

Determinants of export marketing strategies of forest products companies in the context of transition — The case of Slovakia

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Abstract

Determinants of export performance have been extensively examined in the literature. Although marketing strategy is considered to be one of the major determinants of export performance, little attention has been paid to the factors affecting export marketing strategies. Direct empirical evidence pertaining to factors influencing export marketing strategies is lacking not only for developed western countries, but also for the transition countries of Europe. As a consequence of the changes that have taken place in these countries over last 17 years, the factors influencing export marketing strategies might significantly differ from the factors observed in the developed western countries. Additionally, this situation as it relates to the forest products industries specifically is still unknown. Incorporating insights from the resource-based view of the firm, market-as-network perspective and institutional theory connected by characteristics of transaction costs theory, the objective of this study was to determine deductively, and to subsequently test, the factors influencing export marketing strategies in the forest products industries in the context of Slovakia. A case study approach employing a qualitative methodology using in-depth personal interviews with individual decision makers from forest products companies was chosen to test the framework. The results suggested that generally the physical and relational resources and domestic formal institutions have the most relevant bearing on export marketing strategies. In addition, company history reveals that the years of the transition process are still having an effect.

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1. Introduction

It is commonly recognized that exporting represents an attractive means of tapping foreign market opportunities. Consequently, researchers have tended to seek out the driving forces behind the successful export concepts. Over 700 exploratory variables have been found in the literature on the determinants of export performance (Gemünden, 1991). Although export marketing strategy (EMS) is considered to be one of the major determinants of export performance (Aulakh et al., 2000; Dean et al., 2000; Hooley et al., 2001), an elaboration of EMS and its influencing factors has as yet not taken place. A few studies have, however, examined export performance and the role of export marketing strategies by identifying their influencing

factors (Dhanaraj and Beamish, 2003; Morgan et al., 2004; Neill et al., 2006). These studies explicitly arrived at either external or internal factors influencing EMS. Nevertheless, this conclusion might be too narrow for several reasons. Firstly, by adhering to the normative view, the overwhelming majority of the influencing factors in the literature have been tested inductively or derived from different theoretical schools of thought (Cavusgil and Zou, 1994; Langes and Montgomery, 2003). This has prompted several authors to express the need for a more coherent theoretical model (Gemünden, 1991; Leonidou et al., 2002; Zou and Stan, 1998). Second, of the small number of studies in which theoretical perspectives have been applied to determine the factors influencing EMS within the export performance framework, all have remained solely within the boundaries of one theoretical perspective. For instance, the insights of transaction cost theory (TCT) (Shoham, 1999) or resource-based view of the firm (RBV) (Dhanaraj and Beamish, 2003; Ling-Yee and Ogunmokin, 2000). Third, as none of the existing studies has

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focused on the transition countries of Europe, it remains unclear whether the factors arrived at either inductively or from the various theoretical schools of thought will have any bearing on EMS in a transition context generally, and on forest products companies in particular. The recent transition process accompanied by the liberalization, privatization, and particularly the restitution of state owned forests, represents an institutional environment which differs from that which a firm in a developed western country would encounter. After all, these economies including the Slovakian economy, have had to integrate “themselves into an international economic order that closes off options available 20 or 30 years ago” (Eichengreen and Kohl, 1998: 2). Finally, the determination and testing of factors influencing EMS is still untapped in the case of the forest products industries with past research focusing mainly on either the key characteristics of successful exporters (Eastin et al., 2004) or the marketing strategy classification (Borowski, 1996; Hansen et al., 2002; Niemelä, 1994).

Unlike inductive studies which seek general conclusions, these gaps are addressed by means of a case study and employing deductive logic. What is more, the purpose of the case study was not to prove or falsify any hypothesis, but rather to ascertain influencing factors and to test their relevance with respect to the export marketing strategies construct. Additionally, applying only one theoretical perspective on the new settings of transition economies might have equated to “committing the fallacy of assuming that constructs and theories developed” in developed western countries automatically apply in transition countries also (Burgess and Steenkamp, 2006: 346). In contrast to other studies, in this case the insights of various theoretical perspectives were grouped in the manner observed in the literature on organization governance, strategic management and international business (Barney, 1986; Coles and Hesterley, 1998; Conner, 1991; Leiblein, 2003; Leiblein and Miller, 2003). In addition, “the value of including institutional factors in the corpus of mainstream economics is made clear” (Coase, 1992: 714). Thus, the incorporation of institutions has already been evidenced in the business strategy research carried out in the transition context (Hoskisson et al., 2000; Meyer and Peng, 2005).

Further applying this logic, with the aid of the characteristics of transaction cost theory (*asset specificity and exchange uncertainty*) the insights of four theoretical perspectives were combined: business studies, resource-based view of the firm, market-as-network perspective and institutional theory (Fig. 1). The purpose of this review is to highlight the joint and interactive application of asset specificity and exchange uncertainty in the examination of the factors influencing the EMS construct. The similarities and differences in the assumptions and predictions offered by each theoretical perspective were also emphasized.

2. Conceptual framework

2.1. Export marketing strategy

The marketing strategy is a roadmap of how a firm assigns its resources (Selnes and Johnson, 2004), relates to its environment

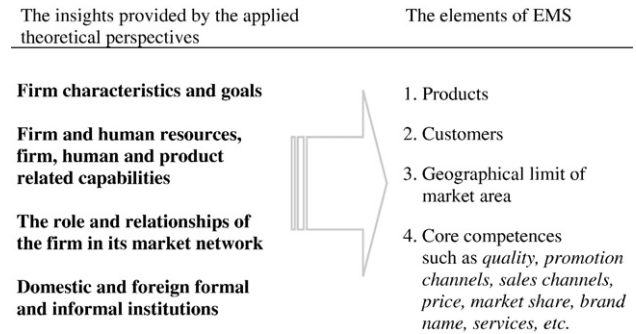


Fig. 1. The conceptual framework.

(Niemelä, 1994) and achieves corporate objectives (Greenley, 1989) in order to generate economic value and keep the companies ahead of its competitors. The issue of marketing strategy has reached relative theoretical maturity, which is in contrast to studies on the foreign market field. However, the definitions and concepts for both research streams are rooted in the strategy research. Particularly, the concepts of marketing strategy generally embrace marketing mix elements (Calantone et al., 2006; Cavusgil and Zou, 1994; Langes and Montgomery, 2003) and the decisions are therefore based mainly on product, price, distribution and promotion (Kotler, 2003). Nevertheless, other important facets of the export marketing strategy construct comprise not only the market offering aspect, but also the geographical design of the marketing value chain and the competitive process aspect (Lim et al., 2006).

While marketing strategies are becoming more important to the forest industry as it moves toward a market-oriented philosophy (Sinclair, 1992), the broader view has been emphasized in the forest products marketing research (Juslin and Hansen, 2003; Niemelä, 1994). In this respect, the marketing strategy is closely related to the company strategy, and is conceptualized on the basis of decisions taken regarding product, customer, geographical limits of market area and core competences (Juslin and Hansen, 2003). This construct, which has found application in developed western countries (Borowski, 1996; Hansen et al., 2002; Niemelä, 1994), was employed in the theoretical framework of this study (Fig. 1). Because of its various facets, the framework will still apply in the conceptualization of the export marketing strategy construct. However, it will be subject to the uncontrollable, highly complex and multi-dimensional elements of the marketing environment (Doole and Lowe, 2004), particularly as evident in transition countries (Baatra, 1997; Hooley and Beracs, 1997) and across national boundaries in general (Albaum et al., 2002).

2.2. Applied theoretical perspectives

Transaction cost theory, an umbrella over the conceptual framework of this study, states that there are costs involved in carrying out any transactions (exchanges between economic actors), “whether the transactions occur in a market or within a hierarchy” (Godfrey and Hill, 1995: 520). Three assumptions

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