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Analysis of International Marketing Strategy among Malaysian Exporters

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ABSTRACT

Taking into account how globalized the current market is, companies have viewed the process of internationalization of their activities as a technique to keep up with the competition and secure good competitive advantage. The study aimed at investigating the impact of marketing strategy of exporting companies in Malaysia through the mediating influence of marketing mix adaptation. A questionnaire was used as the instrument of the study and the data collection procedures included self-administered questionnaires and emailed ones. The findings generated from the present study were then reported and detailed discussion about them was presented in the line of the available literature. For the relationship among Malaysian exporters of the export performance through the mediating influence of the marketing mix, the findings revealed that the marketing mix does mediate this link in some factors while it does not in other factors. Furthermore, it was reported that 3 out of four marketing mix strategies have a significant impact on the export performance of Malaysian exporting firms. The findings also revealed that some of the Malaysian exporters have a significant impact on the marketing mix adaptation strategies while others seem not to have this significant impact. The study concluded with some recommendations that can be of a great use to the Malaysian exporting firms while making decisions about their exporting activities.

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INTRODUCTION

Over the last few years, the world has witnessed an increase in the total number of firms located in emerging economies and global markets, in countries like Brazil, China, India, and other East Asian countries, growing from just under 3,000 firms to more than 13,000 firms currently (UNCTAD, 2006).

This phenomenon stems from a comprehensive internationalization of these firms. In 2008, emerging economies contributed 38% of world merchandise exports (WTO Trade Report, 2009). These emerging countries, comprising the biggest and fastest growing economies, are helping to stabilize the world economy, as a result of their dynamism and openness. For the Asian region, the contributions to world trade have been phenomenal, with a GDP expansion exceeding 6% in 2007, as opposed to other regions, such as Latin America (3.7%) and Africa (3%) (UNCTAD Report, 2008). A majority of these emerging countries are achieving current account surpluses, thus becoming significant capital providers to the other countries (UNCTAD Report, 2008).

The success of emerging economies from Asia, in terms of their exports, has ignited great interest to comprehend the international marketing strategies used to enhance export performance in the Asian region (Shoham, 1996). Generally, when firms begin penetrating into a foreign market, the main step towards successful international market penetration is the correct selection of suitable international marketing strategies to ensure adaptation to products exported (Chung, 2002). Therefore, globalization throughout the international market is significant for international marketers to understand the extent of adaptation of their products in international markets.

Countries in Southeast Asia, including Malaysia, Thailand, Vietnam, Indonesia and Philippines, are being hailed as the major players in the global market. Their firms are becoming very significant globally, and some of them have been listed as top ranking multinational firms in the world, along with multinational firms from developed countries. It is relevant to note that international trading from the Asian region contributes a total of approximately 56%, which represents over half of the world trade flow (UNCTAD, 2009).

Malaysia is considered as one of those countries in Southeast Asia that has recently undergone rapid economic growth. Malaysia is considered as a model for successful economic development by many organizations, including the World Bank and the International Monetary Fund. Recently, Malaysia is regarded

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as one of the major trading nations in the world, ranking at seventeenth place. The Malaysian economy is dependent on external trade, and through a series of a five-year development plans, the country has been able to transform itself from a country that just exports rubber and tin, to being the world's largest exporter of palm oil products, as well as some other products, such as timber, oil and other manufactured products. A very significant point to note is that the manufacturing sector has replaced the agricultural sector in the top most spot. Today, Malaysia is also a major exporter of semi-conductors, air-conditioners and latex-dipped goods. Malaysia is acutely aware that trade plays a major role in the country's economic development and advancement.

To retain its competitiveness and its stable economy, Malaysia realizes that expansion of trade is vital for the country; therefore, Malaysia is constantly seeking for new markets for its products. However, Malaysian firms located in foreign markets face countless obstacles, as well as complicated business surroundings, including other obstacles, like environmental, legal, political, social-cultural and economic factors. These factors significantly affect a firm's marketing activities. According to Jain (1989), Theodosiou and Leonidou (2003), marketing decisions are mostly centered on issues of standardization or adaptation. These are the critical issues that have strategic implications for product adaptation, which can affect the export performance and international marketing strategy, especially for a country like Malaysia -a nation that mostly depends on exports to make significant growths in the economy.

Studies regarding firm's adaptation from contingency theory and from the strategy fit perspective have not received ample attention from researchers (Calantone *et al.*, 2006), despite its being one of the most prominent and evolving theories encapsulated in the international business and marketing strategy (Barney *et al.*, 2001). According to the contingency perspective, standardization/adaption decision is a process comprising a number of antecedent factors (Akaah, 1991). Contingency theorists claim that firm's performance greatly depends on the successful alignment or strategic fit between an organization's internal processes (strategy, structure, and resources) and the external environment (Keats & Hitt, 1988). This particular view states that neither standardization nor adaptation can be viewed in an isolated situation and that both processes ought to be considered as the two ends that form the same continuum, upon which the level of firms' marketing strategy standardization/adaptation move between (Theodisou & Leonidou, 2003). Therefore, the challenge faced by the international firms is to pinpoint which of the strategic elements are suitable, and in which environment and up to which level. Hence, it is crucial for any research conducted in the same topic to make use of this perspective for a comprehensive understanding of standardization/adaptation issues. Calantone *et al.* (2006) explored the adaptation from this perspective but only focused on product adaptation and failed to explore other marketing mix elements; thus, some antecedents of the firm's adaptation are still unclear. This is a research gap that needs to be addressed in order to enable better comprehension and application.

Studies dealing with the investigation of standardization/adaptation issues concerning international marketing strategy were mostly adopted from the United States (US), Europe, Australia and New Zealand; in other words, all advanced countries in the global economy (Chung, 2004). Hence, the findings are unsuitable for emerging countries like Malaysia. This is due to the fact that the contexts, measures and firm's characteristics of the advanced countries are quite different compared to the emerging economies. Additionally, there are other factors which contribute to the firm's behavior that have yet to be explored in studies on advanced economies. It is impossible to generalize these findings, as well as extend them to firms in emerging economies. Thus, there is a need for a study which focuses on the emerging countries to provide clearer overview of the standardization/adaptation phenomenon.

The study regarding emerging economies is imperative for the comprehension of the relationship between international marketing strategy/adaptation and its antecedents in two important aspects: 1) firms in emerging countries possess less information regarding the export market conditions compared to the firms in the western world. This is the reason why marketers from the West are capable of making effective decisions regarding the standardization or adaptation of their international marketing strategy. In sum, the relationship that exists between standardization/adaptation and various conditions may be more accurate for Western firms as compared to their counterparts in the emerging countries; 2) firms have always extended their local marketing strategy to foreign markets without making modifications (Douglas & Craig, 1989). Following years of industrialization, Malaysian firms have transformed into one of the major countries in the world in different product categories, like semi-conductors, furniture, home appliances, etc. Nonetheless, the present study attempts to investigate whether emerging countries' firms, such as Malaysian firms, modify (standardizing/adapting) their strategies for international markets.

Most of the research on the adaptation/standardization processes and their impact on export performance, are focused on two main streams: 1) a number of research studies investigated the impact of the antecedent factors on the market mix strategies (Zou *et al.*, 2009); and 2) other research studies attempted to investigate the relationship between the market mix strategies and export performance (Dess, Pinkham & Yang, 2011). However, no studies thus far, attempted to investigate the relationship between the antecedent factors and the export performance through the mediating influence of market mix strategies. This link between the antecedent

factors and the export performance through the mediating influence of market mix strategies is the contribution of the present study to literature in this area.

More importantly, during the past two decades, the Malaysian exporting firms have been experiencing tremendous challenges in securing competitive advantage in the international market due to the open policy of highly competitive countries like China, Taiwan and South Korea. In this context, Maheran (2008) argues that the emergence of low cost producers and manufacturing policies in countries like China and South Korea intensified the competitiveness of the Malaysia exporting activities. Maheran (2008) goes on to say that one of problems Malaysian exporters have is that they do not adopt adaptation policies to their products and exporting activities and even the little level of adaptation being practiced by some Malaysian exporters is not even grounded on thorough understanding and investigation of the nature of the host markets.

1.1 Overview of International Marketing Strategy:

Taking into account how globalized the current market is, companies have viewed the process of internationalization of their activities as a technique to keep up with the competition and secure good competitive advantage. The process of decision-making related to the international marketing mix has become a serious issue, particularly as this arrangement has a great deal of impact on performance. Consequently, a number of researchers argue that the research that relates standardization and adaptation to the performance of companies, particularly to export performance activities is highly needed (Dow, 2006).

However, the literature concerning the best decision whether to adapt or standardize is still inconclusive, taking into account the nature of influence (positive or negative) of the two processes of standardization and adaptation have on export performance. While some researchers found that there is no relationship between these two processes and performance (Samiee & Roth, 1992), others, on the other hand, found that a positive link between the adaptation of the product and its performance does exist (Calantone *et al.*, 2006). Thus, the consensus among researchers on the effects of the two processes of standardization and adaptation on performance represents a gap in the literature.

A review of the literature reveals that marketing mix elements form part of the export marketing strategy. However, the components comprising an export marketing strategy have come across in literature. According to Cavusgil and Kirpalani (1993) export marketing strategy comprises of product, promotion, distribution and marketing capability. Export marketing strategy is considered as the conventional marketing plan consisting of pricing, promotion, distribution and product (Cavusgil & Zou, 1993). Some researchers like Cooper and Kleischmidt (1985) state that export marketing is considered as the product adaptation policy coupled with the market selection. Taking the perspective further, De Luz (1993) claims that export strategy consists of the four marketing mix elements, along with factors like quality control, management motivation, international business training, marketing research, target nations, competitive pricing, standardization of product and direct distribution. On the other hand, Koh and Robicheaux (1988) insist that export marketing variables comprises of product modification; export pricing compared to the US market, currency, dealer, brand name and channel strategies.

A number of sources concern themselves with establishing whether firms from emerging economies, which are in export businesses, employ global adaptation strategies or standardization (Ahlstrom & Bruton, 2010; Jain & Griffith, 2011; Solomon, Marshall & Stuart, 2008). Most researches indicate that a product's type strongly influences whether a firm will employ an adaptation strategy or will employ standardization. High-tech exports have a high likelihood of being linked to the standardization strategy as opposed to the adaptive strategy. Industrial merchandises are commonly marketed via a standardized approach as opposed to an adaptive one. Consumer merchandises' marketing will usually be conducted through an adaptive one. Among the subsets of consumer merchandises, durables are largely and easily marketed via standardized approaches or strategy.

The linkages between global adaptation strategies as well as export performances of varied firms are subject to and, dependent on the accumulated globalization experience. The relation, as it concerns new global firms, is U-shaped, while that of experienced global firms is positive (Peng, 2011). The process of adaptation hinges on learning though it is not essentially characterized as such. Consistent and sustainable capability for adaptation draws benefits from the grasp of the process, especially in relation to environmental type of diversity. In reality, it is not mandatory that competitive advantages are based on multiple resources. The ability of firms from emerging economies to adapt is probably buttressed by skills in commercial, financial, technological, marketing, and technical, or other fields, or employees' or firms' entrepreneurial competencies (Solomon, Marshall & Stuart, 2008). The learning is seen as being capable of giving off competitive advantages to exporting firms. In actuality, it is not the learning that occasions the varied advantages (Zou & Fu, 2011). The advantages stream from any resources that are deployed. The mastery of learning by a firm may not give rise to enhanced fiscal or export performance. Adaptation is premised on the exporting firm's survival and performance core (Devinney *et al.*, 2010).

Some exporters learn via competition and through their comparative export performance, matched against that of their competitors, and their positioning of resources, and consequently their own relative advantages as

well as disadvantages (Devinney *et al.*, 2010). Some meta-national firms harness the intellectual abilities and resources from across the nations where they have set exporting bases (Peng, 2011). They integrate the abilities and resources in ways that effectually advance their strategic aims and export targets in the long-term. Such meta-nationals have odd adaptation capacities. The global adaptation strategies for exporting firms from emerging economies are endogenous (Zou & Fu, 2011). They grow from being focused on internal competitiveness to being externally, and legitimately external. Adaptation is clearly considered in many sources as being a resource that is strategic (Solomon *et al.*, 2008). The extant literature does not demonstrate that an exporting firm's global adaptation strategies change if they grow into meta-nationals. No research has been carried to conclusively determine whether the extent of a firm's adaptation affects its export performance. Generally, much of the extant literature acknowledges that exporting firms should adapt to the GBE. To explain further on the idea of standardization/adaption of exporting firms, the following section addresses the two strategies separately.

1.2 Export Marketing Strategy:

Export marketing strategy can be defined as the means by which a firm responds to the interplay of internal and external forces to meet the objectives of the export venture (Cavusgil & Zou, 1994).

The components, of which an export marketing strategy is established, have been mixed across the literature. Cavusgil and Kirpalani (1993) observe that export marketing strategy includes product, promotion, distribution, and marketing capability. Export marketing strategy is related to the traditional marketing plan, such as pricing, promotion, distribution, and product (Cavusgil & Zou, 1994). However, Cooper and Kleinschmidt (1985) point out that export marketing strategy refers to the product adaptation policy and market selection. De Luz (1993) notes that an export strategy consists of quality control, management motivation, international business training, marketing research, target nations, competitive pricing, standardization of product, and direct distribution. In addition, Koh and Robicheaux (1988) observe that export marketing variables are product modification; export pricing compared to the US market, currency, dealer, brand name, and channel strategies. Stewart and McAuley (2000) point out that export marketing strategy consists of five aspects: 1) market scope; 2) the degree of product adaptation; 3) the degree of promotional adaptation; 4) the level of support given to the foreign distribution channel; and 5) pricing strategy.

Aaby and Slater (1989), who examined 55 empirical studies in the field of export literature from 1978 to 1988, state that export marketing strategy includes market selection, product, pricing, promotion, and distribution strategy. Chetty and Hamilton (1993) conclude that export marketing strategy includes market selection, use of intermediaries, product mix, product development, promotion, pricing, and staffing according to a review of 111 empirical studies in the export literature between 1978 and 1991. Zou and Stan (1998), who depend upon the review of 50 empirical studies in export literature from 1987 to 1997, show that product adaptation, product strength, promotion adaptation, promotion intensity, price adaptation, competitive pricing, channel relationships, and type of channels form an export marketing strategy.

1.3 Determinants of the Degree of Adaptation of Export Marketing Strategy:

As discussed before, the contingency perspective (Jain, 1989) considers both standardization and adaptation as two faces of the same coin and decides the degree of standardization (or adaptation) depending on internal and external forces. Since then, researchers have expanded Jain's (1989) contingency framework to develop a model that is suitable in the export context.

Depending on the previous studies on strategic framework, Cavusgil and Zou (1994) claim that export marketing strategy (i.e., the extent of standardization) is decided by internal (e.g., firm and product factors) and external (e.g., industry and export market characteristics) factors. Firm characteristics include international knowledge, extent of international business involvement, and resource obtainable for export development. Product factors include culture-specificity of product (i.e., culture-specific products have to be appropriate to the culture of the export market), product uniqueness, firm's experience with product, and product's technical complexity. Industry factors refer to technology forcefulness, and intensity of price competition. Export market characteristics include export market attractiveness, cultural/legal similarity of markets, export market competitive intensity, and knowledge of export customers.

Cavusgil, Zou, and Naidu (1993), expanding the previous framework of Jain (1989), claim that the degree of the adaptation of the export marketing strategy is a function of product characteristics (product uniqueness, cultural specificity of product, kind of product), industry characteristics (technology orientation of industry), firm characteristics (international experience, export sales goal for the venture, entry scope), and export market characteristics (similarity of legal regulations, export market competitiveness, and product familiarity of export customers).

Environmental conditions, as suggested by Shoham (1999), influence export managers to decide the extent of standardization (adaptation) in export ventures. He observes that seven environmental conditions, as derived from the work of Jain (1989), are most likely to influence the degree of standardization: 1) exporting country

image; 2) competitive position (e.g., market share); 3) competition structure (e.g., existence of similar competitors); 4) differences in local law; 5) local government influence; 6) physical climate (e.g., climate, building density, and building size); and 7) marketing infrastructure (e.g., distribution infrastructure, media infrastructure).

Chung (2002) creates a framework in the light of Jain's study (1989) that depicts the relationship between internal and external factors that influence the degree of adaptation strategy. Chung notes that the degree of adaptation strategy is a function of firm factors, target country factors, and product factors. Firm factors consist of international experience, market entry mode (i.e., high resource commitment entry mode versus low resource commitment entry mode), and immigrant effect (i.e., firms controlled or established by immigrants). Target country factors include government regulations, economic development, and marketing environment. Product factors include kind of product and product life cycle.

A number of researchers attempted to study the relationships between market mix and export performance and these researchers reported different findings regarding these relationships. Some researchers reported a positive relationship between market mix and export performance (Tantong *et al.*, 2010). Other studies, however, reported a negative relationship between elements of market mix and export performance (Lages *et al.*, 2008). Furthermore, it has been reported by some research studies that no relationship was found between elements of marketing mix and export performance (Abdul-Adis & Md. Sidin, 2010).

1.4 Malaysia and Exporting Activities:

Malaysia, ranks among the nations in the Pacific Rim, that has gone through rapid development and economic growth; the country is considered as a role model for successful economic development by world bodies such as World Bank and the International Monetary Fund. The growth in Malaysia can be attributed to the state-oriented market economy, whereby the government has a significant role in guiding economic activity plans. The Malaysian economy ranked 3rd in 2007 in Southeast Asia and 29th in the world, measured by purchasing power parity (CIA, 2008). International trade has a significant role in Malaysian economy and over three decades, Malaysia has undergone a major economic development owing to its outward looking strategies. Similar to first-generation tigers comprising Korea, Taiwan, Singapore and Hong Kong, Malaysia has used the exports propeller of growth and development since the 1970. It is interesting to note that Malaysia's economy even continued to grow after the 1997 economic crisis in an environment of low inflation and rampant unemployment.

Malaysia's development is guided by a series of five-year development plans; the country's economy transformed from being a commodity exporter to manufacturing exporter. Back in the 1970s, Malaysia was well-known as the largest producer of tin, rubber and palm oil at the global level. Recently, manufacturing has largely come into play in the country's economic development and Malaysia has transformed from import substitution to a liberal outward-oriented trade regime (Shazali *et al.*, 2000). Manufacturing accounts for 79% of the total export earnings and nearly 29% of Malaysia's Gross Domestic Product (GDP) (Chandran *et al.*, 2003). Additionally, this particular sector replaced agriculture as the top sector contributing to the economy, playing a decisive role in Malaysia's development and success. It has contributed to the output, employment and exports. The export sector has been recently in the forefront in the transformation of the Malaysian economy and has made the country a significant world exporter of semi-conductors, air-conditioners and latex-dipped goods. Owing to the positive signs of solid economic revival stemming from the major economies of the world, Malaysia's imports-exports is expected to grow even further. Other elements that contribute to the growing economy are: the improvement in business, the sentiments of the residents, domestic demand particularly in private consumption and the increase in investments led by the private sector.

Not surprisingly, Malaysia now holds a major position in ASEAN markets as in the year 2008, the total amount of its exports to ASEAN countries increased to RM171.19 billion which accounted for a 10% increase. About 25.8% of Malaysia's total exports in 2008 were to ASEAN. Malaysia reported a trade surplus of RM12.5 billion in March 2009, making it the 137th consecutive month that recorded the trade surplus since November 1997. Malaysia's major exports include electrical and electronic goods, liquefied natural gas (LNG), palm oil and related products, petroleum and related products, timber and timber based products, chemicals and metals while major export destinations for Malaysian goods include Japan, China, USA, Singapore, South Korea, Thailand, India, Australia, Hong Kong and England which account for 71.8% of Malaysia's exports (2009).

1.5 Malaysian Exports:

Several government agencies in several ministries facilitate Malaysia's exporting activities. These government agencies are MATRADE – Malaysia Trade Development Corporation, MITI – Ministry of International Trade and Industry, SIRIM – Standards and Industrial Research Institute of Malaysia, FMM – Federation of Malaysian Manufacturers, CCI – Chamber of Commerce and Industry, SMI – Small and Medium Industries, SMIDEC - Small and Medium Industries Development Corporation. The total number of Malaysian

exporting companies that appeared in these agencies is nearly 3000 exporting firms. These firms have various experience levels ranging from one year to over twenty years of exporting experience.

MATERIALS AND METHOD

Thus, based on these previous studies and Park's (2006) study in particular, the framework designed for the present study is grounded. The following figure (1) represents the framework of the current research.

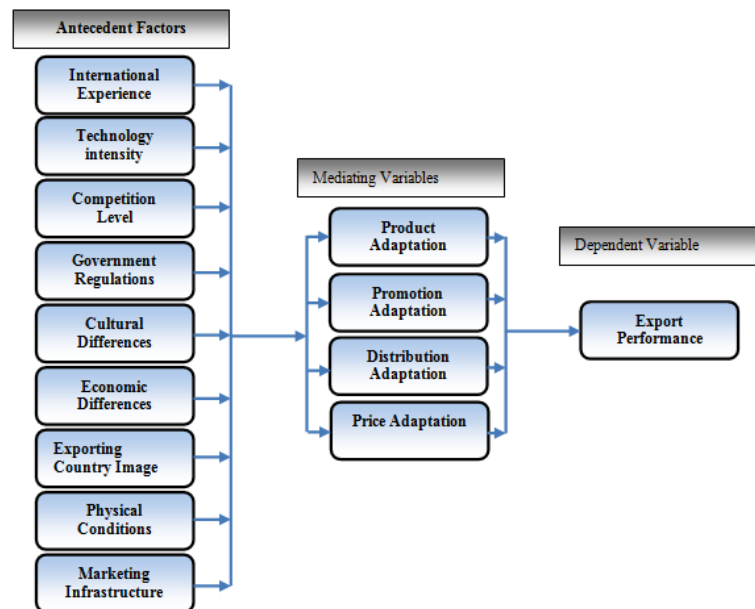


Fig. 1: The Framework of the Study.

It can be seen from the framework figure above (Figure 1) that it consists of three main variables, namely independent variables, mediating variable and finally the dependent variable. Here, the antecedent factors of international experience, technology intensity, competition level, government regulation, cultural differences, economic differences, country image, physical condition, and marketing infrastructure make up the independent variables. On the other hand, the four adaptation strategies of promotion adaptation, product adaptation, distribution adaptation and price adaptation (Marketing Mix) make up the mediating variables. Finally export performance makes up the dependent variable. In the present study, an attempt is first made to examine the relationship between the antecedent factors (independent variables) and marketing mix (mediating variable). After that, the relationship between the marketing mix (mediating variable) and export performance (dependent variable) will be investigated. These two links have been explored in the literature by a number of researchers (Tantong, *et al.*, 2010). The present research takes a step further by examining a third link, namely the link between the antecedent factors (independent variables) and export performance (dependent variable) through the mediating influence of marketing mix (mediating variable). This link has not been explored in the literature particularly in an emerging country context. To the best knowledge of the researcher, this link has been investigated once in the literature by Park (2006) but in Park's study, the impact on the antecedent factors on export performance has been examined through the mediating influence of marketing mix individually where the mediating impact of each of the four adaptation strategies has been examined separately. In this study, however, the mediating impact of the adaptation mix as a whole will be examined.

2.1 Variables and Construct:

The present study involves several variables, namely independent variables, dependent variable and mediating variables. As mentioned in the previous chapter, independent variables include the antecedent factors previously mentioned.

2.1.1 Independent Variables:

Independent variables are those variables which are assumed to influence or determine the dependent variable. It is a variable whose value helps pinpoint the value of other variables. It is a variable whose value represents the determination of the modification of the dependent variable. In the present study, the antecedent

factors represent the independent variables as the researcher presumed them to influence the dependent variable. These independent variables are as follows:

- i) International Experience
- ii) Technology Intensity
- iii) Level of Competition
- iv) Government Regulation
- v) Cultural Differences
- vi) Economic Differences
- vii) Exporting Country Image
- viii) Physical Conditions
- ix) Marketing Infrastructure

2.1.2 Dependent Variable:

A dependent variable is the variable measured in the experiment which is being influenced. Normally, the dependent variable reacts to the independent variable, in that it is generally called dependent due to its dependency on the latter. In the present study, export performance is considered as dependent variable whereby it is affected by the independent variables comprising antecedent factors, keeping in mind that the effect is done through the mediating variables.

Export Performance:

Export performance was measured through the managers' self-evaluation of how their companies are doing as compared to the objectives set by these companies. In this section, the target was to know about the firm's export performance by asking the managers (top management) how they think their companies are doing considering all aspects of the export performance -specifically, to what extent the export performance contributed to the growth, market share, competitiveness and profitability of the firm in the main export country. In other words, managers were asked whether exporting has contributed to the sales growth of the firm, whether exporting has improved their firm's market share, whether export activity has made the firm more competitive, and finally, whether the profitability from the export sales has increased. All these were measured on a 5-point-Likert-Scale ranging from strongly disagree (1) to strongly agree (5). These measurements were adapted from Albaum and Tse (2001), who conducted a study to examine the impact of a number of antecedent factors on the export performance of Hong Kong exporters.

2.1.3 Mediating Variable:

The mediating variables in the present study act as a bridge between the independent variables comprising the factors that were stated earlier and the dependent variable of export performance. In the present study, the mediating variables comprise the strategies of adaptation (marketing mix) that are adopted by the Malaysian export organizations.

Marketing Mix:

Marketing mix elements comprise a main portion of the firm's export marketing strategy. As mentioned in the previous chapter, prior studies evidenced that export marketing strategy (marketing mix) consists of product, promotion, distribution, and pricing. It is a mediating variable, besides export performance, which also has an affect over the independent variables. Export marketing strategy is measured through four major dimensions, namely product, promotion, distribution and pricing adaptation strategies. The above strategies were evaluated in detail in order to look into the degree of changes or level of adaptation taking place in Malaysian firms, while they export their products internationally. The following section expounds on the operationalization of the four export marketing strategy dimensions.

- i) Product Adaptation
- ii) Promotion Adaptation
- iii) Distribution Adaptation
- iv) Pricing Adaptation

3. Results:

3.1 Descriptive Statistics:

Taking into account that the unit of analysis in the present study was the Malaysian export companies, the information related to these companies that was asked in the questionnaires covered the types of products these companies export and also the names of countries these companies export to. Furthermore, the total population of the study was nearly 3,000 export companies in Malaysia. Drawing from the table provided by Sekaran (2003), a recommended sample size would be 341. Keeping in mind that the total number of usable returned questionnaires was 401, the present study is believed to be following the right research procedures.

3.1.1 Export Product:

In the present study, 52 different types of products were reported. Table 1 lists the export products by organizations, comprising the total number of 52 types of products.

Table 1: List of Export Products by Malaysian exporting organizations.

No.	Organization's Export Products	No. of Respondents	Percentage (%)
1	Beverage	10	2.5%
2	Local fruits	8	2%
3	Bird's Nest	4	1%
4	Tyres	10	2.5%
5	Palm oil	16	4%
6	Petroleum	6	1.5%
7	Woodbed	2	0.5%
8	Office furniture	2	0.5%
9	Timber	6	1.5%
10	Gloves	6	1.5%
11	Pepper	12	3%
12	Textiles	10	2.5%
13	Computer parts	2	0.5%
14	Plywood	8	2%
15	Electrical	4	1%
16	Electronic	4	1%
17	Rattan	4	1%
18	Cocoa	6	1.5%
19	Pineapple	4	1%
20	Coconut	4	1%
21	Rubber	2	0.5%
22	Air conditioners	10	2.5%
23	Fish – koi	8	2%
24	Fertilizer	12	3%
25	Seafood	6	1.5%
26	Halal food	4	1%
27	Organic food	2	0.5%
28	Oil	12	3%
29	Gas	10	2.5%
30	Tin	8	2%
31	Gold	10	2.5%
32	Silver	8	2%
33	Glass	8	2%
34	Rice	10	2.5%
35	Tea	12	3%
36	Condoms	12	3%
37	Alarm systems	12	3%
38	Books	14	3.5%
39	Plastic	10	2.5%
40	Herbs	14	3.5%
41	Toys	10	2.5%
42	Aluminum	8	2%
43	Bamboo	2	0.5%
44	Home appliances	2	0.5%
45	Computers	10	2.5%
46	Chemicals	10	2.5%
47	Clothes	2	0.5%
48	Clay	12	3%
49	Battery	12	3%
50	Boats	14	3.5%
51	Curry powder	4	1%
52	Tiger prawns	3	0.5%
	Total	401	100%

As can be seen in the above Table 1, 52 different items appear to be the main products being exported to different countries around the world. The name of the product is written in the first row followed by the number of respondents and the final row represents the percentage of the products.

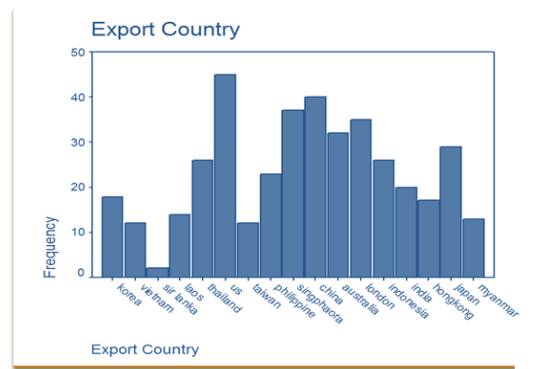
3.1.2 Export Country

In the present study, sixteen countries were reported as export destinations targeted by the Malaysian export organizations. Table 2 is a list of the export countries targeted by Malaysian export organizations:

Table 2: List of Export Countries Targeted by Malaysian Exporting Organizations.

Valid		Frequency	Percent	Valid Percent	Cumulative Percent
	Korea	18	4.5	4.5	4.5
	Vietnam	12	3.0	3.0	7.5
	Sri Lanka	2	.5	.5	8.0
	Laos	14	3.5	3.5	11.5
	Thailand	26	6.5	6.5	18.0
	USA	45	11.2	11.2	29.2
	Taiwan	12	3.0	3.0	32.2
	Philippines	23	5.7	5.7	37.9
	Singapore	37	9.2	9.2	47.1
	China	40	10.0	10.0	57.1
	Australia	32	8.0	8.0	65.1
	England	35	8.7	8.7	73.8
	Indonesia	26	6.5	6.5	80.3
	India	20	5.0	5.0	85.3
	Hong Kong	17	4.2	4.2	89.5
	Japan	29	7.2	7.2	96.8
	Myanmar	13	3.2	3.2	100.0
	Total	4011	100.0	100.0	

It can be seen from the above table 2 that U.S.A is the largest export market for Malaysian companies, where the percentage of companies that export to the US was 11.2%, followed by China as a second largest export market for Malaysian companies by 10%. Singapore was the third largest export market for Malaysian companies by a percentage of 9.2%. The lowest percentage was the country of Sri Lanka by a percentage of 0.5%. The following Figure 2 represents the countries being exported to by the Malaysian companies.

**Fig. 2:** Export country.

To elaborate more on the export countries, five main categories were adopted in the present study. Firms that export to 1-2 countries were classified in one group, 3-4 countries into another group, and groups for 5-6 countries, 7-8 countries, and finally, more than 9 countries. The Table 4 shows the number of countries that the companies export to according to groups.

Table 3: The number of Countries Companies Export to.

Number of Countries	Frequency	Percentage
1-2 country/ies	29	
3-4 countries	8	
5-6 countries	19	
7-8 countries	34	8.5
9 and more countries	311	77.6
Total	401	100.0

From Table 3, it can be seen that 29 companies out of the 401 sample companies export to 1-2 countries, eight companies out of the 401 sample companies export to 3-4 countries, 19 companies out of the 401 sample companies export to 5-6 countries, 34 companies out of the 401 sample companies export to 7-8 countries, and finally, majority of the companies (311 companies) export to more than 9 countries.

Table 4 presents the discriminant validity statistics. The square roots of the AVE scores (diagonal elements of Table 4) are all higher than the correlations among the constructs, thus demonstrating discriminant validity. Cross-loadings of constructs are provided in Table 4. All items are loaded higher on their respective constructs than on others, providing additional support for discriminant validity.

Table 4: Correlations and Average Variance Extracted.

	COM	CUL	DIS	ECO	EXP	GOV	IMG	INF	PER	PHY	PRD	PRI	PRM	TEC
COM	0.98													
CUL	0.73**	0.97												
DIS	0.57**	0.59**	0.93											
ECO	0.74**	0.73**	0.67**	0.94										
EXP	0.53**	0.40**	0.38**	0.47**	0.95									
GOV	0.73**	0.74**	0.60**	0.80**	0.47**	0.97								
IMG	0.68**	0.68**	0.60**	0.77**	0.40**	0.72**	0.98							
INF	0.65**	0.69**	0.71**	0.73**	0.37**	0.70**	0.68**	0.97						
PER	0.45**	0.55**	0.66**	0.54**	0.31**	0.52**	0.54**	0.54**	0.97					
PHY	0.71**	0.73**	0.75**	0.78**	0.39**	0.75**	0.71**	0.78**	0.70**	0.97				
PRD	0.67**	0.66**	0.67**	0.75**	0.42**	0.72**	0.64**	0.66**	0.60**	0.76**	0.91			
PRI	0.61**	0.64**	0.58**	0.65**	0.37**	0.69**	0.60**	0.69**	0.45**	0.64**	0.64**	0.94		
PRM	0.61**	0.67**	0.61**	0.66**	0.36**	0.64**	0.59**	0.70**	0.57**	0.72**	0.66**	0.71**	0.93	
TEC	0.74**	0.72**	0.57**	0.70**	0.54**	0.77**	0.63**	0.68**	0.51**	0.71**	0.65**	0.61**	0.61**	1.00

**, Correlation is significant at the 0.01 level (2-tailed).

In summary, the results of confirmatory factor analysis confirmed the measurement models of which constructs can achieve reliability as well as convergent and discriminate validity. Therefore, the researcher concluded that the research model is appropriate in terms of goodness of fit.

Discussions:

Table 5 outlines the direct link between the antecedent factors and the marketing mix adaptation. In other words, this Table outlines the impact of international experience, technology intensity, competition level, government regulation, cultural differences, economic differences, country image, physical conditions, and marketing infrastructure on the marketing mix adaption that is represented by product adaptation, promotion adaptation, distribution adaptation and pricing adaptation.

Table 5: The effect of the antecedent factors on the degree of adaptation of the marketing mix in the Malaysian export companies.

Path	Effect	Path Coefficient	T. Statistics	Result
EXP -> PRD	Direct	0.030	1.393	Not Significant
EXP -> PRM	Direct	0.026	0.920	Not Significant
EXP -> DIS	Direct	0.088	2.769**	Significant
EXP -> PRI	Direct	0.008	0.382	Not Significant
TEC -> PRD	Direct	0.005	0.083	Not Significant
TEC -> PRM	Direct	0.001	0.023	Not Significant
TEC -> DIS	Direct	-0.049	0.638	Not Significant
TEC -> PRI	Direct	0.007	0.103	Not Significant
COM -> PRD	Direct	0.070	0.828	Not Significant
COM -> PRM	Direct	0.018	0.328	Not Significant
COM -> DIS	Direct	-0.033	0.448	Not Significant
COM -> PRI	Direct	0.061	0.916	Not Significant
GOV -> PRD	Direct	0.169	2.263*	Significant
GOV -> PRM	Direct	0.041	0.645	Not Significant
GOV -> DIS	Direct	-0.051	0.716	Not Significant
GOV -> PRI	Direct	0.284	3.499***	Significant
CUL -> PRD	Direct	0.022	0.339	Not Significant
CUL -> PRM	Direct	0.191	2.246*	Significant
CUL -> DIS	Direct	-0.013	0.193	Not Significant
CUL -> PRI	Direct	0.112	1.120	Not Significant
ECO -> PRD	Direct	0.254	2.791**	Significant
ECO -> PRM	Direct	0.071	0.569	Not Significant
ECO -> DIS	Direct	0.151	1.631	Not Significant
ECO -> PRI	Direct	0.045	0.619	Not Significant
IMG -> PRD	Direct	-0.010	0.137	Not Significant
IMG -> PRM	Direct	-0.017	0.210	Not Significant
IMG -> DIS	Direct	0.023	0.393	Not Significant
IMG -> PRI	Direct	0.011	0.137	Not Significant
PHY -> PRD	Direct	0.358	3.879***	Significant
PHY -> PRM	Direct	0.284	3.457***	Significant
PHY -> DIS	Direct	0.465	4.672***	Significant
PHY -> PRI	Direct	-0.031	0.488	Not Significant
INF -> PRD	Direct	0.007	0.106	Not Significant
INF -> PRM	Direct	0.254	3.943***	Significant
INF -> DIS	Direct	0.287	3.798***	Significant
INF -> PRI	Direct	0.355	3.983***	Significant

It can be seen from the Table above that some antecedent factors were found to have significant effect on marketing mix adaptation strategies. On the other hand, some other antecedent factors were not found to have a significant impact on the marketing mix adaptation strategies. The following section provides a detailed discussion about these findings.

4.1 Impact of the Antecedent Factors on the Performance of Malaysian Export Companies through the Mediating Influence of Marketing Mix

Another objective of the present study was to investigate the impact of the antecedent factors on the export performance of Malaysian export companies. It should be kept in mind that this investigation was done through the mediating impact of the marketing mix adaptation strategies. The following Table 6 shows the impact of antecedent factors on the export performance of Malaysian export companies through the mediating influence of marketing mix adaptation.

Table 6: The impact of antecedent factors on the performance of Malaysian export companies through the mediating influence of marketing mix adaptation.

Path	Effect	Path Coefficient	T. Statistics	Result
EXP -> PER	Indirect	0.050	2.598**	Significant
TEC -> PER	Indirect	-0.021	0.488	Not Significant
COM -> PER	Indirect	-0.001	0.014	Not Significant
GOV -> PER	Indirect	-0.004	0.101	Not Significant
CUL -> PER	Indirect	0.030	0.756	Not Significant
ECO -> PER	Indirect	0.137	2.421*	Significant
IMG -> PER	Indirect	0.002	0.072	Not Significant
PHY -> PER	Indirect	0.353	5.236***	Significant
INF -> PER	Indirect	0.143	2.790**	Significant

4.2 The Impact of Marketing Mix on the Export Performance of Malaysian Export Companies:

One of the objectives of the present research was to examine the influence of the marketing mix adaptation strategies on the export performance of the Malaysian export companies. Table 7 outlines the findings of the study regarding the direct link between the marketing mix adaptation strategies and the export performance of Malaysian export companies.

Table 7: The impact of marketing mix adaptation on the export performance of Malaysian export companies.

Path	Effect	Path Coefficient	T. Statistics	Result
PRD -> PER	Direct	0.238	3.172**	Significant
PRM -> PER	Direct	0.224	2.971**	Significant
DIS -> PER	Direct	0.431	5.583***	Significant
PRI -> PER	Direct	-0.111	1.937	Not Significant

As can be seen in the table above, some of these links were found to be significant while others were found to be insignificant. Specifically, the direct link between the first three marketing mix strategies, namely product adaptation, promotion adaptation, and distribution adaption were found to have a significant impact on the export performance of Malaysian export companies. On the other hand, the marketing mix strategy of pricing was not found to have a significant impact on the export performance of Malaysian export companies. The following section discusses these findings.

Conclusion:

In conclusion, this study entailed a detailed investigation of the antecedent factors that affect the choice of a company on whether to adapt or standardize their marketing mix. This mix comprises product strategy, pricing strategy, promotion strategy and distribution. The researcher sought to determine if differences in the antecedent factors between Malaysia and the importing country would make exporters adapt the marketing mix strategies of the foreign country. The study showed that the major factors that trigger adaptation were international experience, marketing infrastructure and the physical conditions. The findings of the study provided some guidelines for exporters in general and Malaysian exporters in particular about the influential factors that affect marketing strategies and in turn export performance.

It seems that the contingency approach can resolve the old debate about the advantages and disadvantages of standardization and adaptation of the marketing mix. An international firm involved in internal business will not be able to do a complete standardization or adaptation of foreign markets; rather, it will take into consideration the antecedent factors that have been hypothesized to influence the marketing mix and in turn the export performance of the exporting companies. Furthermore, the strategic fit perspective which is originated from the contingency theory itself is grounded on the idea that the decision of export firms whether to adapt or standardize their products and strategies depends largely on how the firm predicts that choice will benefit their objectives and performance. In other words, a process of alignment takes place between the company's internal factors and the external environmental circumstances.

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