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The Critical Role of Export Market Orientation**

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Marketing orientation is a foundation and the central concept of marketing (Gebhardt, Carpenter, and Sherry 2006; Kotler 2000). As globalization and the rapid growth of international trade have made it imperative for firms, especially for those from emerging economies, to seek expansion opportunities, export market orientation (EMO) has become a major research stream in international marketing (Hurley and Hult 1998). EMO, as a 'strategically valuable resource', (Ketchen, Hult, and Slater 2007) helps create effective pricing and promotion strategies in addition to new product development, resulting in desirable export performance (EP). Despite the significant impact of EMO on a firm's EP, EMO has received limited research attention (Cadogan, Diamantopoulos, and de Mortanges 1999; Cadogan et al. 2001; Diamantopoulos, Siguaw, and Cadogan 2000), especially in an emerging economy context.

Our study attempts to address three research gaps in the extant EMO literature, using an emerging economy context. First, we move beyond a direct resources-performance link and attempt to more fully capture the intricacies of the EMO-EP relationship (Ketchen, Hult, and Slater 2007). Second, in transforming strategic resources into capabilities, research on market orientation in general and on EMO in particular has to explicitly assess the 'action' component. Hence, we examine the moderating role of the firm's coordination mechanisms in its use of EMO knowledge (Atuahene-Gima 2005). As firms from an emerging economy would likely use a cost-based strategy, we also examine cost leadership strategy as another internal 'action' component that moderates the EMO-marketing capabilities relationship. Third, the development of appropriate marketing capabilities, derived from EMO, is contingent on the rapid and unpredictable demand and the level of competition in the export market. Although market turbulence and competitive intensity are key factors in influencing the EMO-marketing capabilities relationship, no studies have been conducted to examine their moderating roles.

HYPOTHESES

Drawing on the contingency theory, we offer explanations for the variance in the EMO-EP relationship. A key argument in the contingency theory is that we can gain a better understanding of the nature of organizational strategic action by investigating internal and external environmental factors. In other words, desirable performance necessitates the strategic actions to achieve a strategic “fit” with the environment (Drazin and Van de Ven 1985). Thus, firms that can adapt their strategic actions effectively to both internal and external factors are likely to achieve better performance (Atuahene-Gima and Murray 2004; Zeithaml, Varadarajan, and Zeithaml 1988). In our study, both internal factors (coordination mechanism and cost leadership strategy) and external factors (market turbulence and competitive intensity) moderate the relationship between EMO and marketing capabilities. We develop a set of hypotheses that examine the EMO-marketing capabilities-EP relationship

- H₁: EMO has positive effects on marketing capabilities (i.e., pricing capability, new product development capability, and promotion capability).
- H₂: Marketing capabilities (i.e., pricing capability, new product development capability, and promotion capability) mediate the effect of EMO on EP.
- H₃: Coordination mechanism strengthens the effect of EMO on marketing capabilities (i.e., pricing capability, new product development capability, and promotion capability).
- H₄: Cost leadership strategy strengthens the effect of EMO on pricing capability, but weakens EMO’s effect on new product development and promotion capabilities.
- H₅: Market turbulence strengthens the effect of EMO on pricing and promotion capabilities, but weakens the effect on new product development capability.
- H₆: Competitive intensity strengthens the effect of EMO on marketing capabilities.

METHOD

We collected primary data from a multi-industry survey of export ventures in China. A sample of 1,314 firms located in Beijing, Shanghai, Jiangsu, and Guangdong was drawn from the *2002 Directory of Exporters in China*. We commissioned a national market-research firm for the data collection. We obtained usable responses from a total of 491 export ventures with a response rate of 37%. The respondents who were senior managers of export ventures had been with their firms on average for seven years. Measures used in the survey were adapted from previous research or developed specifically for this study. We refined the measures and assessed the reliability and validity of constructs following a two-step approach (Anderson and Gerbing 1988). Overall, the results suggest that the measurement model fits the data well and the constructs exhibit sufficient measurement properties for further analysis.

RESULTS

We estimated a structural model of the relationships among EMO, marketing capabilities, and EP. The results suggest that EMO has significant effects on all the three types of marketing capabilities. Pricing capability and new product development capability significantly affect EP. However, there is no significant relationship between promotion capability and EP. Hierarchical moderated regression was employed for testing hypotheses of moderating effects. The results show that the interaction terms between coordination mechanism and EMO are significant for new product development and promotion capabilities. Hence, we find partial support for the moderating effect of coordination mechanism on the EMO-marketing capabilities relationship. The interaction terms between cost leadership strategy and EMO are negatively related to new product development and promotion capabilities. Therefore, cost leadership strategy weakens the effects of EMO on new product development and promotion capabilities. In terms of the moderating effects of external environmental factors, the results show that market turbulence

negatively moderates the effect of EMO on new product capability. Moreover, the relationship between EMO and new product development capability is positively moderated by competitive intensity.

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