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Effect of Appropriate Marketing Mix Strategies on Iranian Protein Products Export Performance

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Abstract

The purpose of the present paper is to examine effect of effect of appropriate marketing mix strategies on Iranian protein products export performance. 4P (Price, Product, Place, Promotion) were selected as marketing strategies. The data used to test the hypotheses were collected through an online standard questionnaire. The respondents were asked to rate on the scale between strongly agree and strongly Disagree. Reliability of questionnaire was measured using Cronbach Coefficient Alpha. The results show that export performance was affecting all factors except of promotion. Generally, the findings indicate that export development of Iranian protein products is affected by the use of appropriate marketing strategy. Thus, exporters can improve their performance with select appropriate marketing strategy.

Keywords: Strategy International Marketing, Export, Marketing Mix

Introduction

Today, most countries with adjustment of foreign trade limitations encourage imports and foreign activities. In other hand, they made export development as their growth strategy. These policies and procedures have facilitated the entry into foreign markets. But, markets penetrate and marketing activities harder than before due to intense competition companies. It has created challenges for marketers. Therefore, companies must be aware of the concepts, strategies and how International Marketing does.

Strategy is a program for establish a relationship with environmental factors that often are contradictory, to meet organizational goals. In other word, it indicates that organization want go to where and strategy is determines how to get there (Khan et al., 2008). In strategic look to the concept of International Marketing, International Marketing System is one of the international corporations main systems while should coordinate with all sub- systems to increase of export performance. The marketing strategy is a roadmap of how a firm assigns its resources (Selnes and Johnson, 2004), relates to its environment and achieves corporate objectives 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.

In this respect, the marketing strategy is closely related to the company strategy, and is conceptualized based on decisions taken regarding product, customer, and geographical limits of market area and core competences (Juslin and Hansen, 2003). Because of its various facets, the framework will still apply in the conceptualization of the EMS 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 across national boundaries in general. Exporting represents one of the most common entry modes to international markets. Consequently, exporting and export behavior have been a primary area of interest in the international marketing field and the focus of extensive marketing literature. However, the majority of empirical studies in this area give little attention to the effect of marketing strategy on development export of protein products. Despite, there are the good potentials in Iran for egg production and export surplus abroad of Iran. In addition, the appropriate markets for these products have been identified in neighboring countries. However, this product export does not have the necessary utility, now. Chicken is considered also one of the staples in the food basket of households. Thus, in this paper tried to examine impact of marketing strategy on export performance of protein products. In this regard, literature and history of research have been expressed and have been provided the appropriate conceptual model.

Theoretical Framework and Hypothesis Development

Figure 1 presents the study's conceptual framework, showing the hypothesized relationships between the constructs.

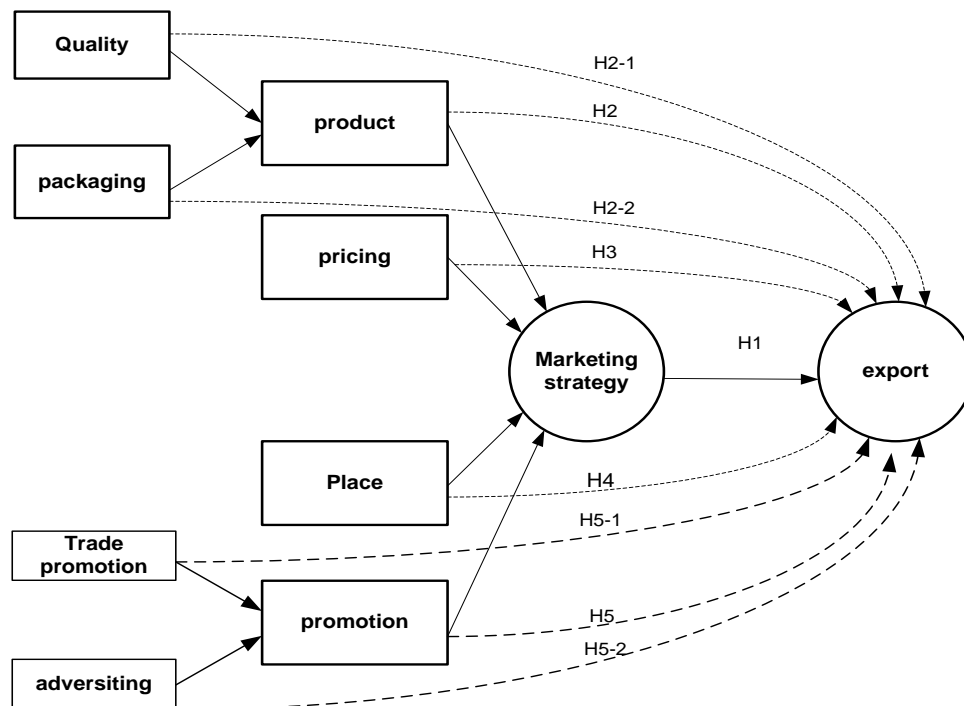


Figure 1. Conceptual Model

Marketing Strategy

Marketing strategy is a means by which firms respond to competitive market conditions. Traditionally, marketing strategy has been decomposed into the four elements of the marketing mix, i.e. product, pricing, place and promotion. The linking of marketing strategy to export performance has been one of the most widely investigated topics in international marketing research. (Lee & Griffith, 2004; Pauwels & Matthyssens, 2004; Myers et al., 2002; Brodrechtova, 2008; Calantone et al., 2006; Theodosiou & Leonidou, 2003; Berthon et al., 2012; Lages et al., 2004; Ulaga & Chacour, 2011; Theodosiou. & Leonidou , 2003; Brodrechtova, 2008; Lages & Montgomery, 2004; Zou et al., 1997; Hultman et al., 2009; Lages et al., 2009).

This study's purpose is exploration the influence of varying marketing mix on protein products export.

H₁. Export development of Iranian protein products is affected by the use of appropriate marketing strategy

Export Product Strategy

Export product strategy refers to the degree that a firm standardizes or adapts its products. The effect of product adaptation on export performance has been a widely researched marketing strategy (Lee & Griffith, 2004; Calantone et al., 2006; Lages et al., 2004). For exporters serving dissimilar customer segments throughout the world, standardization may alienate foreign customers who might switch to another product that better fulfills their needs. Firms engaging in product adaptation can meet cross-border differences of the needs and wants of the firm's target customers, thus increasing customer satisfaction and overall performance. Thus, it is hypothesized that export products adapted to foreign market conditions will enhance development of export protein products. More formally stated:

H₂. Export development of Iranian protein products is influenced by use of appropriate product strategy.

In this study are specifically focusing on product issues of adaptations to packaging, product quality. Thus, second hypothesis is divided into two below hypotheses:

H₂₋₁: Export development of Iranian protein products is influenced by use of appropriate packaging.

H₂₋₂: Export development of Iranian protein products is influenced by use of the high-Quality product.

Export Pricing Strategy

Export pricing strategies in the context of this study refers to the standardization or adaptation of international pricing policies. Firms are able to ensure responsiveness to changing market conditions, competitive situations, and environmental forces through the employment of adaptive pricing strategies.

Prior research suggests that pricing adaptation allows a firm to adjust to local competitive conditions, thus enhancing its ability to position itself in the market, resulting in export success. Some researcher considered price factor to detriment of EMS (Lee & Griffith, 2004; Lado et al., 2004)

For exporters, engaging in price adaptation strategies enables quick pricing adjustments to local market fluctuations, thus allowing for development of export. More formally stated:

H₃. Export development of Iranian protein products is influenced by use of appropriate pricing strategy.

Export Place Strategy

In this paper have been focused on distribution channel, Export channel strategies can be classified as direct or indirect. Direct exporters, i.e. those exporters selling directly to an importer or buyer located in a foreign market are responsible for the directing of activities associated with export sales, requiring the exporter's commitment in terms of attitudes and behavior for export success.

Direct exporting has several advantages; for example, it can lead to better knowledge of export markets due to direct contact, increase export profitability by absorbing part of the gross margin provided to trading companies, etc.

Alternatively, exporters engaging in indirect exporting use independent intermediaries to market the firm's products overseas. These intermediaries employ their network of foreign distributors and their own sales force

Previous research suggests that successful exporters employ more direct exporting than indirect exporting (Lee & Griffith, 2004; Mehta et al., 2005). Exporters employing a direct channel strategy have greater access to market information and are able to adapt more quickly to changes in the marketplace than exporters pursuing in an indirect channel strategy. Thus, exporters pursuing a direct channel strategy are theorized to be able to achieve development of export.

More formally stated:

H₄. Export development of Iranian protein products is influenced by appropriate distribution channel.

Export Promotion Strategy

H₅. Export development of Iranian protein products is influenced by appropriate promotion strategy.

Advertising and trade promotions are two categories of export promotion. The positive influence of advertising on export performance is based on the rationale that through sound advertising procedures an exporter can stimulate higher sales. Exporters who have a greater commitment to their export markets will incur higher levels of advertising expenditures, resulting in higher performance than exporters that are less committed to their export markets. For exporters in export-driven developing economies, advertising expenditures become critical as these exporters have yet to establish brand familiarity in foreign markets. Therefore, it is hypothesized that an exporter's expenditure for overseas advertising will positively influence development of export protein products. Formally stated:

H₅₋₁: Export development of Iranian protein products is influenced by appropriate advertising strategy.

In addition to advertising, trade promotions (e.g. buying allowances, free goods, co-operative advertising) can be used by an exporter to enhance export performance. Supporting a distributor in the export market can lead to a co-operative partnership between the exporter and the distributor, increasing export performance.

Exporters actively engaged in trade promotions more quickly adapt to marketplace dynamics, enhancing their performance. Therefore, it is hypothesized that greater promotional support provided to distributors will positively influence development of export protein products. More formally stated:

H₅₋₂: Export development of Iranian protein products is influenced by appropriate trade promotion strategy.

Methodology of Research

The data used to test the hypotheses were collected through an online standard questionnaire (Bahreini Zadeh, 2001) mailed to statistical sample. The sample was selected of top exporter list from 2003 to 2012. A Likert scale was used to question the respondents on the five-point scale. The respondents were asked to rate on the scale between strongly agree and strongly Disagree. Thirty-eight questionnaires were returned for a 63 percent response rate. Incomplete questionnaire were removed, resulting in 30 questionnaires retained for analysis (50 percent usable response rate). When evaluating an instrument or conducting a research in general, attention need to be paid to two issues: reliability and validity. The mean technique used for the main dimensions. Reliability and internal consistency of the multi item scales for each of the constructs were measured using Cronbach Coefficient Alpha. Reliability refers to the consistency, stability and repeatability of a data collection method. Ideally, the minimally CCA for primary research should be 0.7. CCA values are computed for each construct separately which ranged from point 0.701 to 0.854. These data are shown in table 1.

Table 1. Reliability Analysis

| Dimension | Number of Question | Alpha Values |
|-----------------|--------------------|--------------|
| Quality | 4 | 0.731 |
| packaging | 12 | 0.854 |
| Place | 18 | 0.845 |
| Pricing | 4 | 0.788 |
| Trade promotion | 5 | 0.734 |
| Advertisement | 4 | 0.701 |

The One-Sample Kolmogorov-Smirnov Test was used for normal analyzes. The results show all of dimensions are normal ($\text{sig} > 0.05$). Table 2 reports correlation coefficients of dimensions. The correlations findings indicate that there was no relation between all variables except of advertisement and quality. In other word, quality improvement is due to made improve of advertisement.

Table 2. Correlations

| | | packaging | Place | pricing | advertisement | trade | quality |
|-----------------|-------------------------|-----------|-------|---------|---------------|-------|---------|
| packaging | Correlation Coefficient | 1.000 | .241 | -.136 | -.004 | -.169 | .231 |
| | Sig. | . | .200 | .473 | .982 | .372 | .220 |
| Place | Correlation Coefficient | .241 | 1.000 | -.007 | .256 | -.143 | -.182 |
| | Sig. | .200 | . | .972 | .172 | .451 | .335 |
| pricing | Correlation Coefficient | -.136 | -.007 | 1.000 | -.142 | -.237 | .319 |
| | Sig. | .473 | .972 | . | .455 | .207 | .086 |
| advertisement | Correlation Coefficient | -.004 | .256 | -.142 | 1.000 | .088 | -.512** |
| | Sig. | .982 | .172 | .455 | . | .644 | .004 |
| Trade promotion | Correlation Coefficient | -.169 | -.143 | -.237 | .088 | 1.000 | -.183 |
| | Sig. | .372 | .451 | .207 | .644 | . | .332 |
| quality | Correlation Coefficient | .231 | -.182 | .319 | -.512** | -.183 | 1.000 |
| | Sig. | .220 | .335 | .086 | .004 | .332 | . |

Table 3 shows the mean value depicting the overall EMS. The quality factor was an important factor in selecting EMS because its mean (3.30) is over than acceptable level. Thus, the H₂₋₁ hypothesis was accepted. Mean of packaging (3.6639) shows this factor had effect on export performance because; most of responses believed that packaging are an important factor in selecting EMS. In other word, packaging as a cover for support and preservation of make corrupt is important. The finding shows that the H₂₋₂ hypothesis was accepted. Overall, these results show that export development of Iranian protein products is influenced by use of appropriate product strategy. In addition, Mean of pricing (4.1417) indicates that pricing must be attention in selecting optimum EMS. Thus, H₃ hypothesis was accepted. Findings also show that the H₄ hypothesis was accepted because; the mean is over than acceptable level. Therefore, distributing channel is an important factor in choosing EMS. The results of advertisement (1.9133) and trade promotion (1.8267) means shows that promotion's factor are not an important factor in choosing prorated EMS. So, the H₅₋₁ and H₅₋₂ hypotheses were not accepted. Consequently, the H₅ hypothesis was rejected. These finding indicate that export development of Iranian protein products is affected by the use of appropriate marketing strategy. So, the H₁ hypothesis is true. Therefore, all hypotheses except of fifth hypotheses were accepted. Also, the result of one- sample T Test confirms the finding that above mentioned.

Table 3. Descriptive Statistical

| | N | Mean | Std. Deviation |
|---------------|----|--------|----------------|
| packaging | 30 | 3.6639 | .29563 |
| Place | 30 | 3.5519 | .26501 |
| direct | 30 | 3.2458 | .24888 |
| pricing | 30 | 4.1417 | .39218 |
| advertisement | 30 | 1.9133 | .39891 |
| trade | 30 | 1.8267 | .28640 |
| quality | 30 | 3.3000 | .40151 |

Discussions and Conclusions

This paper tried to examine effect of marketing strategies on Iranian protein products. Marketing strategies dividend to Marketing mix strategies include of Product, Price, Place, Promotion. The results show that all factors except of promotion were influenced export performance. Theses finding confirm the result of prior researchers. Lee & Griffith (2004) results indicate that the adaptation of products to foreign customers' tastes, adjustment of export prices to foreign market conditions, direct exporting, and trade promotions toward overseas distributors positively influence the performance of Korea exporters. Expenditure on overseas advertising was not found to influence export performance (Lee & Griffith, 2004). Lado et al (2004) proposed exporting experience and proactiveness are high important in determining high export sales volumes in every regional market except for those psychologically close. Nevertheless, different marketing strategies depending on the region lead to high export sales volumes. Promotional expenditures are of higher importance for distant markets, but for closer markets, channel development is the key (Lado et al., 2004). Brodrechtova (2008) suggested that generally the physical and relational resources and domestic formal institutions have the most relevant bearing on export marketing strategies. In addition, he proposed that company history reveals that the years of the transition process are still having an effect (Brodrechtova, 2008). Calantone et al. results show that product adaptation strategy is positively associated with export. In addition, export dependence, which has received relatively little attention in the literature, is an important antecedent of product adaptation strategy. Lages et al confirmed that relationship quality is positively and significantly associated with export performance (Lages et al., 2004). Thus, performance exports are influenced by appropriate product, price and place strategies. However, there was no relation between promotion strategy and export performance. Francis and Collins-Dodd also confirmed this result (Francis and Collins-Dodd, 2004). Prior research showed that there is a significant difference between variables Marketing Strategies with Customer Loyalty (Heryanto, 2011). Therefore, selecting appropriates marketing strategy can be due to more sell. The similarity between the home and target market generally is considered an important factor in choice of export market, but its relationship with product adaptation strategy and export performance varies across the countries (Calantone et al., 2006). Marketing strategy to achieve superior business performance will largely depend on the set of circumstances that a firm is confronted by within a particular foreign market at a specific period of time (Theodosiou & Leonidou, 2003). Marketing strategy adaptation to the foreign market is particularly noted in firms exporting to the most developed markets, rather than in firms exporting to the most competitive environments (Lages & Montgomery, 2004). O'cass and Julian suggested that firm characteristics and environmental characteristics influence significantly on both overall performance and marketing mix strategy adaptation by exporting

firms. However, the decision to adapt or standardize the marketing mix strategy did not significantly impact marketing performance, implying that either standardization or adaptation is appropriate and yields comparable performance (O'Cass & Julian, 2003). If strategic flexibility materializes, it results from the generation of a new strategic option at boundary-spanning middle levels of the organization, and from political processes through which this alternative option challenges and eventually overtakes the old export strategy (Pauwels & Matthyssens, 2004). Finally, present paper suggest to future researcher to prioritize appropriate strategies of pricing, packaging, distributing and quality increasing. To achieve the goal, they can use of prior researcher. For example, Samadi and Fakher (2009) prioritized pipe company marketing strategies by AHP approach. They proposed its appropriate strategies are; Product development, vertical integration, market penetration. Kazemi and Pormoghim (2008) suggested that unilateral government intervention and payment of subsidies and intervention is effective on export performance. Iman khan et al. (2008) proposed that major Iranian export corporates used of leadership strategy.

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