



Effect of the Antecedent Factors on the Degree of Adaptation the Marketing Mix in the Malaysian Export Companies

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ARTICLE INFO

Article history:

Received 2 April 2014

Received in revised form

13 May 2014

Accepted 28 May 2014

Available online 27 June 2014

Keywords:

Antecedent factor, Adaptation,
Marketing mix, Export company

ABSTRACT

The study aimed at investigating the effects of the antecedent factors on the degree of adaptation the marketing mix. A questionnaire was used as the instrument of the study and the data collection procedures included self-administered questionnaires and emailed ones. The questionnaires were sent to 780 firms and 401 valid questionnaires were returned making the response rate 51.4%. Data collected were analyzed using Statistical Package for Social Sciences (SPSS) for the purposes of descriptive statistics on the demographic characteristics of the subjects and exploratory factor analysis, while Partial Least Square (PLS) was used to determine the interactions between the various constructs for ascertaining the various structured equation models. The findings generated from the present study were then reported and detailed discussion about them was presented in the line of the available literature. The findings revealed that some of the antecedent factors 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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To Cite This Article: Saad Dubayyan Alshammari & Rabiul Islam, Effect of the Antecedent Factors on the Degree of Adaptation the Marketing Mix in the Malaysian Export Companies. *Adv. in Nat. Appl. Sci.*, 8(8): 151-162, 2014

INTRODUCTION

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 (Calantone *et al.*, 2004; 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 (Lee & Griffith, 2004). Thus, the consensus among researchers on the effects of the two processes of standardization and adaptation on performance represents a gap in the literature.

Adaptation of international marketing strategy relates to using tailor-made product, price, distribution, and promotion programs for each market (Shoham, 1996). Adaptation, in the international marketing literature, is related to two concepts: 1) marketing program; and 2) marketing process. Whereas marketing program is related to the marketing mix variables, marketing process relates to the means that help firms to develop and implement marketing program (Jain, 1989).

Hill and Still (1984) suggest that the extent of standardization (or adaptation) is influenced by multinational and international product policies, in addition to cultural and economic differences. The authors, in an empirical study of multinational corporations, found out that product adaptation is essential either because of environmental conditions such as legal, climatic, and economic issues or local competition. To increase the international firms' market position in each local market due to local custom and culture, Hill and Still recommend an adaptation strategy of marketing program for international firms.

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Kotler (1986) believes that there are three major motivators for adaptation in foreign markets: i) degree of variations of customer requirements for special product features across countries; ii) differences in customers' buying behavior and their resources across international markets; and iii) variation of environmental conditions, such as governmental rules, climate, and competition in international markets. Being conscious of the different food regulations and laws across foreign markets, products such as Coca-Cola and McDonald's adopt a "Plan global, act local" approach. 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.

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.

In the current research and building on the discussions and arguments above, a number of antecedent factors are hypothesized to influence the marketing mix and in turn the export performance of the Malaysian companies. These factors include international experience, technology intensity, competition level, government

regulation, cultural differences, economic differences, country image, physical condition, and marketing infrastructure. Furthermore, the framework designed for the present research is grounded on the way these factors affect the marketing mix in the Malaysian export companies. Then, the way marketing mix influences the export performance is examined. The components of the framework are discussed in further detail and the relevant research hypotheses are presented in the following section.

MATERIALS AND METHOD

Research Framework:

Based on the antecedent factors influencing the degree of adaptation of firms, the following figure (Figure 1) shows the framework upon which the study is grounded. This framework is grounded on previous research studies that have been conducted in the field of marketing mix (Park, 2006). Park (2006) argues that the degree of marketing adaptation is a function of a group of firm factors (e.g., international experience), industry factors (e.g., technology intensity, level of competition), and export market factors (e.g., government regulation, cultural differences, economic differences, physical conditions, and marketing infrastructure). It also suggests that the degree of overall marketing strategy adaptation is influenced by the many internal (firm and product factors) and external (industry and export market factors) factors.

Before introducing the framework upon which the present study is grounded, the researcher thought it would be good to highlight the antecedent factors that have been hypothesized to influence the overall marketing mix in the export field. To make it easier to comprehend, the previous researchers together with the factors that have been suggested and used in their studies are presented in the following table (Table 1).

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.

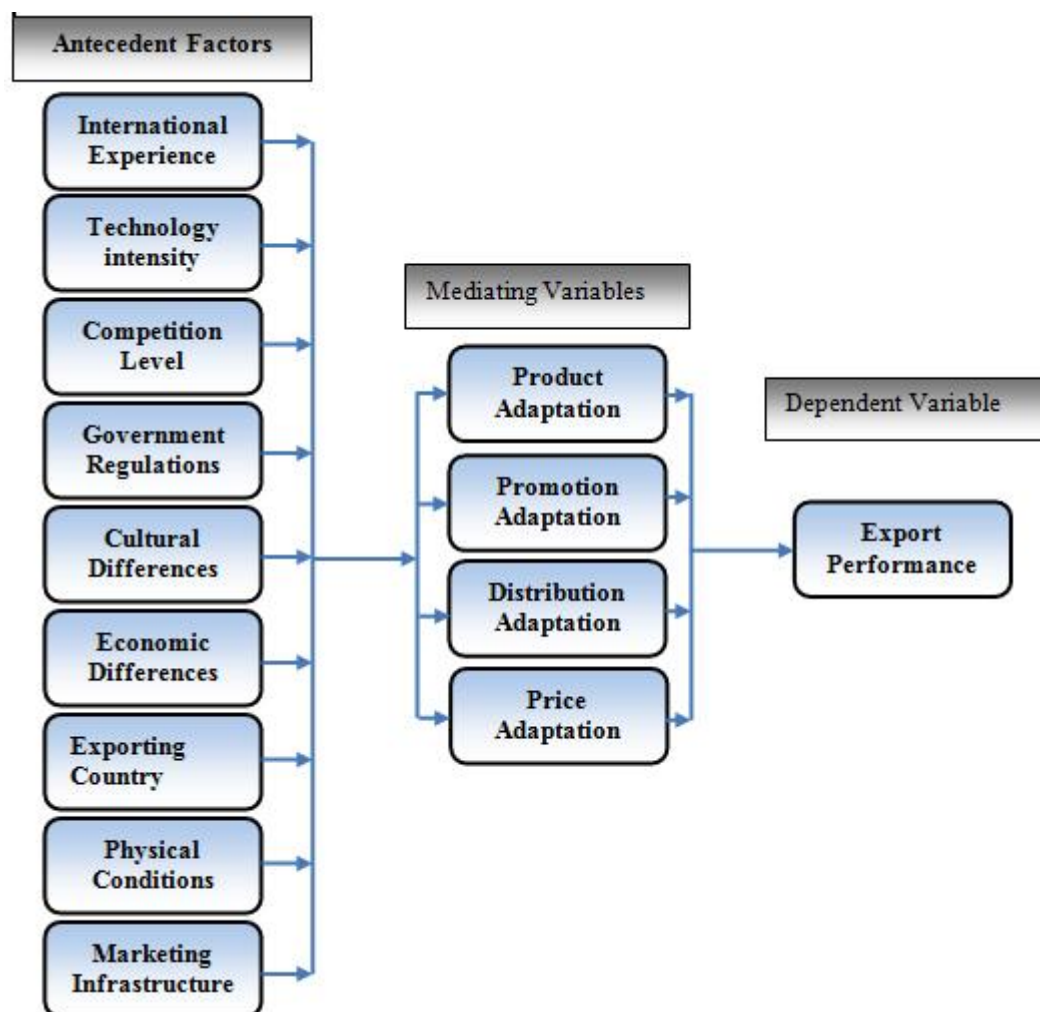


Fig. 1: The Framework of the Study.

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.

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.

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:

International Experience: The concept of international experience is related to the level of experience acquired by the firm as an international business player (Cavusgil & Zou, 1994). In this context, Terpstra (1987) argues that international experience allows firms to account for dissimilarities between markets and react to the idiosyncrasies of each local market with a modified marketing strategy. In the context of the present research, the construct of international experience was measured on a five-point-Likert Scale, measuring three main criteria. In the first criterion, the respondents were asked to indicate the level of their firm's export experience ranging from none (1) to considerable (5). In the second criterion, the respondents were asked to state the number of the years of export experience their firms have been involved also on a five-point-Likert Scale, that comprised: (1) 1-4 years; (2) 5-9 years; (3) 10-14 years; (4) 15-19 years; and (5) 20 years and above.

Technology Intensity: A number of researchers argue that technology intensive products, such as computer hardware, aircrafts, semiconductors, photographic equipment, heavy equipment, and machine tools need less adaptation strategies as compared to less technology intensive or traditional products, such as clothing, food, toiletries and household cleaners, because the latter product category is more sensitive and appeals to tastes, customs, and habits of each society (Cavusgil & Zou, 1994). In this context, Jain (1989) argues that if a product meets universal needs of customers, it requires less adaptation. In the present study, technology intensity was measured on a five-point-Likert Scale measuring the degree of technology orientation of the industries they are involved in and the measure ranged from not technology intensive (1) to technology intensive (5).

Level of Competition: An organization needs to modify its marketing strategy when international competition in export markets is present so as to meet the tastes and desires of customers in foreign markets to gain a competitive position over its rivals (Cavusgil, Zou, & Naidu, 1993). This would in turn lead to local market expansion and entry into new market segments (Douglas & Craig, 1989). On the other hand, an organization may continuously perform well in foreign markets with a standardized marketing strategy when competition is absent (Jain, 1989). In the present research, the competition level was measured on a five-point-Likert Scale measuring two main criteria. In the first criterion, the respondents were asked to describe the degree of competitive intensity in the main export country on a five-point-Likert Scale ranging from not competitive (1) to very competitive (5). In the second criterion, the respondents were asked to describe the similarity or difference of market share product position between Malaysia and the main export country on a five-point-Likert Scale ranging from very similar (1) to very different (5).

Government Regulation: Governmental rules, such as product standards, patents, tariffs, non-tariffs, and state participation in business influence all trends of the marketing strategy, thus necessitating an adaptation of marketing program in international markets to suit the rules of the governments of the target markets (Jain, 1989). In this context, Johnson and Arunthanes (1995) observe that differences in legal rules between the home and host market confine the standardization of marketing strategy. In the present research, the construct of government regulation was measured using three main criteria. In the first criterion, respondents were asked to describe the similarity or difference of government regulation on price and sales conditions between Malaysia and the main export country. In the second criterion, the respondents were asked to describe the similarity or difference of government regulation on product content, performance, and safety between Malaysia and the main export country. Finally, in the third criterion, the respondents were asked to describe the similarity or difference of government regulation on packaging requirements between Malaysia and the main export country. All these were measured on a five-point-Likert Scale ranging from very similar (1) to very different (5).

Cultural Differences: Jeannet and Hennessey (2001: 78) define culture as the "entire heritage of a society transmitted by word or any other form and includes all traditions, habits, religion, art and language". At the international level, it is necessary for marketers to understand culture that influences buyer behavior in foreign markets, which will in turn, formulate the nature of the international marketing policy. Therefore, cultural match between home and foreign markets necessitates the use of a standardized marketing policy (Jain, 1989). In the present study, the construct of cultural differences was measured using three main criteria. In the first criterion, respondents were asked to describe the similarity or difference in understanding and interpreting advertisements between Malaysia and the main export country. In the second criterion, the respondents were asked to describe the similarity or difference in consumer literacy and education level between Malaysia and the main export country. Finally, in the third criterion, the respondents were asked to describe the similarity or difference in socio-cultural customs and taboos between Malaysia and the main export country. All these were measured on a five-point-Likert Scale ranging from very similar (1) to very different (5).

Economic Differences: Differences in the stage of economic and industrial development between national and international markets can have an essential influence on the choice of marketing policy (Park, 2006). In the present research, the construct of economic differences was measured using three main criteria. In the first criterion, respondents were asked to describe the similarity or difference in gross domestic product (GDP) per capital between Malaysia and the main export country. In the second criterion, the respondents were asked to describe the similarity or difference in cost of labor between Malaysia and the main export country. Finally, in the third criterion, the respondents were asked to describe the similarity or difference in stage of economic development between Malaysia and the main export country. All these were measured on a five-point-Likert Scale ranging from very similar (1) to very different (5).

Exporting Country Image: Albaum *et al.*, (2002) argued that country of origin effects was related to the extent to which the place of manufacture influences product evaluations. In this context, Baalbaki and Malhotra (1993) believe that country of origin affects customer's perception and evaluation of a product. Therefore, the country of origin has a deep influence on the marketing policy and success of a product. In the present research, the construct of exporting country image was measured using three main criteria, by which the image of the Malaysian products in the export countries was assessed. In the first criterion, respondents were asked to state whether the products manufactured by Malaysian firms are perceived as superior to those manufactured by firms in other nations. In the second criterion, the respondents were asked to state whether Malaysia has a good name for producing products, such as the ones produced by their companies. Finally, in the third criterion, the respondents were asked to state whether their reputation is better than competitors' in international markets.

Physical Conditions: Jain (1989) and Shoham (1999) argue that the weather, geography, resources, and size of residential and office buildings are physical conditions of a country. The researchers further elaborate that differences in these physical conditions between the national and international market influence the feasibility of a standardized marketing policy. Furthermore, climate conditions also affect the promotion policy of companies (Jeannet & Hennessey, 2001). In the present study, the construct of physical conditions was measured using three main criteria. In the first criterion, respondents were asked to describe the similarity or difference in climate between Malaysia and the main export country. In the second criterion, the respondents were asked to describe the similarity or difference in building density between Malaysia and the main export country. Finally, in the third criterion, the respondents were asked to describe the similarity or difference in residential and office building size between Malaysia and the main export country. All these were measured on a five-point-Likert Scale ranging from very similar (1) to very different (5).

Marketing Infrastructure: Jain (1989) defines marketing infrastructure as the institutions and functions necessary to create and develop service demand, including retailers, wholesalers, sales agents, warehousing, transportation, credit, media, and more. The extent of standardization of the marketing strategy is influenced by the accessibility, performance, and cost of the marketing infrastructure in each local market (Jain, 1989). In the present study, the final construct on the antecedent factors that influence the marketing mix adaptation, namely the construct of physical conditions was measured using three main criteria. In the first criterion, respondents

were asked to describe the similarity or difference in distribution infrastructure between Malaysia and the main export country. In the second criterion, the respondents were asked to describe the similarity or difference in warehousing (e.g., storage warehouse) between Malaysia and the main export country. Finally, in the third criterion, the respondents were asked to describe the similarity or difference in transport (e.g., railroad, water, truck, air) service capability between Malaysia and the main export country. All these were measured on a five-point-Likert Scale ranging from very similar (1) to very different (5).

The following section addresses the measurement of the dependent variable in the present study, namely export performance.

In the present research, the antecedent factors that were examined a shaving an influence on the market adaptation strategies, and in turn, the export performance of Malaysian export companies, included nine factors: international experience, technology intensity, level of competition, government regulation, cultural differences, economic differences, physical conditions, exporting country image and marketing infrastructure. The items that measured these factors were adapted from a number of research studies in the literature (Park, 2006). All these items were measured on a five-point-Likert Scale in line with the available literature of the previous mentioned studies. The following section addresses the dependent variable of export performance.

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.

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.

a) Product Adaptation:

The present study attempts to analyze product adaptation on the basis of their level of adaptation in product quality, product design and style, product features/performance, and product branding. Prior literatures consider these product aspects as the most imperative. The firm's entire international experience has some influence on product adaptation, where more extensive product adaptation is customized to local market conditions for the purpose of competing in the host markets (Douglas & Craig, 1989).

The degree of adaptation needed by the firms' product strategy is the work of product features, namely product uniqueness, culture-specific products and types of products (Cavusgil & Zou, 1994). The differences in the customer needs and conditions require adaptation efforts in product strategy (Yip, 1997). In addition, economic and industrial differences that exist between home and host markets have a significant influence on the product adaptation strategies (Park, 2006). The degree of differences between the economic developments of the markets is found to be positively related to the degree of product adaptation (Chung, 2002). The differences

in the consumer purchasing power found in less developed countries and developing countries force firms to modify their products package size and packaging protection (Hill & Still, 1984, Park, 2006). In other words, the higher the differences in the economic development, the greater will be the degree of adaptation needed in the product strategies.

b) Promotion Adaptation:

Promotion adaptation in the present study is analyzed on the basis of the degree the firm adapts its advertising, sales promotion, personal selling and publicity strategies, which are required to customize exports to the local market conditions (Douglas & Craig, 1989). Promotion adaptation is also related to soliciting information in order to enhance promotional strategies for local needs and therefore improving promotional materials and advertisements. The differences that lie in customer purchasing calls for adaptation of marketing strategies components and hence promotional programs have to be customized accordingly. The level of adaptation of promotional strategy is found to be lower for industrial products compared to consumer goods (Cavusgil *et al.*, 1993). Promotional practices and promotional budgets have to be modified in foreign firms in order to compete with competitor's offerings, promotion expenditures and their promotional messages (Peebles & Ryans, 1984).

c) Distribution Adaptation:

In the present study, the degree of adaptation in the distribution programs in the local market conditions was analyzed for successful market penetration. According to Douglas and Craig (1989), the distribution strategies of firms should be customized to satisfy the needs of the host markets. This entails recognizing the differences in the business environment between the home and host markets, leading to the modification of distribution strategies. The diverse marketing infrastructures are significant in the distribution adaptation because they influence the distribution process. In cases where there is a large discrepancy in institutions in the host market, a significant adaptation is needed. Differences in intermediary services, research firms, media and logistical support in host markets require a major adaptation (Jain, 1989). Also, differences in the availability cost and competencies of these institutions from one market to another force firms to adapt to the marketing and distribution strategies (Harvey, 1993).

d) Pricing Adaptation:

In this type of adaptation, the present study evaluates the degree of adaptation in the firm's pricing strategies across foreign markets. Generally speaking, customer requirements and wants are different from one market to the next; hence, it is vital to keep in mind that the value the customer fixes to the product varies. This requires pricing strategies' adaptation and reflects the price sensitivity of consumers in local markets (Sousa and Bradley, 2008). Marketing adaptation efforts are in play in cases where firms recognize well-structured inter-market segments (Samiee & Roth, 1992). In sum, the greater the difference in the customer needs, the higher will be the degree of adaptation of the pricing strategies.

The differences in marketing infrastructure existing between markets also have some kind of influence upon the pricing adaptation. Differences regarding the number, size, distribution outlets, promotional methods, prevailing wholesale and retail margins, price and discount structures, product design and packaging, influence pricing strategies adaptation (Samiee, 1993). In other words, the greater the difference found in the marketing infrastructure, the higher will be the adaptation needed in the pricing strategies.

The complexities surrounding technology-oriented products affect the adaptation of pricing strategies. It has been noted that high technology products often take up a competitive or adaptive pricing strategy for the purpose of widening the demand in the export markets, which is significant in order to for them to recover from the significant technological investment at the onset (Cavusgil & Zou, 1994). Price is found to be positively linked to technology intensiveness, in which case, the greater the technology, the higher will be the price (Jain, 1989).

Results:

Instrument Reliability and Validity:

Following the two-step approach recommended by Zikmund (2000), adequacy of each multi-item scale in capturing its construct was assessed using the measurement model of all constructs by checking internal consistency reliability, convergent validity and discriminant validity, before testing the hypotheses via the causal model. Several tests were performed on the measurement models to examine their validity and reliability. First, the composite reliability for the internal consistency was demonstrated, since values for all constructs were above the suggested threshold of 0.60 (Table 3), and the lowest value of composite reliability was 0.95, which is larger than the recommended value of 0.60, showing good reliability. Convergent validity was assessed by examining Average Variance Extracted (AVE) from the measures. For AVE, a score of 0.5 indicates

acceptability (Fornell and Larcker 1981). From Table 3, we can see the AVE ranges from 0.827 to 0.988, which shows convergent validity. Also, the Cronbach's Alpha for all constructs are above 0.70, which implies a high reliability of the measures.

Second, the standardized factor loadings for all items are above the suggested cut-off 0.60 and all are significant, showing strong evidence of convergent validity (Hatcher, 1994). All items are significant with high loadings, which are above the recommended value of 0.60, therefore demonstrating convergent validity.

Table 3: Factor Analysis Results and AVE/CR.

Construct	Items	Factor Loading	AVE	Composite Reliability	Cronbachs Alpha	R Square
Export Experience	EXP1	0.963	0.902	0.965	0.946	
	EXP2	0.934				
	EXP3	0.952				
Technology Intensive	TEC1	NA	NA	NA	NA	
Competition Level	COM1	0.980	0.959	0.979	0.957	
	COM2	0.979				
Government Regulations	GOV1	0.980	0.941	0.980	0.969	
	GOV2	0.961				
	GOV3	0.970				
Cultural Differences	CUL1	0.971	0.939	0.979	0.968	
	CUL2	0.972				
	CUL3	0.965				
Economic Differences	ECO1	0.955	0.892	0.961	0.940	
	ECO2	0.940				
	ECO3	0.940				
Company Image	IMG1	0.985	0.966	0.988	0.982	
	IMG2	0.982				
	IMG3	0.982				
Physical Conditions	PHY1	0.964	0.933	0.977	0.964	
	PHY2	0.971				
	PHY3	0.963				
Marketing Infrastructure	INF1	0.976	0.939	0.979	0.968	
	INF2	0.969				
	INF3	0.962				
Product Adaptation	PRD1	0.957	0.827	0.950	0.930	0.661
	PRD2	0.910				
	PRD3	0.919				
	PRD4	0.848				
Promotion Adaptation	PRM1	0.950	0.863	0.962	0.947	0.594
	PRM2	0.889				
	PRM3	0.943				
	PRM4	0.934				
Distribution Adaptation	DIS1	0.940	0.868	0.963	0.949	0.616
	DIS2	0.927				
	DIS3	0.930				
	DIS4	0.929				
Price Adaptation	PRI1	0.942	0.875	0.966	0.953	0.574
	PRI2	0.916				
	PRI3	0.943				
	PRI4	0.942				
Export Performance	PER1	0.969	0.940	0.984	0.979	0.506
	PER2	0.971				
	PER3	0.969				
	PER4	0.969				

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).

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.

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.

Discussion:

The primary goal of the present research was to investigate the impact of the antecedent factors on the performance of exporting companies in Malaysia. It should be kept in mind however that this link was investigated through the mediating influence of marketing mix adaptation which acted as the mediating variable in the present study. In other words, the antecedent factors represent the independent variables and these factors included: international experience, technology intensity, competition level, government regulation, cultural differences, economic differences, country image, physical conditions and marketing infrastructure. Furthermore, export performance represents the dependent variable in the present research. Finally, the mediating variables through which the link between the independent and dependent variables was examined are represented through four main variables, namely product adaptation, promotion adaptation, distribution adaptation and finally, pricing adaptation. Apart from that and in order to provide deep and rich investigation, the impact of the antecedent factors on the marketing mix adaptation was examined. In addition, the impact of the marketing mix adaption on the export performance of Malaysian export companies was also examined and reported.

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

The modern export market is filled with numerous products and services. Due to globalization, there has been an increase in trade by many international companies. This has resulted in intense competition and firms are struggling for the available market share. This has resulted in the formulation of strategies to gain a larger market share. One of the most commonly used strategies is the marketing strategy. Companies must use aggressive marketing strategies so as to gain a greater portion of the market share. Marketing strategies emphasize on the four main elements of the marketing mix, i.e., product, price, distribution and promotion. Export companies must ensure that a conclusive study is carried out so as to determine the differences that exist between the home and the foreign countries.

In this study the performance of the exporting companies in Malaysia was evaluated based on the need to change their marketing mix when they operate in a foreign land. The exporter's perception on these four main marketing mix elements was evaluated. The main aim of the study was to determine whether changes or differences between the host and foreign countries can significantly affect the current marketing mix elements and force companies to adapt. The researcher also carried out an analysis on whether changes/differences in physical environment, economic differences, cultural differences, technology intensity, government regulations, international experience, marketing infrastructure, country image and the competition level, affect export performance.

The findings in this research showed that some of the factors under consideration had an impact on the performance or the export of goods, while other factors had trivial effects on export performance. The main factors affecting export performance were international experience, economic differences, physical conditions and the marketing infrastructure. These factors had several mediating marketing mix strategies that needed to be adopted if there were significant differences between the home country and the foreign country. The other factors did not affect the export market. The finding also shows that the main marketing mix elements that determine the market performance in Malaysia are product, distribution and promotion. The results obtained are consistent with other studies, but in some cases, the results differ considerably. The main reasons why all factors and antecedents did not affect the export market performance were that most of the countries that trade with Malaysia have a small difference in most of the factors. Another reason was the fact that most of the companies relied on distributors who formulate their own marketing mix strategies.

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 has been mentioned earlier that most of the research on the adaptation/standardization processes and their impact on export performance focused on two main streams. In the first stream, a number of studies investigated the impact of the antecedent factors on the overall marketing mix strategies (Zou *et al.*, 2009). In the second stream, other research studies attempted to investigate the relationship between the marketing mix strategies and export performance (Dess *et al.*, 2011). However, very little research attempted to explore the relationship between the antecedent factors and the export performance through the mediating influence of marketing mix strategies. In the present study, the earlier two streams were examined, but more importantly, a third stream was added which is the relationship between the antecedent factors and the export performance through the mediating influence of marketing mix adaptation strategies. Most of the previous work examined the influence of the antecedent factors on the marketing mix strategies individually. In other words, the impact of each antecedent factor was examined on each of the marketing mix strategies. No studies attempted to examine the impact of the antecedent factors on the marketing mix as a whole.

This study showed that most of the marketing mix elements affected the performance of the exporting companies. From the findings, it is important to note that not all the marketing mix elements affect the performance of a company at the international level. There is therefore the need to study the market and make a correct analysis. The results also indicated that adaptations are due to differences, such as culture, competition, physical conditions, marketing infrastructure, and technology intensity, which differ from one country to another. The results obtained show that there are variations between the different regions and therefore, studies should be carried out before exporters can decide whether to adapt or standardize. Furthermore, this study also

indicated that both adaptation and standardization have their advantages and disadvantages. In some cases, standardization results in higher profits, while in other cases, adaptation must be used to ensure that marketing mix is altered to enable firms to gain competitive advantage.

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