various factors. In our survey, GFI AGFI, RMR, SRMR, NFI, IFI, and P-Value are 0.86, 0.83, 0.033, 0.056, 0.093, 0.96, 0.00, respectively. These are within acceptable levels and we may therefore use the results for investigation.

As we can observe from the results of Fig. 2, export venture influences positively on product power, development tools, organizational advantages and negatively influences future studies. Product power, intern, influences positively on product life cycle, product attributes, comprehensive quality control, uniqueness of packaging design and service quality, positively. The highest effect belongs to product life cycle and product attributes. In addition, development tools influences positively on research and development, participatory management and entrepreneurship.

Table 4
The results of principal component analysis after rotation

	Factor	Rotated Component Matrix[a]											
		1	2	3	4	5	6	7	8	9	10	11	12
q10	Core values of the organization	0.773											
q9	Factors within the organization	0.743											
q11	Resources	0.739											
q2	Channel ownership	0.549									0.372		
q1	Organizational culture	0.532									0.343		
q12	Brand image	0.498							0.408			-0.407	
q17	Human resources	0.452	-0.442		0.356							0.354	
q32	Strategic direction		0.791										
q36	Network development		0.674										0.357
q40	Prospecting		0.672										
q35	Effective marketing research		0.466									-0.357	
q39	Promotional strategy		0.445			0.368							
q15	Market segmentation			0.832									
q16	Market position			0.757									
q13	Market share			0.733									
q14	Brand reputation			0.713									
q34	Product life cycle				0.757								
q33	Attributes of product				0.737								
q31	Comprehensive quality control				0.57								
q24	Uniqueness of packing design				0.464					0.409			
q25	Service quality				0.351			0.334					
q43	Understand customers' needs					0.782							
q42	Cost experience					0.715							
q41	Beliefs					0.562							
q37	Consumer certainty					0.549							
q7	Research and development						0.751						
q5	Participatory						0.712						
q6	Entrepreneurship						0.691						
q27	Brand equity							0.766					
q26	Competitive market environment							0.645					
q19	Brand personality								0.713				
q23	Uniqueness of brand name								0.663				
q29	Human resources					0.332				0.639			
q20	Consumer experience									0.629			
q4	Advertising										0.697		
q8	Technological change						0.403				0.535		
q22	The distinction between existing											0.753	
q21	Pricing approach		0.378									0.454	
q3	Brand financial performance												0.701

Moreover, organizational advantages influences positively on core value of organizations, factors within organization, resources, channel ownership, organizational culture, brand image and human resources, positively. The highest impact belongs to channel ownership and resources. Finally, future studies influence positively on strategic decisions, prospecting, effective marketing and promotional strategies.

4. Conclusion

In this paper, we have presented an empirical investigation to study the effects of different factors on export ventures on SMEs active in Iranian industries. The study has accomplished among some selected experts who were familiar with difference challenges in exporting goods and services to abroad, more specifically to regional countries. The results of this study shed light into many issues such as development tools, product power as well as organizational advantages, which could positively influence on market development. The results of this study are consistent with other findings (Zahra et al., 1997; Cavusgil et al., 1993; Morgan et al., 2004).

Fig. 2. The results of structural equation modeling

Acknowledgement

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