



Global marketing strategy modeling of high tech products[☆]

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ABSTRACT

This study considers the role of global marketing strategy and its relation to market orientation, international experience, and performance in the high tech products context. Knowledge of this important domain of global marketing strategy and performance remains limited. In this respect, the study raises a number of important questions concerning how market orientation, international experience and global marketing strategy impact performance. The study empirically tests predictions of relationships by using mail survey data from 172 business units of high tech firms. Findings from the research sample support the argument that market orientation, international experience, and global marketing strategy are the key antecedents of organizational performance. Market orientation and international experience influence global marketing. The article concludes with theoretical and managerial implications of the research findings.

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1. Introduction

The study of global marketing strategy–performance relationship is not new. In the global marketing literature a firm's global marketing strategy has a positive effect on its global market performance (e.g., Birnik and Bowman, 2007; Craig and Douglas, 2000; Kustin, 2010; Zou and Cavusgil, 2002). However, the literature does not resolve issues that influence whether, and to what extent, performance is different in high tech markets. The lack of a generally accepted conceptualization of global marketing strategy and performance represents a major gap in the existing literature when different researchers adopt different views of research constructs.

The issues may require a reassessment of the relation of some of the more widely acceptable drivers of global marketing strategy and performance. For example, what is an acceptable conceptualization of global marketing strategy and performance in the high tech products context? How do environmental forces and global marketing strategy influence organizational performance? To what extent do environmental forces influence global marketing strategy choice and implementation? The main knowledge contribution of this study is to develop a broad conceptualization of global marketing strategy and performance to integrate the existing perspectives for the high tech products context. Second, this paper is to substantiate the empirical

link between marketing strategy and performance based on resource based view. Third, the study makes an effort to lay a theoretical foundation in the high tech products context.

2. Literature review and research hypotheses

2.1. Performance

Because of measurement issues, numerous international marketing studies use return on investment (ROI), sales, sales growth, and overall performance as indicators of company performance (Cooper and Kleinschmidt, 1985; Zou and Cavusgil, 2002). Strategic performance refers to a firm's global market share and competitive position relative to major rivals when a firm's market share affects its profitability (Szymanski, Sundar, and Varadarajan, 1993). Marketers have great interest in how various strategies and orientations affect company performance in the high tech products context. New product success and innovation might consider a dimension of firm performance (Baker and Sinkula, 2005). To clearly address this issue, however, researchers and practitioners alike must agree on acceptable measures of performance to capture any effect of global marketing performance initiatives in the high tech products context.

2.2. Market orientation

The market orientation phenomenon is originally conceptualized as the implementation of the “marketing concept” (Hult, Cravens, and Sheth, 2001; Kohli and Jaworski, 1990; Slater and Narver, 1995). Market orientation involves a set of focused behaviors – the collection of intelligence on customer needs, the extent to which the obtained external intelligence is disseminated within the firm, and the action

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taken in response to the intelligence that is generated and disseminated (Conduit and Mavondo, 2001; Kohli and Jaworski, 1990).

The global marketing literature establishes that a market orientation can lead to sustain and improve business performance (Kwon, 2010; Mohr and Sarin, 2009; Morgan, Vorhies, and Mason, 2009). Some researchers make an effort to explore market orientation in the high tech product context, which produces some empirical evidence of a positive link between market-oriented behaviors and performance (e.g., Borges, Hoppen, and Luce, 2009; De Luca, Verona, and Vicari, 2010; Yoo, Suh, and Lee, 2008). However, the lack of consistent and conclusive empirical evidence for the effect of global market orientation on performance is a serious issue.

H1. Market orientation has a positive effect on performance.

2.3. Global marketing strategy

The literature shows a lack of agreement about what constitutes global marketing strategy. In the current literature, three major perspectives of global marketing strategy are the standardization perspective (e.g., Laroche, Kirpalani, Pons, and Zhou, 2001; Samiee and Roth, 1992; Szymanski et al., 1993), the configuration–coordination perspective (e.g., Roth, 1992) and the integration perspective (e.g., Birkinshaw, Morrison, and Hulland, 1995). The standardization perspective views a firm as pursuing a global marketing strategy if its marketing programs across different countries are standardized, particularly with regard to its product offering, promotional mix, price, and channel structure (e.g., Fritz and Dees, 2009; Jain, 1989; Johansson and Yip, 1994; Ohmae, 1989; Samiee and Roth, 1992).

The configuration and coordination perspective of global marketing strategy focuses on configuration and coordination of a firm's value-chain activities (Craig and Douglas, 2000; Roth, Schweiger, and Morrison, 1991; Zou and Cavusgil, 1996). Therefore, in the integration perspective the major essence of global marketing strategy is to integrate the firm's competitive moves across the major markets in the world (Birkinshaw et al., 1995; Ghoshal, 1987). Adopting different measurement schemes for global marketing strategy, findings of different studies cannot be meaningfully compared in the previous studies. In light of the limitations in the existing literature, developing a comprehensive conceptualization of global marketing strategy that can incorporate the existing perspectives in the research context would be helpful.

Researchers (e.g., Schike, Reimann, and Thomas, 2009; Zou and Cavusgil, 2002) argue that global marketing strategy plays a critical role in determining a firm's performance in the global market. However, some inconsistent findings in prior studies are explainable by researchers' focus on different dimensions of global marketing strategy and their adoption of various measurement schemes. Furthermore, different industries are culturally different from other industries so developing a conceptual model to understand global marketing strategy behavior is necessary. Another gap is that marketing strategy program and process elements are not well-constructed in the high tech context.

H2. Global marketing strategy influences a firm's strategic performance positively.

According to the resource based view (RBV), a firm's competitive advantages reside in the heterogeneity of the immobile strategic resources (e.g., Barney, 1991). Strategy is viewed as a firm's conscious move to leverage its resource (Hamel and Prahalad, 1994; Wernerfelt, 1995). Thus, the drivers of a firm's competitive strategy and performance may be internal to the firm. Market orientation is a valuable organizational resource because it is difficult to copy in a firm's global rationalization of marketing operations and has been linked

to a firm's adoption of global marketing strategy (Han, Kim, and Srivastava, 1998; Morgan et al., 2009).

H3. A firm's market orientation influences global marketing strategy positively.

2.4. International experience

The value of international experience for global marketing exists in the marketing literature. Qian and Delios (2008) stress international experience as a driver in a firm's global expansion. The most experienced international firms are likely to seek global rationalization of their marketing operations, whereas firms with less experience are unlikely to do so (Douglas and Craig, 1992). Experienced international firms are more likely to identify strategic markets to enter, respond to changing global market environment, and take advantage of the different comparative advantages of various countries (Sambharya, 1996).

A firm's physical resources are important antecedents of performance because it places primary emphasis on the intangible skills and resources of the firm (Barney, 1991; Porter, 1996), such as organization culture and international experience. Experience in international operations enables firms to select better export markets, formulate suitable marketing strategy, and effectively implement the chosen strategy (Douglas and Craig, 1989).

H4. The firm's international experience influences global marketing strategy positively.

Empirical evidence supports the positive relationship between export performance and a firm's international experience (Carlsson, Nordegren, and Sjöholm, 2005). Cavusgil and Zou (1994) offer empirical support for the positive effect of international experience on a firm's performance. Despite scant empirical support for this link, the existence of a positive relationship between international experience and performance is expectable.

H5. A firm's international experience influences its global strategic performance positively.

After reviewing the global marketing literature and conducting a preliminary in-depth interview with 15 marketing managers of SBU, three groups of construct across appear to influence performance: global marketing strategy, international experience and market orientation. Fig. 1 shows the research hypotheses and framework.

3. Method

3.1. Measures

In all, 23 items capture performance, market orientation, international experience and global marketing strategy. Jaworski and Kohli's (1993) 6-item scale measures market orientation and Cavusgil, Zou, and Naidu's (1993) 3-item scale measures international experience. The present study uses a 4-item instrument that Baker and Sinkula (2005) provide to measure performance. Zou and Cavusgil's (2002)

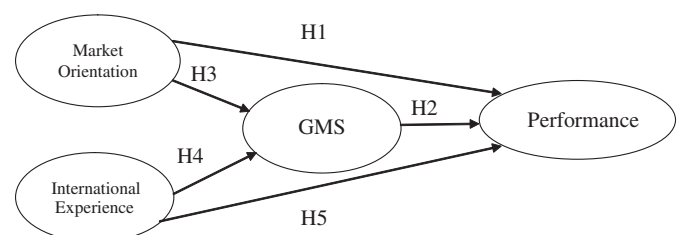


Fig. 1. Research framework.

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