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Market intelligence effect on perceived psychic distance, strategic behaviours and export performance in industrial SMEs

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Abstract

Purpose – This paper has two objectives in the area of industrialised small- and medium-sized industrial company (SME) export activity. First, it responds to the gap in the literature on the role of market intelligence in the interrelations between perceived psychic distance, marketing mix decisions and export performance. The second objective concerns the influence of resource heterogeneity (size and export department) in the proposed model.

Design/methodology/approach – The current paper tests a posited research model and its hypotheses using the data from a multi-sector sample of exporters (196 Spanish industrial SMEs). The data are analyzed using a partial least squares approach.

Findings – The results of the empirical study show that: strategic decisions to adapt marketing mix elements to suit foreign markets have a positive effect on export performance; strategic adaptations are more numerous when export managers perceive a greater psychic distance; an export department helps develop market intelligence ability, which positively moderates the impact of strategic adaptations on export performance; and size does not have a significant effect on the interrelations studied.

Practical implications – Export managers in industrial SMEs can use the results and conclusions of this present paper to systematise their decision-making in export activity.

Originality/value – This paper makes a significant contribution towards covering an important gap in research into industrial SME exporters, by demonstrating the importance of market intelligence in export activity.

Keywords Market intelligence, Export department, Export performance, Industrial SMEs, Marketing mix adaptation, Perceived psychic distance

Paper type Research paper

1. Introduction

The globalisation of markets and the interrelation of economies have significantly accelerated internationalisation processes throughout the world. In this context, exporting is a traditional channel for entry into foreign markets and is a fundamental strategic option for ensuring survival and growth for companies that have chosen to start internationalising (Cavusgil and Zou, 1994). Many small- and medium-sized industrial companies (SMEs) regard exporting as a way of counteracting growing foreign competition in domestic markets, broadening their market coverage and improving profitability. However, exporting is not an end in itself, as the ultimate objective of any exporting company is to achieve competitive advantages in the countries and markets where it competes (Morgan *et al.*, 2004). This aim

requires effective and efficient marketing strategies which enable the firm to adapt to the needs of foreign markets to achieve ongoing improvements in export performance using the available resources and capabilities (Shoham, 1999; Navarro *et al.*, 2010a). This adaptation must be based on knowledge of the economic, cultural, etc., differences or distances between the domestic and foreign markets. Market intelligence must be generated so that relevant information on customers, the competition, suppliers, etc., can be processed and made available to the entire organisation for strategic decision-making associated with the exporting activity. This is particularly important for industrial SME exporters when entering new countries and markets, given their lack of resources and information (Fish and Ruby, 2009). However, these interrelations have not been sufficiently examined in the marketing literature and even less so in the context of industrial SME exporters. This means that there is a significant gap in the literature (Haverila and Ashill, 2011).

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The first objective of this present study is to cover that gap, by meaning to analyse the role of market intelligence in the interrelations between the psychic distance perceived by export managers, strategic behaviours (adaptation vs standardisation of the marketing mix) and export performance.

Furthermore, some authors recognise the importance of internal determinants in export activity and view firm-specific resources as the cornerstone of export performance (Dhanaraj and Beamish, 2003), determining the firm's competitive strategy for operating in international markets (Morgan *et al.*, 2004). In the export literature, however, most studies focus on analysing the direct effect of resources on strategy and results, sometimes with contradictory findings (Ruzo *et al.*, 2011). This situation may be because of the absence of an integrating approach to analyse the effect of resource heterogeneity on export activity (Navarro *et al.*, 2011). This issue forms the second aim in the present study. It examines how interrelations between management perceptions of market distance, market intelligence, export strategy and results can vary in relation to the available resources related to size (scale resources) and the existence of a specific structure (export department) for decision-making in the export activity (structural resources). Multi-group analyses are run considering both size (small vs medium) and the existence or otherwise of an export department for decision-making as control variables.

In relation to the existing literature, this paper makes a significant contribution towards covering an important gap in research into industrial SME exporters by demonstrating the importance of market intelligence in the interrelations between management perceptions (psychic distance), strategic behaviours (adaptation of the marketing mix) and export performance (growth in sales and management satisfaction). Although the moderating role of market intelligence in the export activity does not depend on firm size, it is clearly influenced by the possession of specific resources and capabilities for export activity, such as the creation of a specific structure to capture, interpret and disseminate relevant information for strategic decision-making. This can have a significant impact on export performance.

The work is divided into four parts. The first part, based on the literature review, defines the study variables, the theoretical context of the research, the conceptual model proposed and the hypotheses. The second part describes the study methodology, the sample definition, the information collected and the data analysis tools used to test the hypotheses and segment the sample. The third part examines the results to provide the main conclusions and managerial implications. The fourth and final part discusses the main limitations of the study and future lines of research.

2. Theoretical framework and research hypotheses

2.1 Direct effect of marketing mix strategic decisions – adaptation versus standardisation – on the export performance

Export performance is essential for decision-making in the international arena (Madsen, 1998). Cavusgil and Zou (1994) define export performance as the extent to which the firm achieves its objectives by exporting its products-brands to foreign markets, including economic aspects (profit, sales,

etc.) and strategic aspects (international positioning, increased market share from exporting, achievement of objectives, etc.), through the planning and execution of the firm's export marketing strategy. Three basic aspects of export performance emerge from the literature review (Zou *et al.*, 1998; Rose and Shoham, 2002; Sousa, 2004):

- 1 It is a multi-dimensional concept, which must be assessed through quantitative measures (sales, profitability, growth, etc.) and qualitative measures (perceived success, satisfaction, achievement of objectives, etc.).
- 2 It should not be evaluated at a single point in time (short term) but over a given time horizon (Lages and Montgomery, 2004).
- 3 Assessment measures must reflect management perceptions of performance (e.g. management satisfaction with export performance) (Lages *et al.*, 2008).

This present study takes into account the above three aspects:

- 1 It conceives two dimensions of export performance, a quantitative dimension (growth of export sales) and one that is qualitative (management satisfaction).
- 2 Export performance is evaluated over a period of time (the past three years).
- 3 Account is taken of management perceptions (management satisfaction) with various measures linked to the firm's success in foreign markets (reputation and image, international expansion, market share, etc.).

On the other hand, the standardisation of the marketing programme consists in offering identical product lines at equivalent prices using similar distribution systems, supported by identical communication programmes (advertising, promotion, etc.) in several different countries (Theodosiou and Leonidou, 2003). Various authors recommend a standardisation strategy when the firm's target foreign markets behave similarly (Kustin, 2004; Özsoy and Simonin, 2004). However, opponents of standardised marketing strategies in the international arena point out that although socio-economic trends may converge in some market segments, there are still significant inter-country differences, generated by different national cultures, local market conditions, very different public policies and legal regulations and different consumer reactions to similar marketing stimuli. A standardised strategy may, therefore, be counterproductive (Navarro *et al.*, 2010a). This is why Alba and Tse (2001) point out that adaptation is inevitable for the success of exporting firms in foreign markets. An adaptation of the export marketing mix involves some changes in product attributes (label, brand, etc.), price, distribution and/or in the communication programme to suit the peculiarities and demands of each country and market (culture, per capita income, consumer tastes and preferences, etc.).

In any case, these two extremes – standardisation versus adaptation – are impossible to apply strictly because as the contingency approach indicates, the degree of adaptation versus standardisation is a function of the characteristics of the product, industry, market, organisation and environment (Calantone *et al.*, 2006). In this context, investigators prefer to speak about different degrees of adaptation or standardisation in the export marketing strategy (Lages and Montgomery, 2004). Consequently, this investigation evaluates export

marketing strategy over the standardisation–adaptation continuum, focusing on the degree to which marketing tactics in the form of product, price, distribution and promotion are adapted for export markets to accommodate differences in environmental forces, consumer behaviour, usage patterns and competitive situations (Cavusgil and Zou, 1994).

The literature suggests that a firm's ability to achieve and sustain positional advantages in foreign markets is closely linked to the efficient and effective execution of a planned export marketing strategy (Sousa *et al.*, 2008). In this context, some authors (Morgan *et al.*, 2004; O'Cass and Julian 2003; Sousa *et al.*, 2008) argue that developing a differentiated marketing strategy requires the firm to adapt to the needs and desires of the target markets. More specifically, when the firm adapts its marketing mix to the idiosyncrasies of the different countries and markets, its products are more likely to be perceived as offering a superior value compared to those of local competitors, and positive outcomes can be expected for the firm (Theodosiou and Leonidou, 2003). In this context, several benefits can be derived from the adaptation of export marketing tactics:

- The firm can adjust its offer to the particular characteristics of each market, thereby reducing the foreign consumers' uncertainty (Madsen, 1998).
- They improve relations with local intermediaries (Shoham, 1999).
- The firm can attain greater profitability, as a better product–market match can result in greater customer satisfaction, allowing more pricing freedom than its competitors (Leonidou *et al.*, 2002).

Therefore, the adaptation of export marketing tactics enhances export performance (Zou and Cavusgil, 2002; Navarro *et al.*, 2010a). We therefore posit that:

- H1.* Adapting the marketing-mix elements of exporting industrial small- and medium-sized industrial companies has a positive effect on export performance.

2.2 Direct effect of export managers' perceived psychic distance on marketing mix strategic decisions

Management perceptions exert a major influence on managers' decision-taking and behaviours (Griffith and Lusch, 2007). For example, White *et al.* (2003) show that marketing executives' cognitive style affected their interpretation of a market situation and their response to it. In the case of exporting, the advantages or obstacles perceived by export managers determine corporate behaviour (Leonidou *et al.*, 1998). In this regard, one of the major potential obstacles to a firm's progress in developing foreign trade is because of its managers' perceived barriers to entry in new countries and markets (Dow, 2000). These perceptions are often associated with differences in economy, legislation, culture and so on between the domestic market and the foreign market. This is known as market distance or psychic distance. According to Sousa and Lages (2011), psychic distance is defined "as the individual's perceived differences between the home and the foreign country". This concept has been referenced in the literature as one of the major features in the process of the international expansion of organisations (Ellis, 2007).

At present, the study of the effect of the psychic distance from the international perspective is emerging with force and is particularly relevant in the case of the debate over standardisation

versus adaptation of marketing-mix strategies (contingency perspective) (Chung, 2003, 2005, 2009, 2010; Sousa and Lages, 2011, Chung *et al.*, 2012). Therefore, a manager's perception of the divergences between the domestic and foreign markets may affect the extent to which marketing mix international policies are adapted or standardised. Thus, where needs and wants across countries are homogeneous, standardisation is facilitated (Özsoymer and Simonin, 2004). In countries where customers have widely different tastes or needs, an adaptation strategy is necessary (Sousa and Lengler, 2009). For instance, it has been acknowledged that export promotion strategies must be in accordance with the tastes, wants, values and attitudes in the foreign market (Albaum *et al.*, 2003). The characteristics and availability of media are also dependent on the economic environment of the country. Thus, the greater the differences between countries, the more difficult it is for the firm to successfully adopt a standardisation strategy. The same rationale applies also to the product, pricing and distribution decisions. Product adaptation is often necessary to match the customer's tastes or preferences (Leonidou *et al.*, 2002). The degree of distribution adaptation is also dependent on the characteristics of the foreign market, such as the level of economic development or culture-specific buying habits (Theodosiou and Leonidou, 2003). Moreover, economic development in the foreign market can also have an impact on the degree of the price adaptation because of its impact on the prices consumers are willing to pay for certain products (Theodosiou and Katsikeas, 2001). Thus, by adopting the contingency perspective on the standardisation/adaptation debate, we expect that the greater the differences as perceived by export managers between the home and foreign country, the higher the degree of adaptation of the firm's export marketing strategy. On this basis, we propose the following research hypothesis:

- H2.* The psychic distance perceived by managers of industrial small- and medium-sized industrial company exporters has a positive effect on the adaptation of the export marketing-mix elements to the foreign market needs.

2.3 Moderator effects of market intelligence on the exporting activity of industrial small- and medium-sized industrial companies

The main reason for failure when marketing a product in a new country/market is a lack of adaptation to local consumer needs (Osborne, 2002). Firms often fail to generate market intelligence or use it where it is needed to respond to foreign consumers' expectations, wants and preferences (Khan and Bamber, 2012). In this context, market intelligence has been recognised as a strategic resource that facilitates decision-making in the organisation, promoting the achievement of competitive advantages in markets where the company is active (Day, 1994; MacPherson, 2000). Market intelligence can be defined as the firm's skill at processing, interpreting and disseminating information on the market/environment, facilitating inter-functional coordination that enables a fast response to change (De Pelsmacker *et al.*, 2005; Hughes *et al.*, 2008). Market intelligence evolved as a specialised activity in market research. However, market intelligence developed as a distinct field, and the activities involved have come to serve all business functions (Adidam *et al.*, 2012). This conception of market intelligence

suggests that the activity extends to the entire organisation and all the functional departments that generate knowledge and skills associated with the products–customers–competition triad are responsible for it (Kahn, 2001; Moorman and Rust, 1999). In terms of exporting, market intelligence includes acquiring knowledge concerning foreign consumer needs and potential and about the practices of the competition in international markets (Wren *et al.*, 2000). It also involves transferring that knowledge to the functional areas of the exporting company where decisions have to be made, thus requiring inter-functional coordination (Gresham *et al.*, 2006).

The development of market intelligence systems is usually a clear indication of a market-oriented culture. Therefore, according to Kohli and Jaworski (1990), market intelligence and the ability to respond to the environment are critical elements of market orientation. This is crucial for improving business performance. Marketing information systems must be developed to permit the continuous capture and processing of information on local competitors' capacities, strategies and actions and on foreign consumer tastes, preferences and wants. The appropriate dissemination of this information will facilitate inter-functional coordination and decision-making, promoting an offer of products and services that are perceived to be of superior value to those of competitors over time (Slater and Narver, 2000; Calantone *et al.*, 2002). Market intelligence should, therefore, be seen as a dynamic capacity associated with organisational learning, which consists of developing processes and activities connected to the acquisition, storage, interpretation and distribution of relevant market information (Sinkula, 1994; Pentina and Strutton, 2007).

In this context, industrial SME exporters that want to penetrate foreign markets must develop market intelligence capacities because effective and efficient exports require a detailed knowledge of the commercial practices of the culture, competition and so on in each country/market (Torres, 2011). Only by capturing and processing relevant information of each country/market can appropriate marketing decisions be taken, decisively influencing export performance (Hughes *et al.*, 2008). Marketing intelligence can, thus, be considered a key factor in reducing foreign market uncertainty, facilitating strategic marketing management in the exporting company (Belich and Dubinsky, 1999; Cadogan *et al.*, 2012). In fact, studies have found that the lack of market information (e.g. the market size, growth indexes, the potential demand) is one of the most serious problems faced by exporting companies before their entry into new country/markets. This is because it generates significant psychological barriers (psychic distances) in export managers (Pentina and Strutton, 2007). Psychic distance is considered to be the sum of factors affecting the flow of information from and to foreign markets (Johanson and Vahlne 1977), including cultural, economic, political, legal and social aspects that influence the attitudes, motivations and perceptions associated with volatility in the exporting firm's external environment: It thus promotes the development of conservative behaviours (e.g. standardisation) in the marketing decision-making (Gray *et al.*, 2007). In this context, the absence of specific knowledge about the conditions in each country/market generates a greater uncertainty in export managers, increasing the barriers and psychic distances associated with foreign trade operations.

This uncertainty will make the exporting company use a marketing strategy similar to the one it uses in the domestic market, that is, standardised marketing (Hennart, 1988; Osborne, 2002). Therefore, market intelligence provides export managers with knowledge that influences the impact of perceptions linked to the psychic distance (between the domestic and the foreign markets) on the firm's strategic marketing management. It does so by reducing decision-making uncertainty and making the firm less reluctant to adapt the marketing mix to foreign markets (Veldhuizen *et al.*, 2006). Therefore:

H3. Market intelligence reduces the impact of the psychic distance perceived by exporter managers on adapting the marketing mix to foreign markets.

Furthermore, a company's capacity to adapt to the conditions in a given country and market depends largely on its skill at processing and interpreting relevant market information. Market intelligence will, therefore, help export managers to make appropriate marketing decisions, increasing their executive proactivity in seeking and exploiting opportunities in foreign markets (Gray *et al.*, 2007). From this perspective, the accumulation of foreign market information and knowledge is a crucial resource for industrial SME exporters. It provides an understanding of what, how, when and where to adapt elements of their marketing mix to the different needs in each country/market, helping the firm to gain a market share, improving its positioning and international competitiveness (Menon and Varadarajan, 1992; Zou and Cavusgil, 2002). By enhancing inter-functional coordination, market intelligence also increases the speed of response to foreign consumer demands according to the country/market, thereby encouraging adaptations in the marketing elements, promoting differentiated marketing and contributing to improved export performance (Calantone *et al.*, 2002). Market intelligence, thus, provides industrial SME exporters with a powerful tool for deciding what to adapt or standardise in the marketing mix according to the conditions in each country/market. The efficiency and effectiveness of the export activity is increased, thereby considerably augmenting the likelihood of foreign market success (Cadogan *et al.*, 2012). Therefore:

H4. Market intelligence positively moderates the relationship between the marketing mix adaptations required by foreign markets and export performance.

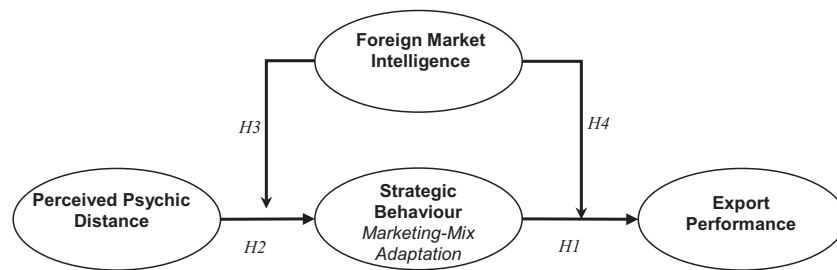
Figure 1 shows the theoretical model proposed in this research.

3. Methodology

3.1 Sample and information gathering

This present research is based on the information gathered from industrial SME exporters. In general, the data from the Spanish Ministry of Industry, Tourism and Commerce (2012) reveal a strong concentration of exporting activity in a small number of companies (1 per cent of exporters generate 64 per cent of total exports) and a strong geographical concentration in geographically close foreign markets (70 per cent of exports are destined for European Union countries). This study uses a multi-industry sample to increase the observed variance and

Figure 1 Graphic description of the model



reinforce the generalisation of the results (Morgan *et al.*, 2004). The sample was taken from the database of industrial exporting companies held by the Spanish Institute of Foreign Trade (Spanish acronym – ICEX). Maintaining industry proportionality, e-mail questionnaires were sent to 1,200 export managers in industrial SME exporters. In all, 196 valid questionnaires were received for a response ratio of 16.3 per cent, between the 15 to 20 per cent considered as an appropriate response ratio (Menon *et al.*, 1996).

Most industrial companies in the sample were small (66 per cent – 130 companies with fewer than 50 employees), and they allocated scanty human resources to their exporting activity (in 86 per cent of companies fewer than five employees were associated with exporting). Most of the companies (81 per cent) had an export manager, although a minority (33 per cent; 64 companies) had created an export department. Experience in the industry was very significant in most of the companies interviewed (86 per cent had been active for over 15 years), as was their experience in international business (61 per cent had been exporting to foreign markets for over 15 years). Finally, most of the companies in the sample showed a strong concentration of sales in very few markets (71 per cent exported to less than five countries).

In each industrial SME exporter, a single informant was chosen to complete the questionnaire. The use of a single informant reduces the errors and bias caused by different perspectives of the same subject when more than one informant in each company is used (Huber and Power, 1985). To ensure the reliability of an information source, the person with maximum authority for the exporting activity was asked to complete the questionnaire. The questionnaire included a specific section on the respondent's personal characteristics, including the type of exporting responsibility, to avoid a lack of knowledge bias. Structural equation modelling through partial least squares (PLS) is the statistical tool used in the data analysis. Statistical package Smart-PLS 2.0 M3 (Ringle *et al.*, 2005) was used in the statistical analyses.

3.2 Measurement scales

The use of latent variables evaluated through different indicators means that the type of relationship between the construct and the variables observed that define it must be defined. Two perspectives are possible: reflective scales and formative scales. The most traditional perspective in the field of marketing has been to consider reflective measurement scales (Diamantopoulos, 2008), assuming that indicators fluctuate according to variations in the latent variables (Edwards and Bagozzi, 2000). However, the latent construct

is often formed by indicators of a different nature even though they measure the same concept. In this context, the use of formative scales (Diamantopoulos and Winklhofer, 2001; Jarvis *et al.*, 2003; MacKenzie *et al.*, 2005; Diamantopoulos and Siguaw, 2006) has emerged strongly. Thus, changes in indicators generate variations in the latent concept, that is, the construct is formed by a normally linear combination of its indicators plus an error term (Bollen, 1989; Bollen and Lennox, 1991). Diamantopoulos (1999) points out that the use of a formative approach when configuring measurement instruments can be very attractive for evaluating highly complex constructs, as in the present evaluation of export performance, considering it as a second-order formative construct composed of two very different dimensions, growth in sales and satisfaction. Following Cadogan *et al.* (2002), the qualitative dimension of export performance was evaluated through export managers' perceived satisfaction about the achievement of five objectives in the past three years: growth of international sales, the firm's image and notoriety in foreign markets, the profitability of the export business, the market share and the international expansion. The quantitative dimension was measured through the growth in export sales in the past three years (Cavusgil and Zou, 1994; Navarro *et al.*, 2010b). The other scales are reflective. Thus, as several authors recommend (Lages and Montgomery, 2004; Leonidou *et al.*, 2002; Theodosiou and Leonidou, 2003), the adaptation of the marketing strategy was measured by the degree to which the exporting company adapts or standardises elements in its marketing mix to foreign market requirements. It is a second-order reflective construct defined by the product, price, communication and distribution. According to Sousa and Lages (2011), perceived psychic distance is considered a second-order reflective construct, based on the distances associated with the country (legal, economic environment, etc.) and the people (culture, uses and customs and so on). Finally, the export market intelligence was adapted from the scale proposed by Narver and Slater (1990), taking into account the necessary adaptations to foreign markets (Williams and Chaston, 2004). Thus, foreign market intelligence is considered a second-order reflective construct, defined by foreign consumer intelligence, foreign market intelligence and inter-functional coordination in the exporting activity. Appendix shows the measurement scales.

On the other hand, in this paper, two control variables have been included: the size, the existence of an export department, to validate the invariance of the proposed model. The size variable was measured through the number of employees, considering two intervals, small industrial firms (number of employees < 50)

and medium-sized industrial firms ($50 \leq n^{\circ} \text{ employees} \leq 250$). There are two categories in the case of the export department variable: exporting industrial companies with an export department and those without. The reason for including both variables in the study is to check if the perceptions, strategic behaviours and export performance of the firms analysed differ depending on whether the decisions connected to their export activity: are made by a single person, as often happens in small businesses or firms with no export department or are made by a team, as commonly takes place in medium-sized exporters or firms with an export department. The relationships of the model proposed are expected to vary between the categories of the control variables.

4. Results and discussion

4.1 Evaluation of the measurement model

The model proposed was interpreted and analysed with PLS in two different stages (Barclay *et al.*, 1995):

- 1 the evaluation of the measurement model; and
- 2 the analysis of the structural model.

This sequence ensures the validity and reliability of the measurement scales proposed before proceeding with the hypotheses testing. Table I shows the measurement model evaluation parameters. As can be seen from the table, factor loads for the reflective scale exceed the recommended threshold of 0.70 (Carmines and Zeller, 1979). Composed reliability and average variance extracted (AVE) values are above the recommended limits of 0.7 and 0.5, respectively (Nunnally, 1978; Fornell and Larcker, 1981). The values support the convergent validity of the reflective scales in this study (perceived psychic distance, market intelligence and adaptation of the marketing mix). Finally, discriminant validity was confirmed by ensuring that the correlations (Table II) between each pair of constructs did not exceed the value of the square root of the AVE for each construct (Barclay *et al.*, 1995). In addition, it was verified that the intercorrelations between constructs were significantly different from 1, providing additional evidence of discriminant validity in the case of the reflective scales.

The validation of the formative scale “Export performance” took into account the recommendations of Diamantopoulos (2008). In this regard, considering the fact that none of the scale indicators can be omitted or eliminated as they possess relevant information, the absence of multicollinearity was ensured through the variance inflation factor (VIF), which was below the recommended value of 5 (Diamantopoulos and Winklhofer, 2001).

4.2 Structural model analysis

After ensuring the convergent and discriminant validity of the measurement model, the relations between the different variables were tested with the bootstrap method (1,000 sub-samples) to obtain the statistical parameters (Table III). The hypotheses proposed were supported by the sign and significance of the t -values for each of the relations analysed (β). Of the four hypotheses tested, two of them, $H1$ and $H2$, were confirmed in the expected direction. That is, distances (economic, social, cultural, etc.) between the domestic and international markets condition an exporting firm’s strategic

behaviour, showing a trend towards adapted marketing strategies when the distances are greater. This adaptation positively affects the export performance. The other two hypotheses, $H3$ and $H4$, are rejected, reflecting a priori that market intelligence does not affect the interrelations between the management’s perceptions, the exporting firm’s strategic behaviour (adaptation of the marketing mix) and the export performance. However, the results vary if company size or the existence of an export department is included, reflecting the need to take heterogeneity into account (contingency factors) in the analysis of perceptions, strategic decision-making and the export performance of industrial SMEs (Table III). Table IV shows the levels of explained variance (R^2) in the endogenous constructs for the total sample and sub-samples. The existence and effect of heterogeneity in the model proposed was to be expected taking into account the comparison of measures (ANOVA) based on the study variables (Table V). In view of the significant differences according to size and especially the existence or otherwise of an export department, a multi-group analysis was run to provide more in-depth conclusions and specify the effect of heterogeneity on the industrial SME exporters (Table VI).

The results validate and corroborate the conceptual model proposed. This model offers a suitable framework for explaining how, in export activity, market intelligence plays a fundamental role in the interrelations between management perceptions, strategic behaviours (adaptation of the marketing mix) and the export performance of industrial SME exporters. Focusing on the relations between the variables provides many interesting conclusions.

First, the results indicate that it is fundamental to adapt to the environment in each country-market where the business operates, making the necessary changes in product attributes, price, distribution and communication, because this has a positive effect on the export performance, as previous studies have indicated (Lages and Montgomery, 2004; Morgan *et al.*, 2004; Navarro *et al.*, 2010b). This finding explains the confirmation of $H1$ ($\beta_1 = 0.302$, t -value = 2.808). From this perspective, industrial SMEs committed to exporting favour strategic decisions that tend to adapt to foreign market demands and needs from the marketing mix perspective. A reflection of this commitment is the development of processes and procedures that enable the capture, analysis and dissemination of market intelligence (Pentina and Strutton, 2007). It is more feasible for this market intelligence to be put into practice if an exporting company has created a specific structure for foreign trade operations. This may explain the different strategic behaviours in industrial SME exporters, depending on whether or not they have an export department, as the multi-group analysis shows ($\beta_{11} - \beta_{12} = 0.312 - 0.107 = 0.205$, t -value = 1.678). Thus, firms that do have an export department also corroborate $H1$ ($\beta_1 = 0.312$, t -value = 1.654), reflecting the positive influence of strategic adaptations of the marketing mix on export performance, which does not happen in the firms without an export department ($\beta_1 = 0.107$, t -value = 0.360). Nevertheless, size itself is not a discriminant factor of strategic behaviour in industrial SMEs in foreign markets, because $H1$ is rejected for both industrial SMEs in the sample. These results support the findings in previous studies (Atuahene-Gima, 1995; Ling-Yee

Table I Evaluation of the measurement model

Construct/dimension/indicator	Variance inflation factor (VIF)	Weight	Factor load	Composed reliability (ρ_c)	Average variance extracted (AVE)
<i>Perceived psychic distance (Second-order reflective construct)</i>				0.940	0.888
Country distances (First-order reflective construct)			0.946	0.895	0.592
NIVELECOIND			0.805		
INFRACOMUNIC			0.852		
INFRAMARK			0.856		
NIVELTECNOL			0.768		
COMPETMERC			0.705		
ENTORNOLEGAL			0.602		
Persons distances (First-order reflective construct)			0.939	0.887	0.613
RENTAPERCAPIT			0.791		
PODERCOMPRA			0.753		
ESTILOVIDA			0.870		
PREFCONSUMO			0.801		
CULTURA			0.690		
MARKETING-MIX ADAPTATION (Second-order reflective construct)				0.855	0.596
Product (First-order reflective construct)			0.765	0.900	0.601
PRODUCT1			0.713		
PRODUCT2			0.771		
PRODUCT3			0.731		
PRODUCT4			0.813		
PRODUCT5			0.801		
PRODUCT6			0.818		
Price (First-order reflective construct)			0.746	0.874	0.584
PRECIO1			0.809		
PRECIO2			0.846		
PRECIO3			0.812		
PRECIO4			0.719		
PRECIO5			0.612		
Distribution (First-order reflective construct)			0.772	0.931	0.772
DISTRIB1			0.883		
DISTRIB2			0.917		
DISTRIB3			0.849		
DISTRIB4			0.866		
Promotion (First-order reflective construct)			0.805	0.963	0.815
PROMO1			0.905		
PROMO2			0.938		
PROMO3			0.952		
PROMO4			0.902		
PROMO5			0.905		
PROMO6			0.811		
<i>Foreign market intelligence (Second-order reflective construct)</i>				0.872	0.695
Foreign consumer intelligence (First-order reflective construct)			0.879	0.894	0.549
INTCUSTOR1			0.749		
INTCUSTOR2			0.816		
INTCUSTOR3			0.812		
INTCUSTOR4			0.655		
INTCUSTOR5			0.710		
INTCUSTOR6			0.734		
INTCUSTOR7			0.701		

(continued)

Table I

Construct/dimension/indicator	Variance inflation factor (VIF)	Weight	Factor load	Composed reliability (ρ_c)	Average variance extracted (AVE)
Intelligence on foreign market competition (First-order reflective construct)			0.803	0.882	0.714
INTCOMPET1			0.877		
INTCOMPET2			0.850		
INTCOMPET3			0.806		
Inter-functional coordination (First-order reflective construct)			0.819	0.871	0.630
COORDINTER1			0.691		
COORDINTER2			0.858		
COORDINTER3			0.830		
COORDINTER4			0.786		
Export performance (Second-order formative construct)				n.a.	n.a.
Quantitative export performance (Reflective construct) 2.040		0.299		0.873	0.697
Crev_2009			0.777		
Crev_2010			0.898		
Crev_2011			0.824		
Qualitative export performance (Reflective construct) 1.981		0.850		0.926	0.715
SAT1			0.882		
SAT2			0.808		
SAT3			0.900		
SAT4			0.817		
SAT5			0.817		

Note: n.a = not applicable

and Ogunmokun, 2001), which indicate that size is not a key factor for exporting success.

Second, the strategic behaviours of industrial SME exporters are conditioned by their management's perceptions of the psychic distance, thus confirming $H2$ ($\beta_2 = 0.419$, t -value = 6.573). In the global model, the variance explained of the adaptation of marketing mix elements is 18.2 ($R^2 = 0.182$) and 19.1 per cent when taking into account the moderator effect of market intelligence. Distances between the domestic market and international markets, from the perspective of country (economy, laws, etc) and people (culture, habits, preferences, etc.), can be overcome by adapting to the foreign markets. This approach would help to reduce the psychic barriers with the purchase of foreign products, increasing customer satisfaction in each country/market (Leonidou *et al.*, 2002) and promoting stable lasting relationships with international distributors (Shoham, 1999). All of the above helps to build sustainable competitive advantages in foreign markets (Theodosiou and Leonidou, 2003). Therefore, when industrial SME export managers perceive psychological distances, elements in the marketing mix should be adapted to the economic, legal, social and cultural characteristics of each country/market (Sousa and Lages, 2011), regardless of the company size. Hence, the corroboration in industrial exporting SME of $H2$ (Small – $\beta_2 = 0.391$, t -value = 2.658; Medium – $\beta_2 = 0.395$, t -value = 5.091), with no significant differences in the interrelation between the perceived psychological distance and the adaptation of the marketing mix according to size. However, strategic behaviour differs depending on whether there is an export department or not. Thus, when industrial SME exporters do not have an export department, psychic distances lead export managers to make conservative decisions, tending to standardise elements in the marketing mix, that is, to use a marketing strategy

similar to the one for the domestic market. This finding confirms, in the opposite direction to that proposed, $H2$ ($\beta_2 = -0.409$, t -value = 2.282). Yet the same hypothesis is confirmed in the expected direction (positive direction) when the company has an export department ($\beta_2 = 0.412$, t -value = 4.765). Therefore, the existence of a specific structure for decision-making associated with the export activity in industrial SMEs is essential for developing strategic behaviours adapted to the environment. These different behaviours are reflected in the multi-group analysis ($\beta_{21} - \beta_{22} = 0.412 - (-0.409) = 0.821$, t -value = 3.125) and explain the differences in the variance explained of the marketing mix adaptation construct.

Third, a priori market intelligence does not appear to have any influence on the interrelation between psychic distance and adaptations of marketing mix elements to foreign markets, so $H3$ ($\beta_3 = 0.091$, t -value = 1.001) is rejected. These results are confirmed when firm size is taken into account, as the relationship continues to be non-significant for small-sized ($\beta_3 = -0.156$, t -value = 0.513) and medium-sized ($\beta_3 = 0.165$, t -value = 1.552) industrial exporters. Nonetheless, the results are very different when the sample is divided according to whether or not there is an export department. Thus, when an industrial SME has an export department, market intelligence reduces perceived environmental uncertainty (psychological distance), fostering the development of strategic behaviours adapted to foreign market needs, thereby confirming $H3$ for industrial SMEs with an export department ($\beta_3 = 0.258$, t -value = 1.863). On the other hand, for industrial SMEs without an export department, the hypothesis remains unconfirmed, suggesting that psychic distances are not reduced by market intelligence ($\beta_3 = -0.171$, t -value = 0.583). These findings make it clear that the development of market intelligence

Table II Correlations between the constructs' discriminant validities

Constructs/dimensions	Persons			Inter-functional		
	distance	Country distance	Customer distance	Competition	coordination	Product
Persons distance	0.782					
Country distance	0.69	0.769				
Customer Intelligence	-0.09	-0.15	0.740			
Competition intelligence	-0.04	-0.10	0.42	0.845		
Inter-functional coordination	-0.08	-0.05	0.59	0.48	0.794	
Price	0.25	0.29	0.06	0.12	0.01	0.764
Product	0.27	0.24	0.11	0.07	0.20	0.51
Communication	0.23	0.24	0.05	0.04	0.08	0.42
Distribution	0.42	0.37	0.01	0.00	0.09	0.39
Sales growth	0.18	0.16	0.03	0.02	0.06	0.21
Satisfaction	0.15	0.07	0.16	0.23	0.10	0.10

Note: The main diagonal shows the square root values of the average variance extracted (AVE)

0.845

0.835

0.878

0.902

0.775

0.764

0.794

0.845

0.740

0.769

0.782

Table III Hypothesis testing parameters

Hypothesis (total sample; <i>n</i> = 196)	β	<i>t</i> -value	Confirmation
H1. Marketing mix adaptation – Export performance	0.302	2.808***	Yes
H2. Perceived psychic distance – Marketing mix adaptation	0.419	6.573***	Yes
H3. Market intelligence × Perceived psychic distance – Marketing mix adaptation	0.091	1.001 ^{ns}	No
H4. Market intelligence × Marketing mix adaptation – Export performance	0.187	1.141 ^{ns}	No

Hypothesis	Small; <i>n</i> = 130			Medium-sized; <i>n</i> = 66		
	β	<i>t</i> -value	Confirmation	β	<i>t</i> -value	Confirmation
H1. Marketing mix adaptation – Export performance	0.351	1.581 ^{ns}	No	0.131	1.146 ^{ns}	No
H2. Perceived psychic distance – Marketing mix adaptation	0.391	2.658**	Yes	0.395	5.091***	Yes
H3. Market intelligence × Perceived psychic distance – Marketing mix adaptation	-0.156	0.513 ^{ns}	No	0.165	1.552 ^{ns}	No
H4. Market intelligence × Marketing mix adaptation – Export performance	0.325	0.862 ^{ns}	No	0.299	1.321 ^{ns}	No

Hypothesis	With export department; <i>n</i> = 64			No export department; <i>n</i> = 132		
	β	<i>t</i> -value	Confirmation	β	<i>t</i> -value	Confirmation
H1. Marketing mix adaptation – Export performance	0.312	1.654*	Yes	0.107	0.360 ^{ns}	No
H2. Perceived psychic distance – Marketing mix adaptation	0.412	4.765***	Yes	-0.409	2.282**	Yes (opposite direction)
H3. Market intelligence × Perceived psychic distance – Marketing mix adaptation	0.258	1.863*	Yes	-0.171	0.583 ^{ns}	No
H4. Market intelligence × Marketing mix adaptation – Export performance	0.332	1.793*	Yes	0.102	0.630 ^{ns}	No

Note: ****p* < 0.001; ***p* < 0.01; **p* < 0.05; ns = not significant (based on *t*(999), tail test)

Table IV Variance explained of the endogenous constructs

Construct	Total sample		Small		Medium-sized		With export department		No export department	
	AVE	<i>R</i> ²	AVE	<i>R</i> ²	AVE	<i>R</i> ²	AVE	<i>R</i> ²	AVE	<i>R</i> ²
No moderator effects										
Marketing mix adaptation	0.596	0.182	0.532	0.199	0.588	0.183	0.614	0.176	0.501	0.190
Export performance	–	0.079	–	0.159	–	0.062	–	0.094	–	0.111
With moderator effects										
Marketing mix adaptation	0.596	0.191	0.532	0.236	0.588	0.208	0.614	0.204	0.501	0.210
Export performance	–	0.112	–	0.261	–	0.138	–	0.158	–	0.124

and its influence on the export activity depends on the resources and capabilities of industrial SMEs to capture processes and disseminate relevant information concerning foreign market environments. Thus, the allocation of specific resources to export (e.g. export department) will help to fulfil this goal and is essential for supporting strategic decision-making, especially when the environment is perceived as uncertain and turbulent (Navarro *et al.*, 2011; Cadogan *et al.* 2012). The multi-group analysis supports this conclusion.

Fourth, market intelligence does not seem to affect, a priori, the interrelation between the adaptation of the marketing mix and the export performance. Therefore, H4 ($\beta_4 = 0.187$, *t*-value = 1.141) is rejected, and the same is true when discriminating by firm size (small: $\beta_4 = 0.325$, *t*-value = 0.862; medium-sized: $\beta_4 = 0.299$, *t*-value = 1.321). However, once again, it is the existence of an export department in the industrial SME that gives a firm the capacity to capture and process relevant foreign market information, fostering inter-functional coordination associated with the export

activity. Inter-functional coordination increases management proactivity to make the marketing mix adaptations according to foreign consumer tastes and wants, so that the offer of products and services from industrial SME exporters is perceived as being different to that of local competitors (Cavusgil and Zou, 1994; Morgan *et al.*, 2004). This thereby corroborates H4 ($\beta_4 = 0.332$, *t*-value = 1.793) for the sub-sample of industrial SME exporters with an export department. It is therefore the existence of an export department and the market intelligence capacities that this generates which increase the likelihood of success in foreign markets. Multi-group analysis supports this conclusion ($\beta_{41} - \beta_{42} = 0.332 - 0.102 = 0.230$, *t*-value = 2.246), showing significant differences in the moderator role of market intelligence in the interrelation between the marketing mix adaptation and the export performance.

Fifth, the dimensions and scales proposed for evaluating export performance are suitable, valid and reliable, reflecting the multi-dimensional nature of this second-order formative

Table V ANOVA

Constructs/dimensions	Size	Export department
Perceived psychic distance	$p = 0.002^{***}$	$p = 0.005^{***}$
Country psychic distance	$p = 0.002^{**}$	$p = 0.04^{**}$
Persons psychic distance	$p = 0.014^*$	$p = 0.002^{**}$
Market intelligence	$p = 0.256^{ns}$	$p = 0.015^{**}$
Foreign customer intelligence	$p = 0.149^{ns}$	$p = 0.000^{***}$
Foreign competition intelligence	$p = 0.837^{ns}$	$p = 0.000^{***}$
Inter-functional coordination	$p = 0.693^{ns}$	$p = 0.023^{**}$
Marketing-mix adaptation	$p = 0.104^{ns}$	$p = 0.006^{**}$
Product adaptation	$p = 0.496^{ns}$	$p = 0.092^*$
Price adaptation	$p = 0.118^{ns}$	$p = 0.195^{ns}$
Distribution adaptation	$p = 0.161^{ns}$	$p = 0.005^{**}$
Communication adaptation	$p = 0.550^{ns}$	$p = 0.082^*$
Export performance	$p = 0.078^*$	$p = 0.046^{**}$
Growth in sales	$p = 0.256^{ns}$	$p = 0.008^{**}$
Management satisfaction	$p = 0.009^{**}$	$p = 0.001^{***}$

Notes: Level of significance: *** $p < 0.001$; ** $p < 0.05$; * $p < 0.1$; ns = not significant

construct. In the global model, export performance has a variance explained of 7.9 per cent ($R^2 = 0.079$) if market intelligence is not taken into account and 11.2 per cent ($R^2 = 0.112$) if it is. These significant differences in the variance explained for export performance according to the moderator effect of market intelligence also occur when discriminating according to size (small vs medium) and the existence of a specific structure (export department) in the exporting firm. Thus, in all cases, the variance explained for export performance is greater when the moderator effects of market intelligence are taken into account than when they are not. Thus, market intelligence has an important role in reducing the impact of export managers' perceived psychic distance about the strategic decisions to adapt marketing mix elements to foreign market preferences and wants, and such adaptations

have a positive impact on the growth in sales and management satisfaction with the export performance.

In sum, this paper makes a significant contribution towards covering an important gap in the research in the area of industrial SME exporters by demonstrating the important role of market intelligence in the interrelations between management perceptions (psychic distance), strategic behaviours (adaptation of the marketing mix) and export performance (growth in sales and management satisfaction). Although the moderator role of market intelligence in export activity does not depend on firm size, it is clearly influenced by the possession of specific resources and capabilities for the export activity, such as the creation of a specific structure to capture, interpret and disseminate relevant information for strategic decision-making. This can have a significant impact on export performance.

5. Academic and managerial implications

This work offers important contributions for the export marketing literature and, in particular, the literature on industrial SME exporters:

- A study of export result determinants should take into account the business environment and, in particular, perceived market distances because as this work shows, they condition the strategic behaviour of exporters in international markets.
- This study contributes towards improving the traditional research line focused on the effect of strategic marketing decisions on the export result. Not only the positive, direct effect of adapting the marketing programme to the export result must be taken account but also the possible indirect and moderating effects of market distances and market intelligence, respectively. These effects must be considered by marketing researchers.
- In the context of export activity, there needs to be further study about the antecedents and consequences of market intelligence because as this study shows, this is a key factor in

Table VI Multi-group analysis

Hypothesis	Size		t-test	Export department		t-test
	Small $n = 130$	Medium $n = 66$		Yes $n = 64$	No $n = 132$	
H1. Marketing mix adaptation – Export performance	$\beta = 0.351$ SE = 0.222 t-value = 1.581 ^{ns}	$\beta = 0.131$ SE = 0.114 t-value = 1.146 ^{ns}	0.685 ^{ns}	$\beta = 0.312$ SE = 0.140 t-value = 1.654*	$\beta = 0.107$ SE = 0.053 t-value = 0.360 ^{ns}	1.678*
H2. Perceived psychic distance – Marketing-mix adaptation	$\beta = 0.391$ SE = 0.147 t-value = 2.658*	$\beta = 0.395$ SE = 0.077 t-value = 5.091 ^{***}	0.018 ^{ns}	$\beta = 0.412$ SE = 0.086 t-value = 4.765 ^{***}	$\beta = -0.409$ SE = 0.179 t-value = 2.282 ^{**}	3.125 ^{***}
H3. Market intelligence × Perceived psychic distance – Marketing-mix adaptation	$\beta = -0.156$ SE = 0.303 t-value = 0.513 ^{ns}	$\beta = 0.165$ SE = 0.106 t-value = 1.552 ^{ns}	0.745 ^{ns}	$\beta = 0.258$ SE = 0.078 t-value = 1.863*	$\beta = -0.171$ SE = 0.061 t-value = 0.583 ^{ns}	4.182 ^{***}
H4. Market intelligence × Marketing-Mix adaptation – Export performance	$\beta = 0.325$ SE = 0.377 t-value = 0.862 ^{ns}	$\beta = 0.299$ SE = 0.227 t-value = 1.321 ^{ns}	0.047 ^{ns}	$\beta = 0.332$ SE = 0.093 t-value = 1.793*	$\beta = 0.102$ SE = 0.056 t-value = 0.630 ^{ns}	2.246 ^{**}

Notes: t-test: $t = \frac{\beta_{Group1} - \beta_{Group2}}{\sqrt{\frac{m-1}{m} SE_{Group1}^2 + \frac{n-1}{n} SE_{Group2}^2}}$ m = sample size of the first group; n = sample size of the second group; β = structural coefficient for each relationship in the group; SE = standardised error for each relationship in the group Significance level: *** $p < 0.01$; ** $p < 0.05$; * $p < 0.1$; ns: not significant

an exporting company's strategic position and results, moderating its interrelation. Researchers should bear in mind that market intelligence not only enables managers involved in exporting to overcome mental barriers and show more proactive behaviours in the search for opportunities in international markets but also helps them to make better decisions when adapting the marketing-mix programme.

- Finally, this study contributes to remedying the lack of knowledge in the literature about the influence of resource heterogeneity on perceptions, strategic decisions and the export result. Thus, although resources associated with scale are not so important (size), resources linked to the structure of the exporting company are, and these matters should be taken into account in any research proposals.

On the other hand, export managers in industrial SME exporters can use the results and conclusions in this present study to systematise their decision-making, facilitating the proposal and development of strategic actions designed to improve export performance. The study offers the following managerial implications in particular:

- Export managers in industrial SMEs must show a proactive attitude towards making the adaptations required by foreign markets in attributes associated with the product, price, advertising, promotion and distribution channels. These adaptations reduce the psychological barriers which affect the purchase of foreign products by consumers in each country/market and facilitate relations with local distributors. This leads to a differentiated offer of products and services able to generate sustainable competitive advantages in countries where the industrial SME is active. All of the above will have a positive effect on the export performance.
- Developing adapted marketing becomes much more necessary when there are great economic, legal, social and cultural distances between the domestic market and international markets. These distances can be reduced by developing market intelligence, so that the firm can know what, when, how and where it must adapt elements in the marketing mix. It could be a serious error to make conservative strategic decisions to standardise marketing mix elements because export managers are unable to overcome the psychological barriers associated with market distances: This is because of their not having been able to capture, process and disseminate relevant information about each country/market.
- Export managers should, therefore, develop market intelligence capacities, providing relevant information for decision-making. This process of the capture, interpretation and inter-functional coordination of market intelligence will reduce the impact of psychic barriers on export managers' proactive behaviour. This leads to attitudes that favour making the adaptations to the marketing mix required by foreign markets, thereby increasing the likelihood of successful exporting. Export managers must, therefore, understand that market intelligence can moderate the interrelations between the psychic distance, strategic behaviours and the export performance.
- In any case, for this moderation to occur, exporting SMEs must create specific structures to support decision-making in international markets. This type of resources (e.g. creating an

export department) will enable the development of market intelligence capacities, which appear to be vital for competing in foreign markets.

- Finally, public authorities, such as national governments and public institutions [e.g. the Foreign Trade Institute in Spain (Spanish acronym – ICEX)], should promote market intelligence mechanisms in export companies to improve the positioning and competitiveness of national businesses with foreign trade activities. Promoting government programmes with incentives could be good way of doing this. Public authorities themselves could even develop market intelligence to understand the idiosyncrasies in different countries and markets and especially those which are more culturally distant. This approach would help managers in exporting companies to reduce their usual perception of market distances when tackling entry into new countries by simply contacting these public bodies.

6. Limitations and future research lines

Although this study offers important new contributions from the international marketing perspective, specifically related to the topic of export, it has limitations which form the basis for future lines of research. The first limitation concerns the fact that the study uses information obtained at a specific moment in time. A longitudinal study is needed to analyse how variations in market intelligence in an exporting company over a period of time influence the interrelation between management perceptions, strategic marketing behaviour and export performance.

The second limitation concerns the sample because it comes from a single country and is exclusively made up of industrial SME exporters. Therefore, to generalise the conclusions, studies are needed with samples from a wider geographical area, including large companies and non-industrial sectors. Finally, a last limitation concerns the effect of other factors not considered in this study on the model variables. Thus, it would be a good idea to consider the characteristics of the product being exported, the sector of activity, the quality of relations with international distributors, the firm's dynamic capacities, etc. (Leonidou *et al.*, 2002; Morgan *et al.*, 2006; Blesa and Ripollés, 2008).

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Appendix. Measurement scales

Export performance

- Quantitative dimension: State growth in your firm's export sales in each of the past three years (2009; 2010 and 2011): negative; 0; 1-10; 11-20; > 20 per cent.
- Qualitative dimension: State managers' satisfaction with results of your firm's export activity: scale 1-5 (1 = very unsatisfied; 5 = very satisfied):
 - SAT1: Growth in export sales.
 - SAT2: Awareness and image of firm in foreign markets.
 - SAT3: Profitability of export activity.
 - SAT4: Market share.
 - SAT5: Firm's international expansion.

Psychic distance

State to what degree (1 – Very similar. . . 5 – Very different) the business environment of the foreign markets where your firm is active is similar or different to the Spanish environment for the following factors:

- Associated with the country:
 - NIVELECOIND: Level of economic and industrial development.
 - INFRACOMUNIC: Communication infrastructure.
 - INFRAMARK: Marketing infrastructure.
 - NIVELTECNOL: Level of technological development.
 - COMPETMERC: Market competitiveness.
 - ENTORNOLEGAL: Legislation.
- Associated with people:
 - RENTAPERCAPIT: Per capita income.
 - PODERCOMPRA: Customers' purchasing power.
 - ESTILOVIDA: Peoples' lifestyle.
 - PREFCONSUMO: Consumer preferences.
 - CULTURA: Cultural values, beliefs, attitudes and traditions.

Marketing-mix adaptation

Answer the following questions using a scale 1-5 (1 = None; 5 = Considerable). Adaptations made in . . .

- Product:
 - PRODUCT1: Product quality.

- *PRODUCT2*: Product design and style.
 - *PRODUCT3*: Product guarantee.
 - *PRODUCT4*: Product labelling.
 - *PRODUCT5*: Commercial brand.
 - *PRODUCT6*: Container/labelling.
- 2 Price:
- *PRECIO1*: Price strategy.
 - *PRECIO2*: Discount policy.
 - *PRECIO3*: Margins.
 - *PRECIO4*: Credit.
 - *PRECIO5*: Secure collection.
- 3 Communication:
- *PROMO1*: Idea/advertising theme.
 - *PROMO2*: Advertising and promotional content.
 - *PROMO3*: Advertising strategy.
 - *PROMO4*: Sales promotion tools.
 - *PROMO5*: Promotional approach.
 - *PROMO6*: Communication budget.
- 4 Distribution:
- *DISTRIB1*: Distribution channels.
 - *DISTRIB2*: Control over distribution channels.
 - *DISTRIB3*: Strategy/Transport policy.
 - *DISTRIB4*: Distribution budget.

Foreign market intelligence

The following block of questions evaluates the level of foreign market intelligence in your firm on a scale of 1-5 (1 = Totally disagree; 5 = Totally agree).

- 1 Foreign consumer intelligence:
- *INTCUSTOR1*: Our firm captures information on foreign consumers' needs.
 - *INTCUSTOR2*: Our firm captures information on foreign consumers' tastes and preferences.
 - *INTCUSTOR3*: Our firm captures information on foreign consumers' cultural values.
 - *INTCUSTOR4*: Our firm captures information on foreign consumers' lifestyles.
 - *INTCUSTOR5*: Our firm captures information on foreign consumers' purchasing power.
 - *INTCUSTOR6*: Our firm captures information on foreign consumers' shopping behaviour.
 - *INTCUSTOR7*: Our firm captures information on foreign consumers' habits and customs.
- 2 Foreign market competition intelligence:
- *INTCOMPET1*: Our firm obtains information on the competition's products and prices in each country/market.
 - *INTCOMPET2*: Our firm obtains information on the competition's advertising and promotional actions in each country/market.
 - *INTCOMPET3*: Our firm obtains information on the competition's distribution channels in each country/market.

- 3 Interfunctional coordination:
- *COORDINTER1*: In my firm, exporting decisions involve all the functional areas.
 - *COORDINTER2*: In my firm, relevant information on foreign customers is disseminated to all functional areas.
 - *COORDINTER3*: In my firm, relevant information on foreign competitors is disseminated to all functional areas.
 - *COORDINTER4*: In my firm, the different functions are integrated to serve our foreign customers' needs.

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