



Influence of Export Marketing Strategies on Export Performance in Sri Lankan Industrial Product Exporting Sector

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ABSTRACT

The marketing strategies that can be used for the enhancement of export performance have been the subject of research by many researchers. This study attempts to present the significant marketing strategies and their core activities that influence the export performance of Sri Lankan exporting sectors, namely Apparel and textile, Base metal products, Diamonds, Gems and jewelry, Electrical and electronic products, and Paper based products. In an era where exports displaying a significant role in Sri Lankan economy, it is vital to analyze the marketing strategies used by the major exporters in the country. Marketing strategies were identified based on 4Ps in marketing namely, Product, Price, Place and Promotion, and measurement scales were developed based on the literature. Multiple regression analysis was used to determine the relationship that the export performance of the selected industries has with the marketing strategies used. Results show that the product strategy has a significant effect across selected industrial product exporting sectors except for the Base metal product sector. The effect of the product strategy is negative only in the Paper Based product sector. Also, the product quality appears to be vital for all the industrial sectors. Simultaneously, the place strategy shows significant negative effect on the Apparel and textile sector.

KEYWORDS: Export performance, Marketing strategy, Industrial product export, 4Ps

1 INTRODUCTION

The export sector of Sri Lanka has a significant impact on the development process the country is undergoing currently, where industrial export accounts to a significant percentage of the total export earnings of the country. In this scenario analyzing the export data and determining what influence the export marketing strategies have on the export performance of a country would be vital and useful in order to make decisions in relation to the export strategy formulation. And also proper marketing activities could lead the exporters to enhance performance better while supporting the economy of the country. Thus, this research explores the relationship between the export marketing strategies and export performances. Particularly, this study attempts to identify the impact of export marketing strategies adapted by the industrial product exporting sector on export performance. The study concentrated on the

marketing strategies elaborating the factors in the marketing mix that a company was using in their exporting.

2 LITERATURE REVIEW

Sri Lanka's earnings over merchandise exports was showing the fluctuations throughout the last few decades reflecting an uncertainty in the export performance of the country and yet a visible growth in the last few years showing that there was a possibility of generating revenue to the country using exports in industrial sector in the future (Export, 2015). And more importantly the growth potentials in international trade in the world needs exporting firms and countries to focus more on exporting, since the increase in the number of the exporters in a country causes growth opportunities in the globalization process and the global market competition (Sousa, Martinez-Lopez, & Coelho, 2008).

There are diverse reasons for companies to engage in exporting. According to Harris & Li (2005) most of the companies engage in exporting due to the impact it can make upon the business growth. There will be higher growth potential, higher productivity and innovative business solutions with being excelled at exporting. Soroka (2014) identifies some reasons for trading companies to engage in exporting and they include gradual increase in export revenue, increase in number of companies engage in exporting, benefits firms gain from entering into new markets, benefit from the trade agreements and the positive influence on the domestic business. As per Zou & Stan (1998), Baldauf, Cravens & Wagner (2000) and Sousa, Martinez-Lopez & Coelho (2008), the influence of exports on the countries can be summarized as the enhancement in economic growth, increasing the internal production, solution for the unemployment, growth accelerator for firms, result in favorable balance of trade, industrial development of the country and improving capacity of resource utilization and productivity. Accordingly, the export has both firm and national level importance.

The export performance of a firm demonstrates the utilization of resources and capabilities that belong to them in an international context at a given period of time. Export performance is influenced by the strategies implemented by the firms and since such strategies set direction and scope of the organization in order to gain a competitive advantage and sustainability (Johnson, Scholes, & Whittington, 2008). Since firms can craft diverse innovative strategies, the evaluation of them on export performance becomes complex. However, to make it simple, this study uses four strategies, namely product, price, place and promotion strategy considering the salient role of them in marketing mix and the impact on marketing performance.

Literature suggests to align the product strategy with product design, brand mix like

name, sign, symbol and design, warranty, customer service as pre and post sales services, and more importantly the product quality. Several researchers have found out that the capability of the organizations to adopt the product according to the end customer has a positive impact on the export performance of that particular company (Zou & Stan, 1998). Also, the firms use pricing strategy to win the competition. As Lee & Griffith (2004) note, merely by becoming the lower cost manufacturer, a firm cannot boost performance. Thus, pricing strategy has become crucial in export marketing and it affects export performance (Leonidou, Constantine, & Samiee, 2002). Further, scholars found the effect of promotion strategy on export performance and popular promotion strategies including advertising, sales promotion, personal selling, trade fairs, personal visits and promotion adaptation (Leonidou, Constantine, & Samiee, 2002). Finally, the place strategy is the determinant in the export behavior (Lages & Montgomery, 2004; Lee and Griffith, 2004).

The contribution of various authors on export performance, product, price, promotion and place strategy is listed in the Table 1, and that describes the indicators used by various authors to measure those variables.

3 METHODOLOGY

The parameters used to measure export performance and export marketing strategies were identified by the literature review as summarized in Table 1. Based on them a questionnaire was designed and distributed among the population of exporters. The data were analyzed with the aim of identifying the influence of marketing strategies on the export performance. Descriptive statistics were used to get an idea on the characteristics of selected sectors, and sector-wise analysis was done by multiple regression to measure the effect.

Data collection was done by distributing a structured questionnaire for the population of the exporters in considered industrial sectors. The population included 513 firms

representing 232 Apparel and textile sector firms, 50 Base metal product sector firms, 107 Diamonds, gems and jewelry sector firms, 56 Electrical and electronic products sector firms, and 68 Paper based products sector firms (Sri Lanka Directory of Exporters, 2015). The response rates were 43% across the sectors.

4 DATA ANALYSIS

According to the analysis 62.27% of firms have an annual sales turnover more than USD 4001, 32.27% in between USD 2001 to USD 4000 and 5.45% less than USD 2000. This indicates that the majority of the firms in exporting business can be considered as large scale firms.

70.45% of the firms started exporting by direct exporting. However, by the time, the said amount has decreased to 60.75%. On the other hand, 24.70% of firms started exporting as joint ventures, and later it has been increased to 35.09%. There were no such changes in franchises and acquisitions. It shows that the mode of exporting changes with the time, and the majority of firms try to settle down their business with the parties in the exporting region.

Table 1: Indicators for Independent and Dependent Variables using Literature Review

Researcher/s	Indicators
Export Performance	
Spasova (2014)	Export sales volume, profit margin, market share, management perception over success and satisfaction over export sales
Nazar (2009)	Management commitment, perception towards competitiveness, perception towards export advantage and the perception towards the support received from government

Product Strategy

Leonidou, Constantine, & Samiee (2002)	Product design, brand mix (name, sign, symbol, design), warranty, customer service as pre and post sales services, and product advantages (such as luxury, prestige, and quality)
Zou & Stan (1998)	Branding and product adaptation
Lee & Griffith (2004)	Product adaptation

Price Strategy

Leonidou, Constantine, & Samiee (2002)	Pricing method, pricing strategy, sales terms, credit policy and currency strategy and price adaption
Zou & Stan (1998)	Low cost advantage
Lee & Griffith (2004)	Adjustment of export prices to foreign market situation, pricing method

Promotion Strategy

Leonidou, Constantine, & Samiee (2002)	Advertising, sale promotion, personal selling, trade fairs, personal visit, and promotion adaption
Lee & Griffith (2004)	Advertising and trade promotion

Place Strategy

Leonidou, Constantine, & Samiee (2002)	Export sales representative office and direct purchasing
Lee & Griffith (2004)	Direct exporting
Lages & Montgomery (2004)	Availability of distribution network

The results of the multiple regression analysis are summarized in the Table 2. In the apparel sector, the product and place strategy have a significant effect on export performance. However, the former has a positive effect while the later has a negative effect. In 5% level of significance R^2 for this model is 0.59. Also, the product strategy shows a significant positive effect on export performance in Diamonds, gems and jewelry sector and Electrical and electronic products sector, and R^2 is 0.41 for both sectors. However, the Product strategy has a significant positive effect on export performance in the Paper based products sector where R^2 is 0.37. There is no any significant strategy influencing the export performance in the Base metal products sector. Accordingly, the best strategy for enhancing the export performance for all the industrial sectors is initiating actions to improve the products themselves. The product quality has become the prominent factor under product strategy.

5 CONCLUSION

The conclusion of the research can be summarized as follows.

- The majority of the firms in exporting sector can be categorized as large firms as they hold large annual turnovers.
- With experience in the exporting field, the industrial exporters tend to change their strategy of direct exporting to finding some partners and establishing in other countries.
- The product strategy is significantly affecting the export performance in all the industrial sectors considering in the sample except the Base metal product sector
- The product quality is the most significant factor to be considered by all the industries in implementing product strategies in exporting.
- The place strategy affects the export performance of the firms in Apparel and Textiles sectors.

Table 2. Summary of Multiple Regression Analysis

Sector	R^2	Variable	β
Apparel and Textiles Sector	0.59	Product	0.08
		Place	-0.11
Base Metal Products Sector	0.09	-	-
Diamonds, Gems and Jewelry Sector	0.41	Product	0.11
Electrical and Electronic Products	0.41	Product	0.38
Paper Based Products Sector	0.37	Product	-0.30

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