

# Export marketing strategy implementation, export marketing capabilities, and export venture performance

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Received: 5 February 2011 / Accepted: 20 July 2011 / Published online: 9 August 2011  
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**Abstract** Since exporting is the most popular mechanism by which firms engage with international markets, understanding the drivers of export market performance is key to explaining firms' international competitiveness. The literature posits that the effective implementation of planned export marketing strategy is a key determinant of the performance of firms operating in international markets. Yet little is known about the specific nature and drivers of export marketing strategy implementation effectiveness. In this study we build on the implementation literature in marketing and strategic management to develop a new conceptualization of export marketing strategy implementation effectiveness. Drawing on dynamic capabilities theory, we empirically examine the export marketing capability antecedents and performance consequences of export marketing strategy implementation effectiveness in the context of manufacturing firms that are exporting to international markets. Results indicate that effective implementation of planned export marketing strategy contributes to export market and financial performance, and that marketing capabilities play an important role in enabling effective marketing strategy implementation in export venture operations.

**Keywords** International marketing · Exporting · Marketing strategy implementation · Marketing capabilities · Export venture performance

## Introduction

Continued globalization of the world's economies and intensifying worldwide competition has stimulated an ever-increasing number of firms to internationalize. By far the most popular way for firms to engage with international markets is exporting (e.g., Leonidou and Katsikeas 2010), which now accounts for more than 25% of world gross domestic product (World Bank 2008). Thus, any comprehensive answer to the increasingly important question of what drives firms' international competitiveness has to encompass the factors that affect firms' ability to compete in export markets (Cavusgil and Zou 1994; Katsikeas et al. 2000). With this in mind, researchers have been exploring the drivers and performance outcomes of export marketing strategy for nearly 40 years (e.g., Lages et al. 2008; Leonidou et al. 2004). Within this rich research stream, studies have highlighted the importance of the link between firms' export strategy planning process and planned export marketing strategy content and their export market performance (for review see Sousa et al. 2008). However, the literature reveals almost no insights on the *implementation* of planned export marketing strategy.

Yet the general marketing literature posits that the effective implementation of planned marketing strategy is key to linking marketing efforts with firm performance (e.g., Olson et al. 2005; Vorhies and Morgan 2003; White et al. 2004). Further, in practice, implementing planned marketing strategy is widely seen as a problematic managerial task that consumes substantial time and effort resources but often ends in failure (Noble and Mokwa 1999; Sashittal and Jassawalla 2001; Thorpe and Morgan 2007). These problems may be even greater for managers dealing with international markets

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(e.g., Freedman 2003; Piercy 1998). For example, operating in export markets involves dealing with geographical distance along with psychic and familiarity disparities in terms of export market culture, business practices, channel structure, communications infrastructure, legal system, etc. (Bello and Gilliland 1997; Sousa and Bradley 2006). This makes detailed current market understanding and future market forecasting particularly difficult for export markets. All of these factors suggest that the effective execution of planned export marketing strategy is an even more challenging and risky task for the managers involved (e.g., Morgan et al. 2004).

Therefore, the lack of understanding of the nature, impact, and drivers of the effective implementation of firms' planned export marketing strategy constitutes an important gap in international competitiveness knowledge. Our study addresses this knowledge gap and differs from prior research in important ways that allow us to make three contributions to the literature. First, drawing on the implementation literature in marketing and management, we offer a new conceptualization and operationalization of export marketing strategy implementation effectiveness centered on two aspects that are key to understanding its relationship with firms' export performance: (1) internal implementation effectiveness, the firm's ability to use its available resources and skills to translate its intended export marketing strategy decisions into realized export marketing actions, and (2) external implementation effectiveness, the extent to which the target export market responds to realized marketing actions and resource deployments in the way envisaged by export marketing strategy decision makers.

Second, using primary survey data from a large sample of export ventures in manufacturing companies, we empirically link export marketing strategy implementation effectiveness with export market and financial performance outcomes. Our model not only provides empirical support for the proposed linkages but also explains substantial variance in firms' export performance. Thus, our study provides compelling evidence that the effective implementation of planned export marketing strategy is an important component of firms' international competitiveness.

Third, we identify and examine the important role of marketing capabilities in enabling firms to successfully implement their planned export marketing strategies. Importantly, our findings suggest that most of the export venture performance benefits of marketing capabilities are realized through the effective implementation of planned export marketing strategy. This offers new theoretical insights into how and why marketing capabilities are important sources of competitive advantage and superior performance in export ventures.

We begin by describing the theoretical framework for our study, outlining in detail our conceptualization of export marketing strategy implementation effectiveness and linking this with the firm's marketing capabilities and export perfor-

mance. Next, we develop our research hypotheses. We then describe the research method used to test the hypothesized relationships and present the results. Finally, we discuss the findings and their implications, consider limitations of our study, and identify important areas for future research.

## Theory framework

The marketing strategy literature suggests that the effective implementation of planned marketing strategy is a key driver of firm performance (Olson et al. 2005; White et al. 2004). However, the literature on implementation in marketing has adopted a number of different perspectives. One stream adopts an individual-level perspective and focuses on factors affecting managers' commitment to strategic marketing decisions (e.g., Noble and Mokwa 1999; Rosier et al. 2010). A second stream adopts a marketing program-level perspective and focuses on factors affecting the link between marketing program planning and execution and performance outcomes (e.g., Bonoma 1985; Conant and White 1999). A third perspective adopts a "strategic fit" approach and examines the extent to which alignment between planned strategy content and supporting organizational structures and cultures explains variance in firm performance (e.g., Olson et al. 2005; Vorhies and Morgan 2003; Yarbrough et al. 2011). A fourth stream adopts a combined formulation-implementation perspective and examines how planning process design and capabilities affect planning performance outcomes (e.g., Menon et al. 1999; White et al. 2004). For present purposes, however, none of these prior approaches directly addresses the question of primary interest in our study—what is the nature and performance impact of the effective implementation of planned marketing strategy content?

Meanwhile, the strategic management literature on implementation offers a different but complementary viewpoint. Specifically, this literature posits that implementation of strategic decisions concerns not only the completeness of adoption or adherence to intended strategy content (Covin and Slevin 1998; Hughes et al. 2010; Noda and Bower 1996) but also the marketplace responses realized compared to strategy makers' beliefs and intentions (Miller 1997; Nutt 1996). This broader strategic management view is consistent with pre-study qualitative interviews we undertook with export venture managers in 11 manufacturing firms located in different cities and areas of the U.K. These interviews indicated that export marketing strategy implementation begins once initial export marketing strategy content decisions are made and ends when the degree to which intended marketplace responses are realized is assessed at the end of the planning period (cf. Mintzberg 1994).

Drawing together the insights provided in the marketing and strategic management literature with our fieldwork inter-

views, we broadly define export marketing strategy implementation as the actions and resources deployed to realize intended export marketing strategy decisions in a firm's pursuit of desired export venture goals (e.g., Morgan et al. 2004). In line with this perspective, we posit that the *effectiveness* of export marketing strategy implementation may be viewed in terms of two fundamental dimensions. The first, which we label *internal implementation effectiveness*, relates to the firm's ability to use its available resources to translate its intended export marketing strategy decisions into realized export marketing actions (Cespedes 1991)—in other words, the extent to which the firm's tactical export marketing program actions and the resources deployed to enact them are aligned with the firm's planned export marketing strategy decisions (Quelch 1992). This is consistent with notions of “adherence” and “strategic consistency” between actions and resource deployments and the content of strategic plans in the strategic management literature (e.g., Brauer and Schmidt 2006; Covin and Slevin 1998). This dimension of export marketing strategy implementation effectiveness can be summarized with the managerial question: to what extent did you manage to realize the marketing strategy decisions contained in your export marketing plan?

The second dimension, *external implementation effectiveness*, refers to the extent to which the firm's realized export marketing actions and resource deployments are received by the export marketplace in ways that were envisaged by export strategy decision makers. Marketing strategy decision makers generally formulate a set of beliefs concerning existing and likely future customer requirements, channel needs, competitor strategies, etc., and consider expected marketplace responses to the firm's alternative marketing strategy action choices (Frankwick et al. 1994). In a domestic market context, decision makers often either misread market conditions or fail to anticipate marketplace changes correctly (e.g., Sterling 2003). In an exporting context, reading current export market conditions and correctly predicting potential changes is likely to be an even more difficult task (e.g., Morgan et al. 2004). Thus, with imperfect foreign market information and bounded prescience, export venture decision-maker beliefs regarding the likely costs and benefits of future realized export marketing strategies are unlikely to be precisely and consistently accurate. This dimension of export marketing strategy implementation thus concerns the managerial question: has the target export market responded to your tactical marketing actions in the ways that are consistent with the desired objectives of the export marketing plan?

Thus, while internal implementation effectiveness pertains to the difference between planned export marketing strategy decisions and realized export venture resource deployments, external implementation effectiveness concerns the difference between expected (planned) and observed (realized) foreign marketplace reactions resulting from the firm's export venture

resource deployments. We propose that these two different aspects of marketing strategy implementation offer a new way to conceptualize export marketing strategy implementation effectiveness. We suggest that, together, these two aspects of implementation effectiveness may explain the frequently observed gaps between deliberate and emergent strategies and between desired and realized strategic goals (e.g., Mintzberg and Waters 1985).

Next, we turn to the second question of interest in our study: what determines the effectiveness with which planned marketing strategy is implemented in export ventures? In answering this question, we draw primarily on dynamic capabilities theory from strategic management. Dynamic capabilities theorists view resources as the stocks of tangible (e.g., plant, equipment) and intangible (e.g., knowledge, reputation) assets available to the firm, while capabilities are the processes by which firms identify and acquire needed resources and transform them into realized marketplace value offerings (Amit and Shoemaker 1993; Grant 1996). From this perspective, dynamic capabilities theory posits that rather than simple heterogeneity in current resource endowments, it is the capabilities by which firms develop strategies and acquire and deploy the resources required for strategy execution that explain inter-firm performance variations (Eisenhardt and Martin 2000; Teece et al. 1997).

Dynamic capabilities theory, therefore, suggests that the key drivers of planned marketing strategy implementation effectiveness are the capabilities within the firm that are used to translate marketing strategy decisions into appropriate tactics and resource deployments and those related to current market understanding and future market forecasting. In the exporting context in which we are examining marketing strategy implementation as a driver of international competitiveness, export ventures have been identified as the primary unit of analysis (Ambler et al. 1999; Myers 1999). Since the export venture concerns the firm's efforts to market a single product (or product line) to a specific foreign market, they are fundamentally marketing-based business units of the firm (e.g., Cavusgil and Zou 1994; Morgan et al. 2003). Hence, in seeking to better understand the drivers of export marketing strategy implementation effectiveness, the role of the firm's marketing capabilities is likely of central importance.

Marketing capabilities are the processes by which firms select intended value propositions for target customers and deploy resources to deliver these value offerings in pursuit of desired goals (Day 1994; Vorhies and Morgan 2005). Dynamic capabilities theory and the marketing literature identify two types of higher-order marketing capabilities that are of particular relevance to export ventures. First are *architectural export marketing capabilities*, the processes by which the exporting firm learns about its export venture market and uses this insight to make appropriate export marketing strategy decisions (e.g., Morgan et al. 2003; Teece et al. 1997). These include the

routines used to gather, process, and interpret export market information; distribute relevant foreign market information to export decision makers; and develop export venture marketing strategies (Day 1994; Vorhies and Morgan 2005). Second are *specialized export marketing capabilities*, the “blocking and tackling” export marketing program–related processes needed to implement export venture marketing strategies (Grant 1996; Vorhies et al. 2009). These include export product and pricing management, distribution management and delivery, post-sales service, marketing communications, and selling processes that a firm may need to transform its available resources into planned value offerings for target customers in the export venture market (Day 1994; Vorhies and Morgan 2003).

Prior research has suggested that different marketing capabilities may be most valuable to firms in combination (Srivastava et al. 1999), as they interact in ways that help firms achieve superior performance (Ramaswami et al. 2009; Vorhies and Morgan 2005). This supports dynamic capabilities theory, which argues that different organizational capabilities may be complementary and that such “asset interconnectedness” can generate additional economic rents (Grant 1996; Teece et al. 1997). Asset interconnectedness creates causal ambiguity that makes it difficult for competitors to identify the source of a firm’s observed performance advantage. Moreover, it implies that a rival must acquire the high-performing firm’s interconnected sets of capabilities in order to compete effectively (Helfat 1997; Morgan et al. 2009). Thus, in the context of export ventures and export marketing strategy implementation effectiveness, architectural and specialized marketing capabilities may have synergistic value-creating effects over and above the contribution of each individual capability type.

Our research model is outlined in Fig. 1. Next, we develop the rationale for each of the hypothesized relationships in our relationships.

## Hypotheses

Performance outcomes of export marketing strategy implementation effectiveness

Two important aspects of export venture performance are: *market performance*, the extent to which the venture achieves desirable product market–based goals such as high customer acquisition rates, sales revenue growth, and market share in the target export marketplace, and *financial performance*, the financial cost/benefit outcomes of the venture’s market performance captured in metrics pertaining to profit, margins, return on investment, and the like (Morgan et al. 2004). In our conceptualization, internal implementation effectiveness concerns how well realized export venture actions and resource deployments match the planned export marketing strategy. We hypothesize that

internal implementation effectiveness should therefore indirectly impact the export venture’s performance via a positive relationship with the external strategy implementation effectiveness of the venture’s export marketing strategy.<sup>1</sup> This relationship may be bi-directional. Assuming that export venture managers make appropriate marketing strategy decisions, then effectively executing these decisions should result in a positive response from the export target market and enhance the venture’s planned goal achievement (cf. Slotegraaf and Dickson 2004). Conversely, employees responsible for export marketing strategy execution may also be more likely to strive to acquire and deploy resources and take the actions required to effectively implement strategy decisions that they believe are appropriate given the goals set and conditions they see in the export marketplace (Miller et al. 2004; Piercy and Morgan 1994).

External implementation effectiveness concerns whether or not realized export marketing actions and resource deployments are received in the export market in the way expected by export venture decision makers when they set planned export marketing strategy goals. Assuming that export venture managers have selected appropriate goals, the degree to which the venture’s realized marketing strategy is received as expected in the export marketplace and contributes to anticipated goal achievement should be directly linked to the venture’s performance (cf. Menon et al. 1999). Since export marketing strategy goals are often set in terms of both market (e.g., market share, customer satisfaction) and financial (e.g., sales revenue, margins) criteria, external marketing strategy implementation effectiveness should be directly positively associated with both the market and financial performance of the export venture. Hence, we expect that:

- H1: Internal export marketing strategy implementation effectiveness is positively related to the export venture’s external export marketing strategy implementation effectiveness.
- H2: External export marketing strategy implementation effectiveness is positively related to the export venture’s (a) market performance, and (b) financial performance outcomes.

Marketing capabilities and export marketing strategy implementation effectiveness

Architectural marketing capabilities encompass the information-related processes involved in learning about the export venture market and the planning-related processes involved in selecting export marketing strategy goals and formulating strategies to attain them (Morgan et al. 2003; Slotegraaf and Dickson

<sup>1</sup> We also allow for the possibility of direct effects by including additional paths to export performance in our hypothesis testing model.

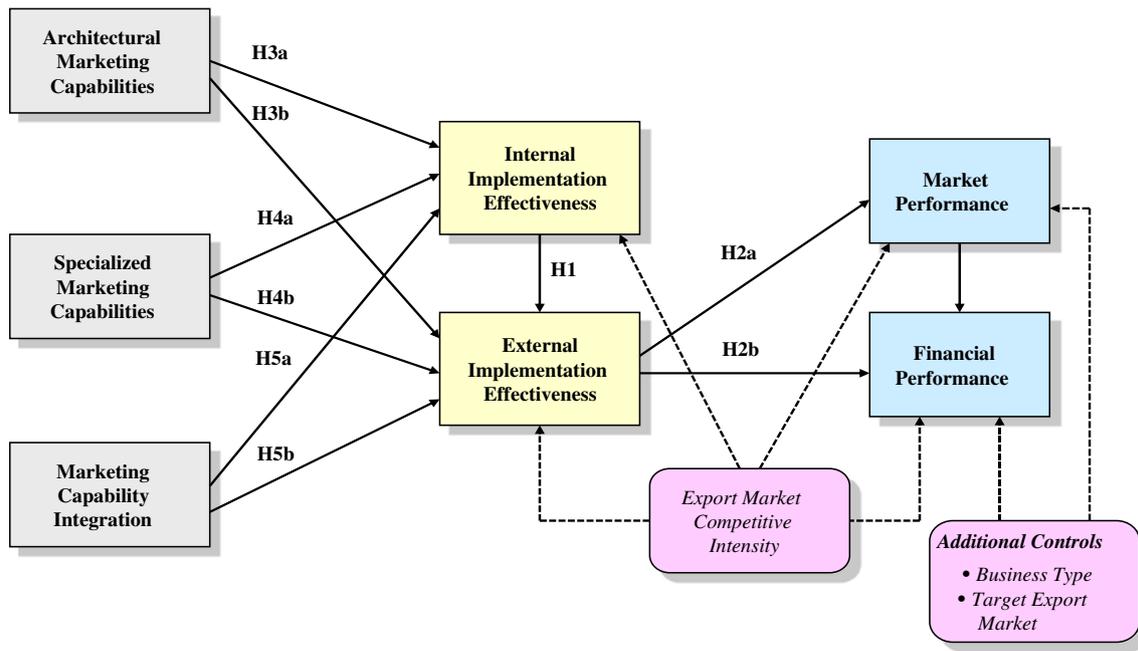


Fig. 1 Research model

2004). We expect these capabilities to be related to an export venture’s internal and external strategy implementation effectiveness for two reasons. First, ventures that have superior processes for learning about the target export marketplace and strong planning skills are likely to make more appropriate export marketing strategy decisions—and to be seen as making “good” decisions by employees charged with their implementation (Miller et al. 2004; Piercy and Morgan 1994). This should motivate those employees involved in implementing planned export marketing strategy decisions to work harder to find and appropriately deploy the resources needed to realize them (Noble and Mokwa 1999). Further, in export ventures with wide dissemination of export market intelligence, greater appreciation of the “why” as well as the “what” of planners’ marketing strategy decisions should offer employees a deeper understanding of the venture’s planned marketing strategy and enable them to better align their actions with those required for effective internal implementation (Dobni 2003). This should also reduce the gap between planned and realized export marketing strategy decisions.

Second, strong architectural marketing capabilities should ensure that an export venture’s marketing strategy decisions are aligned with the requirements of the export marketplace (e.g., Dickson 1992; Menon et al. 1999). Stronger architectural marketing capabilities should therefore allow export venture decision makers to select export marketing strategy options that are more likely to be well received in the export market and thereby result in the accomplishment of intended export marketing strategy goals (Morgan et al. 2003). In particular, while perfect export

market foresight is impossible, strong market information and planning capabilities should minimize the likelihood of surprises in distributor, customer, and competitor responses to the export venture’s realized marketing strategy (Slater and Narver 1995; Slotegraaf and Dickson 2004). This should minimize the difference between expected (planned) and observed (realized) export marketplace reactions resulting from the firm’s export marketing strategy resource deployments. This leads us to propose that:

H3: Architectural marketing capabilities are positively related to the export venture’s (a) internal and (b) external marketing strategy implementation effectiveness.

Specialized marketing capabilities encompass the tactical marketing program-related processes commonly needed to implement marketing strategy (Bonoma 1985; Vorhies and Morgan 2003). Such capabilities should be associated with a firm’s ability to take actions and deploy resources in ways that are well aligned with intended export marketing strategy decisions (Day 1994; Menon et al. 1999). Thus, *ceteris paribus*, firms with strong specialized marketing capabilities should exhibit a smaller gap between planned export marketing strategy decisions and realized export marketing strategy resource deployments. In addition, such capabilities may also provide an important adaptive mechanism that facilitates adjustments of execution tactics and resource deployments during export marketing strategy implementation. These adjustments are often necessary as unobserved constraints, unexpected opportunities, invalid assumptions, and unanticipated changes can arise within both the export venture and the export marketplace during marketing strategy

implementation (Slotegraaf and Dickson 2004; Sterling 2003). Any failure to make such specialized marketing capability-enabled adjustments during implementation is likely to lessen the extent to which realized export marketing strategy resource deployments will result in planned export venture goal achievement. Hence, we propose that:

H4: Specialized marketing capabilities are positively related to the export venture's (a) internal and (b) external marketing strategy implementation effectiveness.

While architectural and specialized marketing capabilities may individually contribute to implementation success, the literature also points to the potential for synergistic capability effects (Ramaswami et al. 2009; Vorhies and Morgan 2005). Such synergistic effects, which we label *marketing capability integration* in line with Grant (1996) and Vorhies et al. (2009), are also likely in the context of export marketing strategy implementation. For example, managers in export ventures with strong architectural *and* specialized capabilities (i.e., high levels of export marketing capability integration) are better able both to make appropriate marketing strategy decisions with respect to the export market environment and to have a wider range of executable strategy options from which to select (Menon et al. 1999). This is consistent with dynamic capabilities theory, which posits that firms with both strong architectural *and* strong specialized capabilities will provide strategic decision makers with a more valuable capability profile from which rents may be earned (e.g., Teece et al. 1997). To the extent that this value is realized through the firm's export marketing strategy selection and execution, asset interconnectedness should lead to more sustainable export venture performance benefits being accrued by the firm (Morgan et al. 2009). Thus any export marketing strategy which requires both strong architectural *and* strong specialized capabilities for its conception and execution is likely to be more difficult for rivals to imitate than a strategy requiring strength in only one of these capability types. Therefore, we propose that:

H5: Marketing capability integration is positively related to the export venture's (a) internal and (b) external marketing strategy implementation effectiveness.

## Method

### Research context

Given our goal of enhancing understanding of firms' international competitiveness in the export domain, we

adopted a multi-industry research design using data from manufacturing firms engaged in export marketing. Manufactured exports account for the bulk of total world export trade (World Bank 2008). We excluded service firms and those in primary sectors because of their idiosyncratic international expansion patterns and performance characteristics (Morgan et al. 2004; Zou and Cavusgil 2002). The multi-industry design allows greater variability in export venture strategy implementation practices and marketing capabilities and reduces the likelihood of sampling bias, thus offering greater generalizability (Bello and Gilliland 1997). Within each manufacturer we focused on an individual export venture as the unit of analysis, as firms with multiple export ventures may exhibit a variety of strategies and associated implementation issues, marketing capabilities, and performance outcomes (Cavusgil and Zou 1994). Since export ventures are fundamentally marketing-based business units (Ambler et al. 1999), our research design enables us to isolate marketing strategy implementation and its effect on performance.

In line with prior international marketing studies, to ensure systematic foreign market operations and establish reliable connections among export marketing strategy implementation effectiveness, marketing capabilities, and performance outcomes, we sampled only firms that had been engaged in export venture activities for at least 5 years (cf. Morgan et al. 2004). We also focused on firms that exported through foreign distributors, as they provide relatively easy and low cost access to foreign markets and thus constitute the export market entry and expansion mode most commonly used by manufacturers (Bello and Gilliland 1997; Leonidou and Katsikeas 1996). Limiting the research design accordingly reduces extraneous sources of variation and allows the development of grounded measures meaningful to all study participants.

### Measure development

We used existing measures of the marketing capability constructs needed to test our hypotheses. Specifically, we used the architectural and specialized capabilities measures developed by Vorhies and Morgan (2003, 2005) and their adaptation for use in the export marketing context (Morgan et al. 2004; Zou et al. 2003). The internal and external export marketing strategy implementation effectiveness constructs are new to this study. We developed these measures using the procedures recommended by Churchill (1979) and Gerbing and Anderson (1988). First, we carefully specified the conceptual domain of each construct. Next, we conducted in-depth interviews with export managers at 11 different exporting firms to better understand the focal phenomena. On the basis of these interviews and after an extensive review of the marketing, strategic management, and exporting literatures, we developed preliminary measures for our constructs. We formulated a draft questionnaire that

was then evaluated and revised through in-depth discussions with five academic researchers familiar with research on strategy implementation, marketing capabilities, and exporting, who served as expert judges. After a series of revisions, consensus was reached regarding the relevance of measures with all judges rating each item as representative of the construct of interest.

The revised questionnaire was subsequently pre-tested and refined in personal interviews with three export managers. Finally, a mail pretest was performed using a sample of 60 export venture managers that were excluded from the final sample. We received 23 completed questionnaires. The pretest revealed no particular problems with the survey's terminology, clarity of instructions, or response formats. We used item-to-total correlations and coefficient alphas as a preliminary psychometric evaluation of and for refining our measures. A listing of the specific items and response formats for our final construct measures is presented in [Appendix 1](#).

In addition to the focal constructs identified in our hypotheses, we also collected data on the export venture's target export market, business type (B2B versus B2C),<sup>2</sup> and competitive intensity in the export market. These data allowed us to control for possible differences across export ventures and export market conditions.

#### Data collection

The sampling frame was developed from the Dun and Bradstreet database, a source that is regularly updated and provides information on firm demographics and contact details. Using a systematic random sampling procedure, 1,000 exporting manufacturers in the U.K. from the approximately 13,000 included in the database were selected for inclusion in the sample.

*Key informant selection* We contacted each of these firms by telephone to (1) confirm their address, (2) assess the firm's eligibility, (3) pre-notify the execution, objectives, and importance of the study, and (4) locate appropriate informants by name and title. Pre-survey telephone contacts resulted in the identification of potential respondents in 567 firms eligible for the study. The individuals identified were responsible for specific export ventures, met the informant knowledgeable requirements, and agreed to participate in the study. The remaining companies could not be reached (17%), were not eligible (62%) on the basis of the criteria established, or were unwilling to provide information necessary to assess their eligibility (21%).

<sup>2</sup> Since more fine-grained industry classifications did not add any additional insight in our subsequent analyses we use this business-type classification to maximize the parameter-to-sample size ratio in our hypothesis testing model. We also collected data on firm size but found this to be unrelated to any of the constructs in our model.

*Survey response* We mailed the questionnaire to key informants in the 567 firms identified. Respondents were asked to complete the questionnaire with respect to a specific export venture in which only one foreign distributor had been employed to sell the focal product in the venture market for at least 5 years. This enabled us to control for possible confounds associated with multiple export ventures and multiple foreign distributors in a particular export venture market (Bello and Gilliland 1997). To control for differences across export markets, respondents were asked to focus on an export venture within their firm that focused on one of five large export markets: the U.S., Germany, Saudi Arabia, China, and Brazil. To ensure variation in export venture performance, we developed three questionnaire versions, each targeted to one-third of the eligible firms. One version instructed respondents to focus on one of their more successful export ventures; the other two asked informants to respond with respect to one of their averagely successful and less successful ventures, respectively (Morgan et al. 2004).<sup>3</sup> We offered a summary of the key findings as an incentive to participate. Reminder postcards, two follow-up mailings, and two further reminders yielded 251 responses. We excluded 32 of these responses; 8 responses focused on a venture running for less than 5 years and another 24 failed our *post hoc* informant quality tests (discussed subsequently). Thus, the final sample comprised 219 responses, a usable response rate of 39%.

*Validation of informant data* We validated our key informant data in several ways. First, we conducted a *post hoc* check of informant quality. The final part of the questionnaire included four questions tapping informant knowledge of the export venture's marketing strategy, capabilities, and performance and those of its main export market competitors, involvement with the export venture's activities, and confidence in completing the questionnaire. A seven-point Likert-type scale was used in each case. Twenty-four questionnaires were eliminated because they exhibited a rating lower than four, the mid-scale point, for one or more of these items. The average composite score for informant quality in our sample was 6.11, indicating that respondents were highly qualified to report on the issues being studied. Second, we also attempted to collect data from a second informant in each of the responding firms. Prior research and our fieldwork discussions suggested that there is typically only one manager responsible for and heavily involved with the full range of the export venture's plans and activities. Despite this, we were able to collect knowledgeable second informant data on 27 export ventures. We found high positive correlations between

<sup>3</sup> Comparison of responses for more successful, averagely successful, and less successful export ventures indicated the presence of significant mean differences in performance in the expected direction among the three groups.

the responses of the two raters that ranged from .79 to .91 for each of our constructs (the average inter-rater correlation for our 17 construct dimensions was .85), which further supports the validity of our key informant data.

*Assessment of non-response bias* We compared early and late respondents using a *t*-test procedure for two independent samples under the assumptions of both equal and unequal group variances. No significant differences were detected between the two groups with regard to firm characteristics (i.e., annual sales volume, length of exporting experience, and number of full-time employees), age of the venture, respondent competency ratings, and the construct measures. Further, a comparison between respondents and a group of 77 randomly selected nonparticipant firms, in terms of sales and employee number, revealed no significant differences. Thus, there is no evidence to suggest that non-response bias poses a problem in this study.

*Final sample descriptives* The industry breakdown of the 219 export ventures in our final sample was as follows: chemicals, 32; rubber and plastics, 32; textiles, 19; apparel, 26; machinery (excluding electrical), 76; and electrical and electronic machinery, 54. In terms of export venture markets, 6% targeted Brazil, 25% the U.S., 47% Germany, 4% Saudi Arabia, and 18% China. The average firm size was 314 employees. Seventy-seven percent of our sample sold products for business customer end-use, while 33% produced products for consumer end-use. Descriptive statistics for the measured constructs for our sample are contained in Table 3.

*Controlling for common method bias* Collecting data from key informants using a single survey instrument creates the potential for common method variance to influence any relationships observed. We followed the procedures recommended by Podsakoff et al. (2003) for limiting the impact of such bias in terms of: using a systematic measure development process to ensure clarity of the scale items; guaranteed anonymity to all respondents; and separating and mixing construct items in the questionnaire. In addition, due to the lack of secondary sources of data on export venture performance, we contacted the firms in our final sample and requested their cooperation in obtaining objective market and financial performance data to validate the primary performance data collected via our survey instrument (Morgan et al. 2004).<sup>4</sup> We were able to collect primary objective performance data on market share growth, sales volume growth, and relative profit margin for 39 export ventures in our sample. Highly significant correlations were found between these objective performance indicators and the corresponding perceptual performance items used in our export venture performance measurement: .87 ( $p < .01$ ) for

market share growth, .83 ( $p < .01$ ) for growth in sales revenue, and .85 ( $p < .01$ ) for profit margin. Finally, in addition to these procedural steps, we performed *ex post* statistical analyses (see “Analysis and results” section) to assess and limit the impact of common method variance.

## Analysis and results

### Measure validation

*Measurement model estimations* To assess the measurement properties of our scales, we estimated a series of confirmatory factor analyses (CFAs) in which each item was restricted to load only on its *a priori* specified factor and the factors themselves were permitted to correlate with one another (Gerbing and Anderson 1988). Due to sample size constraints, four CFAs were run and analyzed; the first three CFAs involved those constructs most similar to one another. The first CFA comprised the four architectural and seven specialized export marketing capability dimensions; the second contained the internal and external export marketing strategy implementation effectiveness constructs; the third included the export market and financial performance constructs and the competitive intensity control variable measure. Prior to running the structural model, we performed a CFA on all constructs at the same time. Due to sample size restrictions, in this final CFA model (and the corresponding structural model) we created parcels for the individual export marketing capability measures, resulting in four indicators for architectural and seven for specialized marketing capabilities (Bello and Gilliland 1997; Netemeyer et al. 1997). Then the two capability types were run with the remaining constructs (i.e., internal and external implementation effectiveness, market effectiveness, financial performance, and competitive intensity) specified using full information (i.e., not parceled). This model is shown in Table 1 as the “All Constructs” CFA.

Table 1 contains a summary of our CFA results, along with factor means, standard deviations, average variances

<sup>4</sup> Consistent with previous studies (e.g., Bello et al. 2010; Morgan et al. 2004; Zou and Cavusgil 2002), we employed perceptual measures of performance because company financial statements do not report objective performance data at the product market level (Katsikeas et al. 2000). Further, measurement difficulties inherent in certain objective measures of performance may raise comparability concerns (e.g., profitability is contingent on internal accounting practices such as depreciation and overhead allocation). Day (1994) contend that managerial decisions and actions are primarily driven by perceptions of firm performance rather than by objective, absolute performance ratings. There is also empirical evidence (Dess and Robinson 1984; Venkatraman and Ramanujam 1987) suggesting that perceptual measures produce reliable and valid assessments of performance.

extracted, reliabilities, and loading ranges. Measurement models were assessed using the procedure recommended by Bagozzi and Yi (1988). First, we checked the summary statistics for the items in each model and found no evidence to suggest violation of the normal distribution assumption. This was confirmed by Shapiro-Wilk and Shapiro-Francia tests and an analysis of Skewness statistics. Then, we examined model fit for each CFA using the chi-square ( $\chi^2$ ), comparative fit index (CFI), root mean squared error of

approximation (RMSEA), Delta2 ( $\Delta 2$ ), and relative non-centrality index (RNI) as goodness-of-fit indicators. In all cases the results suggest that the model represents a good fit to the data (see Table 1).

*Convergent and discriminant validity* The “All Constructs” confirmatory factor model in Table 1 demonstrates that all factor loadings on each construct in our hypothesis testing model were large and statistically significant ( $p < .001$ ),

**Table 1** Measurement models and Confirmatory Factor Analysis (CFA) results

Confirmatory factor models	Mean	Standard deviation	Variance extracted	Composite reliability	Loading range	$\chi^2$ (d.f.)	RMSEA	CFI, $\Delta 2$ , RNI
Export marketing implementation effectiveness						29.37 (19)	.060	.986, .985, .963
Internal implementation effectiveness	4.43	1.09	.69	.89	.56–.84			
External implementation effectiveness	4.56	1.03	.63	.87	.59–.89			
Architectural and specialized export marketing capabilities						1804.06 (1014)	.058	.911, .912, .906
Marketing planning capabilities	4.33	1.13	.59	.85	.65–.75			
Market information acquisition capabilities	4.52	1.02	.84	.96	.77–.96			
Market information interpretation capabilities	4.34	1.05	.79	.93	.51–.96			
Market information dissemination capabilities	4.58	1.11	.76	.93	.67–.85			
Pricing capabilities	4.84	0.94	.59	.85	.65–.75			
Product management capabilities	4.34	1.24	.77	.93	.68–.92			
Distributor relationship capabilities	4.63	1.31	.84	.96	.77–.96			
Delivery capabilities	4.82	1.19	.79	.93	.51–.96			
Post-sale service capabilities	4.63	1.19	.76	.93	.67–.85			
Marketing communications capabilities	3.81	1.15	.80	.94	.71–.90			
Selling capabilities	4.86	1.19	.83	.95	.81–.87			
Export venture performance and competitive intensity						101.99 (51)	.065	.973, .974, .953
Market performance	4.71	1.12	.82	.95	.72–.92			
Financial performance	4.32	1.13	.84	.95	.83–.90			
Competitive intensity	4.15	1.35	.66	.88	.68–.78			
All constructs in CFA—fit results						768.44 (443)	.057	.931, .932, .924
Architectural marketing capabilities <sup>1</sup>	4.37	0.91	NA <sup>2</sup>	NA <sup>2</sup>	.58–.91			
Specialized marketing capabilities <sup>1</sup>	4.54	0.82	NA <sup>2</sup>	NA <sup>2</sup>	.52–.73			
Internal implementation effectiveness	4.43	1.09	.63	.87	.57–.92			
External implementation effectiveness	4.56	1.03	.59	.85	.70–.86			
Market performance	4.71	1.12	.78	.93	.72–.95			
Financial performance	4.31	1.13	.74	.92	.84–.90			
Competitive intensity	4.15	1.45	.49	.79	.60–.79			

<sup>1</sup> Parcels used to represent first order constructs with 1- reliability squared as the error term for the first-order construct

<sup>2</sup> See Average Variance Extracted and Composite Reliability scores for first-order dimensions of the second-order construct

providing evidence of convergent validity (Anderson and Gerbing 1988; Bagozzi and Yi 1988). For all first-order constructs in our dataset we assessed discriminant validity by examining the average variance extracted (AVE) for each construct and comparing it to the shared variance for all possible pairs of constructs (Fornell and Larcker 1981). The AVE scores ranged from .59 to .84, and the highest shared variance between any pair of our study constructs was .53 (see Tables 2 and 3), which meets the criterion for discriminant validity among our measures. We assessed the discriminant validity of the two higher-order constructs (architectural and specialized marketing capabilities) in our hypothesized model (see Table 1), using  $\chi^2$  difference tests. This involved comparing  $\chi^2$  statistics in measurement models in which the covariance coefficient between the two constructs was allowed to vary and then fixed to one (Anderson and Gerbing 1988; Bagozzi et al. 1991). The very large  $\chi^2$  difference ( $\Delta\chi^2=73.50$ , d.f.=1,  $p<.001$ ) between the two models clearly suggests these constructs are distinct. We then repeated this process for each pair of constructs in our hypothesized model in turn, and changes in  $\chi^2$  were large and significant in each of the pair-wise comparison tests performed, which further confirms discriminant validity among our constructs. Further, as shown in Table 1, all measures exhibit high composite reliabilities ranging from .85 to .96.

#### Tests of hypotheses

With the psychometric properties of our measures established, we tested our hypothesized model using maximum likelihood estimation in a structural equation model. In addition to the hypothesized paths, we also included: a path reflecting previous export marketing strategy research linking the venture's market performance and its financial performance (e.g., Aulakh et al. 2000; Morgan et al. 2004), paths allowing for possible direct effects of internal implementation effectiveness on the two performance dependents, and paths linking our control variables directly with the export ventures market and financial performance. As a robustness check and to clarify whether internal and external marketing strategy implementation effectiveness completely mediate the impact of marketing capabilities on export venture performance, we also estimated a second structural model adding direct paths between our three marketing capability variables and the two export venture performance outcomes.

As our export marketing capability integration construct is conceptualized as an interaction between architectural and specialized marketing capabilities, we followed Ping's (1995) approach to calculating the interaction term which reduces multicollinearity and provides unbiased parameter estimates. In the model the parameters of the phi matrix are freely estimated (i.e., the exogenous constructs are permitted to

covary), while the psi matrix is a diagonal matrix (i.e., no covariances between the disturbance terms are included).

We assessed potential common method variance (CMV) effects in two ways. First, we conducted Harman's single-factor test using an exploratory factor analysis containing all indicators of the study constructs (Organ and Greene 1981). The results revealed no single factor that explained more than 20% of the total variance. Second, we employed Netemeyer et al.'s (1997) more stringent procedure to test the extent to which common method bias influenced our results. This approach creates a latent variable estimated by each of the indicators in the model to account for the presence of CMV, which is then included in the hypothesis testing model. The results in Table 4 include the CMV factor and thus are unbiased by any CMV influences. The goodness-of-fit indices for our hypothesized full mediation model ( $\chi^2=853.80$ , d.f.=598,  $p<.01$ ; CFI=.954; RMSEA=.044;  $\Delta 2=.955$ ; and RNI=.943) suggest a good overall fit.

The partial mediation model also shows a good overall fit to the data (see Table 4). Of the six additional capability–performance paths estimated in this model only two are significant—those linking architectural capabilities and export venture financial performance ( $\gamma=.15$ ,  $t=2.09$ ,  $p<.01$ ), and specialized capabilities and export venture market performance ( $\gamma=.19$ ,  $t=2.64$ ,  $p<.01$ ). This indicates that export venture marketing strategy implementation effectiveness is only a partial mediator of the marketing capability–export venture performance link. However, reassuringly, the results for the hypothesized relationships are stable across both models. We therefore focus on the partial mediation model estimates in discussing our results.

As shown in Table 4, the estimates of the standardized path coefficients support seven of the nine hypothesized links. The importance of the effective implementation of planned export marketing strategy is indicated by the  $R^2$  values for the variance explained in export venture market performance and financial performance in our SEM results—.25 and .51, respectively.

Our Table 4 results indicate strong support for H1, revealing a strong positive link between internal and external export marketing strategy implementation effectiveness ( $\beta=.50$ ,  $t=6.45$ ,  $p<.01$ ). In turn, as hypothesized in H2a and H2b, external marketing strategy implementation effectiveness was found to be positively associated with both export venture market performance ( $\beta=.42$ ,  $t=3.55$ ,  $p<.01$ ) and financial performance ( $\beta=.33$ ,  $t=3.13$ ,  $p<.01$ ). The additional direct paths also included in our model revealed that while (as expected) internal export marketing strategy implementation effectiveness was not directly associated with export market performance, it was directly related to export venture financial performance ( $\beta=-.28$ ,  $t=-3.21$ ,  $p<.01$ ). This is likely a result of realizing planned strategy decisions—internal implementation effectiveness—also

**Table 2** First-order construct correlations, average variance extracted and squared correlations<sup>a</sup>

	X1	X2	X3	X4	X5	X6	X7	X8	X9	X10	X11	X12	X13	X14	X15	X16
X1 Marketing Planning	<b>0.59</b>	0.26	0.35	0.31	0.14	0.34	0.17	0.11	0.16	0.40	0.34	0.22	0.21	0.14	0.14	0.00
X2 Mkt Information Acquisition	0.51**	<b>0.84</b>	0.53	0.35	0.20	0.30	0.32	0.08	0.13	0.17	0.25	0.14	0.09	0.06	0.05	0.01
X3 Mkt Information Interpretation	0.59**	0.73**	<b>0.79</b>	0.47	0.19	0.35	0.22	0.08	0.12	0.28	0.33	0.21	0.16	0.09	0.09	0.00
X4 Mkt Information Dissemination	0.56**	0.59**	0.69**	<b>0.76</b>	0.09	0.23	0.19	0.04	0.11	0.20	0.18	0.15	0.14	0.05	0.07	0.01
X5 Pricing	0.37**	0.45**	0.44**	0.31**	<b>0.59</b>	0.25	0.15	0.18	0.06	0.04	0.16	0.05	0.07	0.06	0.06	0.00
X6 Product Management	0.58**	0.55**	0.59**	0.48**	0.50**	<b>0.77</b>	0.28	0.12	0.13	0.21	0.25	0.17	0.16	0.10	0.15	0.00
X7 Distributor Relationship	0.41**	0.56**	0.47**	0.44**	0.39**	0.53**	<b>0.84</b>	0.16	0.24	0.13	0.23	0.18	0.11	0.07	0.11	0.00
X8 Delivery	0.33**	0.29**	0.29**	0.21**	0.43**	0.35**	0.40**	<b>0.79</b>	0.26	0.04	0.13	0.08	0.07	0.07	0.08	0.00
X9 Post-sale Service	0.40**	0.36**	0.35**	0.33**	0.25**	0.35**	0.49**	0.51**	<b>0.76</b>	0.15	0.18	0.10	0.08	0.10	0.10	0.00
X10 Marketing Communications	0.63**	0.42**	0.53**	0.45**	0.19**	0.46**	0.36**	0.20**	0.39**	<b>0.80</b>	0.22	0.22	0.19	0.10	0.16	0.00
X11 Selling	0.59**	0.50**	0.57**	0.43**	0.40**	0.50**	0.48**	0.36**	0.43**	0.47**	<b>0.83</b>	0.19	0.22	0.10	0.14	0.00
X12 Internal Implementation Effect.	0.47**	0.37**	0.46**	0.39**	0.22**	0.41**	0.42**	0.28**	0.32**	0.47**	0.44**	<b>0.69</b>	0.23	0.07	0.08	0.00
X13 External Implementation Effect	0.45**	0.30**	0.40**	0.37**	0.27**	0.40**	0.33**	0.26**	0.28**	0.44**	0.46**	0.48**	<b>0.64</b>	0.21	0.22	0.00
X14 Export Market Performance	0.38**	0.24**	0.29**	0.23**	0.24**	0.31**	0.27**	0.26**	0.32**	0.31**	0.31**	0.27**	0.46**	<b>0.82</b>	0.38	0.07
X15 Export Financial Performance	0.37**	0.23**	0.30**	0.26**	0.24**	0.38**	0.34**	0.28**	0.32**	0.40**	0.37**	0.29**	0.47**	0.62**	<b>0.84</b>	0.03
X16 Competitive Intensity	0.04	0.09	-0.01	0.11	0.01	0.03	0.05	0.02**	0.00**	-0.01	-0.05	-0.04	-0.07	-0.26**	-0.18**	<b>0.66</b>

<sup>a</sup>Correlations are given in the lower half matrix. Average Variance Extracted is in bold on the diagonal and squared correlations are given in the upper half matrix

\* $p < .05$

\*\* $p < .01$

**Table 3** Means, standard deviations, and correlations for model constructs

	Mean (S.D.)	X1	X2	X3	X4	X5	X6
X1 Architectural marketing capabilities	4.37 (0.91)						
X2 Specialized marketing capabilities	4.54 (0.82)	.72**					
X3 Internal implementation effectiveness	4.43 (1.10)	.53**	.55**				
X4 External implementation effectiveness	4.56 (1.04)	.49**	.51**	.63**			
X5 Export market performance	4.71 (1.12)	.38**	.48**	.40**	.46**		
X6 Export financial performance	4.32 (1.13)	.38**	.42**	.30**	.45**	.62**	
X7 Venture market competitive Intensity	4.15 (1.45)	.04	.03	-.07	-.08	-.18**	-.26**

\* $p < .05$ \*\* $p < .01$ 

being connected with the costs of the resources deployed in executing the planned marketing strategy.

In terms of the marketing capability antecedents of export marketing strategy implementation effectiveness, our results support H3a, linking architectural export marketing capabilities to internal strategy implementation effectiveness ( $\gamma = .34$ ,  $t = 4.00$ ,  $p < .01$ ). However, no significant link was found between architectural export marketing capabilities and external strategy implementation effectiveness ( $\gamma = -.06$ ,  $t = -0.75$ ,  $p > .10$ ), providing no support for H3b. In line with H4a, specialized export marketing capabilities were found to be positively associated with internal strategy implementation effectiveness ( $\gamma = .21$ ,  $t = 2.87$ ,  $p < .01$ ). However, specialized capabilities were not found to be related to external strategy implementation effectiveness ( $\gamma = .02$ ,  $t = 0.26$ ,  $p > .10$ ), providing no support for H4b. Marketing capability integration was found to be positively related to both internal ( $\gamma = .19$ ,  $t = 2.98$ ,  $p < .01$ ) and external ( $\gamma = .11$ ,  $t = 2.00$ ,  $p < .05$ ) export marketing strategy implementation effectiveness, supporting H5a and H5b, respectively.

In addition, concerning the role of control variables in our model, the results indicate negative and significant relationships between competitive intensity and export venture market performance and financial performance. However, competitive intensity was not found to have a direct effect on either the internal or external export marketing strategy implementation effectiveness of the export ventures in our sample. All direct effects of the export venture's business type and target export market on the two performance dependent measures were also non-significant. As expected, we also observed a strong positive link between export market performance and financial performance outcomes.

## Discussion

Overall, our results indicate that simply aligning export venture actions and resource deployments with intended export marketing strategy decisions (*internal implementation*

*effectiveness*) is not sufficient to positively affect export venture performance. In fact, since resource deployment is usually the most costly stage of the export marketing strategy process, it can have a direct negative effect on the venture's financial performance. This resource deployment "cost" is mitigated by the strong indirect "benefit" effect we observe through the positive impact of internal implementation effectiveness on the external implementation effectiveness of export marketing strategies. Thus, our results suggest that effectively implementing export marketing strategy to drive venture performance requires both that intended export marketing strategy decisions are realized *and* that the export marketplace reacts to the firm's realized marketing strategy as export decision makers anticipated to enable the accomplishment of desired export venture goals.

Our findings also reveal that marketing capabilities are an important predictor of an export venture's ability to effectively implement planned export marketing strategy. Four of the six paths linking architectural, specialized, and integrated export marketing capabilities with internal and external implementation effectiveness were found to be significant and positive in our sample of export ventures. Subsequent *post hoc* analyses suggest the reason that architectural marketing capabilities were not found to be significantly related to external implementation effectiveness is likely because of its strong indirect effect via its impact on internal implementation.<sup>5</sup> We also observe a non-significant path between specialized marketing capabilities and external export marketing strategy implementation effectiveness. One explanation for this might be that the positive benefits of specialized export marketing capabilities on the export venture's ability to adjust its execution of planned export marketing strategy to ensure the desired export market response are offset by the negative effect of the costs of such adjustments on the venture's ability to achieve desired goals.

<sup>5</sup> When the path between internal and external implementation effectiveness is dropped from the model, the direct path between architectural marketing capabilities and external implementation effectiveness is strong and positive.

**Table 4** Structural equation modeling results (with CMV factor)

	Full mediation Path coefficient (t-value)	Partial mediation Path coefficient (t-value)
Hypothesized paths:		
Internal → External implementation effectiveness <b>(H1)</b>	.48 (6.28)	.50 (6.45)
External implementation effectiveness → Export market performance <b>(H2a)</b>	.40 (3.57)	.42 (3.55)
External implementation effectiveness → Export financial performance <b>(H2b)</b>	.34 (3.24)	.33 (3.13)
Architectural marketing capabilities → Internal implementation effectiveness <b>(H3a)</b>	.31 (3.64)	.33 (4.00)
Architectural marketing capabilities → External implementation effectiveness <b>(H3b)</b>	-.04 (-0.48)	-.06 (-0.75)
Specialized marketing capabilities → Internal implementation effectiveness <b>(H4a)</b>	.20 (2.64)	.21 (2.87)
Specialized marketing capabilities → External implementation effectiveness <b>(H4b)</b>	.06 (0.83)	.02 (0.26)
Marketing capabilities integration → Internal implementation effectiveness <b>(H5a)</b>	.19 (3.00)	.19 (2.98)
Marketing capabilities integration → External implementation effectiveness <b>(H5b)</b>	.12 (2.09)	.11 (2.00)
Mediation test paths:		
Architectural marketing capabilities → Export market performance		.13 (1.55)
Architectural marketing capabilities → Export financial performance		.15 (2.09)
Specialized marketing capabilities → Export market performance		.19 (2.64)
Specialized marketing capabilities → Export financial performance		.11 (1.68)
Marketing capabilities integration → Export market performance		.01 (0.03)
Marketing capabilities integration → Export financial performance		.02 (0.31)
Additional and control paths modeled:		
Internal implementation effectiveness → Export market performance	.04 (0.46)	-.05 (-0.49)
Internal implementation effectiveness → Export financial performance	-.20 (-2.61)	-.28 (-3.21)
Export market performance → Export financial performance	.44 (6.41)	.44 (6.37)
Business Type → Export market performance	-.10 (-1.81)	-.08 (-1.49)
Business Type → Export financial performance	.02 (0.44)	.03 (0.57)
Country 1 (Germany) → Export market performance	-.07 (-0.98)	-.07(-1.03)
Country 2 (USA) → Export market performance	-.06 (-0.89)	-.03 (-0.51)
Country 3 (China) → Export market performance	-.06 (-0.94)	-.06 (-1.06)
Country 4 (Saudi Arabia) → Export market performance	.02 (0.36)	.02 (0.34)
Country 5 (Brazil) → Export market performance	.02 (0.37)	.02 (0.35)
Country 1 (Germany) → Export financial performance	.01 (0.18)	.01 (0.03)
Country 2 (USA) → Export financial performance	.05 (0.99)	.07 (1.26)
Country 3 (China) → Export financial performance	.01 (0.22)	.08 (0.16)
Country 4 (Saudi Arabia) → Export financial performance	.01 (0.24)	.01 (0.18)
Country 5 (Brazil) → Export financial performance	.06 (1.45)	.06 (1.36)
Competitive intensity → Internal implementation effectiveness	-.04 (-0.63)	-.05 (-0.77)
Competitive intensity → External implementation effectiveness	-.07 (-1.32)	-.07 (-1.36)
Competitive intensity → Export market performance	-.19 (-2.98)	-.19 (-2.95)
Competitive intensity → Export financial performance	-.20 (-3.71)	-.21 (-3.71)
Overall model fit:		
$\chi^2$	853, 598 df, $p < .01$	840, 592 df, $p < .01$
CFI	.954	.956
RMSEA	.044	.044
$\Delta 2$	.955	.957
RNI	.943	.944

Finally, while our results indicate that most of the performance impact of export marketing capabilities is indirect and operates through the implementation of planned export marketing strategy, we do also observe two significant direct effects. First, we find that architectural marketing capabilities help to directly determine export venture financial performance. This may indicate some opportunity cost strategy selection benefits of strong capabilities in export market learning and marketing planning as well as marketing strategy implementation benefits. Second, we find that specialized marketing capabilities also help directly determine export venture market performance. This may indicate the potential for improvisation-related as well as planned marketing strategy implementation-related benefits from specialized marketing capabilities (e.g., Moorman and Miner 1998).

### Theoretical implications

Our study offers three major implications for understanding firms' international competitiveness in the realm of export marketing. First, we identify two distinct aspects of export marketing strategy implementation effectiveness (i.e., internal and external) and provide empirical evidence linking these aspects of marketing strategy implementation to export venture performance. While the literature has long highlighted the importance of marketing strategy implementation in understanding firm performance, this issue has received scant empirical attention. A key reason for this is the absence of any well-developed conceptualizations of this wide-ranging phenomenon (e.g., Noble 1999; Vorhies and Morgan 2003). We offer a new conceptualization of marketing strategy implementation effectiveness that is grounded in both the literature and fieldwork insights, and we develop empirically valid and parsimonious measures of the two distinct dimensions of the construct. This provides a foundation for the development of a new and theoretically important focus for research in global marketing strategy. Further, we provide some of the first empirical evidence supporting the widely held but previously untested link between marketing strategy implementation and performance. While the empirical results of our study are specific to the export venture context, our conceptualization of marketing strategy implementation effectiveness also offers insights for the broader marketing strategy literature.

Second, our research adds to an emerging stream of research on the role of marketing capabilities in influencing performance outcomes in international marketing. Prior studies have highlighted the performance implications of marketing capabilities in international joint ventures (e.g., Fang and Zou 2009) and identify direct performance effects of export venture marketing capabilities (e.g., Piercy et al. 1998), indirect performance influences through export marketing programs

(e.g., Lages et al. 2009), and intended and realized competitive strategies (e.g., Morgan et al. 2004). We extend understanding of how a firm's marketing capabilities contribute to export venture performance outcomes. Theoretically, capabilities contribute to performance by allowing firms to conceive of and execute value-creating strategies. Yet, with few exceptions (e.g., White et al. 2004), research examining the performance impact of marketing capabilities has largely ignored their impact on a firm's ability to conceive of and implement planned marketing strategy. Collectively, our results indicate that many of the performance benefits of strong marketing capabilities in export ventures can be traced to their impact on the venture's ability to execute planned export marketing strategy decisions in ways that result in expected export marketplace responses and thereby allow planned venture goals to be achieved. Thus, our findings suggest that investigations of linkages between export marketing capabilities and export performance can be informed by studying the implementation processes that lead to superior export venture performance.

Third, the findings from this study broaden and deepen our understanding of the sources of performance variations across export ventures and underscore the need to review current assumptions concerning the implementation of planned export marketing strategy decisions. Prior research has identified that intended marketing strategies in export ventures are often difficult to realize, particularly in the presence of intense competitive rivalry (Morgan et al. 2004). We provide new insights into the intended versus realized marketing strategy gap in export ventures by linking marketing capabilities to export marketing strategy implementation effectiveness. Our findings suggest that researchers studying export marketing strategy–performance links should not assume that export marketing strategies pursued are subsequently realized, but they should consider the significant role of architectural and specialized marketing capabilities and their synergistic effects in determining the effective implementation of planned export marketing actions.

### Implications for management and public policy

Our study also has a number of implications for managers. First, our results highlight the importance of ensuring that planned export marketing strategy decisions are effectively executed. While this may seem intuitive—and many CEOs and consultants commonly make statements to the effect that “execution is everything”—in practice managers often allocate significantly more time and attention to formulating strategic decisions than to planning and following through on their implementation (Bossidy and Charan 2002; Clancy and Krieg 2000; Rosier et al. 2010). Our study provides a calibration of the performance benefits of the effective execution of planned export marketing strategies that should

encourage export venture managers to pay more attention to execution issues than is commonly the case (cf. Nutt 1999).

Second, the scant empirical attention to the implementation of planned marketing strategy decisions in the literature provides little or no guidance even to those managers who recognize the need to address this issue within their organization (Piercy 1998). Our results suggest that in their efforts to enhance the execution of planned export marketing strategies, managers in exporting firms should focus on building and strengthening their firms' marketing capabilities. Thus our results support prior research in suggesting that investments and improvement efforts should be broad-based and cover all relevant marketing capabilities, rather than focusing more narrowly on creating superiority in one particular capability (Vorhies and Morgan 2005).

Third, our results suggest that policy makers should expand the focus of export assistance programs beyond the traditional realm of export promotion. In particular, our study indicates that policy makers focused on improving international competitiveness and economic development via enhanced exporting success should consider ways in which they can help firms improve their marketing capabilities. The literature suggests such efforts could usefully focus on supporting projects aimed at: (1) benchmarking marketing capabilities across firms to identify export marketing "best practices" (Vorhies and Morgan 2005); (2) codifying such practices to lower "stickiness" barriers to their transfer among exporters (Szulanski 1996); and (3) marketing training and development for export venture employees to aid the individual-level skills that are brought together by the routines underpinning firms' export marketing capabilities (Day 1994).

#### Limitations and directions for future research

Two particular limitations of our study result from trade-off decisions required in research of this type. First, while we carefully followed methodological guidelines for locating appropriate informants, ensuring key informant knowledgeability, guaranteeing anonymity, and designing our survey to maximize respondent objectivity, the potential still exists for informant bias in our data. While obtaining data from secondary sources or multiple informants for all export ventures in the sample would have been ideal, the literature and our field interviews indicate that this is not a realistic option in the exporting context. However, in seeking to generalize our findings, future research in non-export venture contexts may utilize multi-informant primary data collection and secondary data-based research designs.

Second, while we build hypotheses guided by the directional linkages implied in the theoretical literature, we test our hypotheses with cross-sectional data and therefore cannot empirically impute causality in the

relationships examined or empirically assess the sustainability of the performance outcomes observed. Having established these linkages using cross-sectional data, a natural extension of this study would be to deploy longitudinal research designs to empirically confirm causality and assess performance outcomes over time.

Third, our study is necessarily somewhat limited in its generalizability. Our export venture research context has no secondary data available, which limits the ability to use such data for control purposes. In addition, by focusing on an in-depth investigation of the marketing capability antecedents and performance consequences of export marketing strategy implementation, we were logistically limited in the amount of control variables we could collect via our questionnaire. In our study, we controlled for the type of customer and the specific export market served as well as the competitive intensity faced in the target export market. Nonetheless, we believe that the theory framework we developed and our conceptualization of marketing strategy implementation effectiveness should be generalizable not only across different export marketing contexts but also to domestic marketing contexts. Clearly, however, further research in these different contexts is needed to empirically investigate the external validity of our findings. For example, future research could examine the generalizability of the relationships we report across different environments (e.g., dynamic versus stable, simple versus complex) and strategy types (e.g., cost-based versus differentiation, product-based versus image-based).

In addition to research needed to overcome these limitations, our study suggests two obvious additional avenues of future investigation. First, having demonstrated that marketing capabilities play an important role in predicting export venture marketing strategy implementation effectiveness, it is also important to establish boundary conditions for this theoretically important relationship. For example, what is the role of organizational culture in the marketing capability marketing strategy implementation effectiveness relationship? Do different competing values or strategic orientations impact this relationship differently? It is also possible that organization structure may impact the relationship between a firm's marketing capability and its export marketing strategy implementation effectiveness. This raises additional interesting questions. For example, do formally organized and more centralized organizational structures facilitate or hinder the marketing capability-strategy implementation effectiveness link?

Second, given the export performance impact of the effective implementation of planned marketing strategy revealed in our study, managers will be anxious to learn what else contributes to export venture marketing strategy implementation effectiveness. For example, what is the role of planning process design in aiding or hindering effective plan

implementation? Conant and White (1999) find that marketing planning processes that develop a clear sense of the firm's marketing strengths and weaknesses are connected with greater follow through on marketing program plans. Coupled with our results concerning the role of marketing capabilities, this suggests that planning processes with a strong "internal" as well as "market" analysis focus may improve the effective

implementation of the resulting planned strategy content. Examining such questions may provide a rich source of theoretically interesting and managerially relevant new research in marketing strategy and international marketing.

**Acknowledgment** The authors wish to thank Saeed Samiee, Rebecca Slotegraaf, and Shaoming Zou for their constructive comments and suggestions on this research project and earlier versions of this manuscript.

## Appendix

**Table 5** Measurement scales

**Marketing Capabilities:** Please rate your firm's export marketing capabilities, relative to your major competitors (in this export market) in the following areas: *Seven-point scale running -3 (Much Worse than Competitors) to +3 (Much Better than Competitors).*

### *Architectural marketing capabilities*

Marketing planning	Export marketing planning skills
	Setting clear export marketing goals
	Formulating creative export marketing strategies
	Thoroughness of export marketing planning processes
Market information acquisition	Quickly learning of changes in export customer preferences
	Discovering competitor strategies and tactics
	Gaining insights about the marketing from distributors and the channel
Market information interpretation	Using multiple information sources to learn about export customers and competitors
	Integrating all available information to gain insights about the export market
	Combining new information with past research to build a richer market view
	Analyzing market information to effectively understand the export market
Market information dissemination	Identifying emerging trends in the export marketplace
	Making relevant export market information available to decision-makers
	Sharing available market information widely within the export venture
	Ensuring export market information reaches all interested parties
	Giving other units in the firm easy access to our export market information

### *Specialized marketing capabilities*

Pricing	Doing an effective job of pricing the export venture products
	Using our pricing skills to respond quickly to any customer need changes
	Communicating pricing structure and levels to customers
	Being creative in "bundling" pricing deals
Product development	Managing new export venture products
	Developing new export venture products to exploit R&D investment
	Successfully launching new export venture products
	Speedily developing and launching new export venture products
Channel management	Attracting and retaining the best distributors in the export venture market
	Satisfying the needs of distributors in this export market
	Closeness in working with distributors/retailers in this export market
	Adding value to our distributor's businesses
Delivery management	Quickly delivering products once they are ordered
	Shipping products overseas on time
	Making it easy for products to be returned
	Meeting delivery promises to foreign customers
Post-sale service	Delivering high quality after-sale service overseas
	Attracting and retaining after-sale service personnel
	Training after-sale service personnel

	Responding quickly to service requests of export customers
Marketing communication	Developing effective export advertising and promotion programs
	Advertising and promotion creativity
	Skillfully using marketing communications
	Effectively managing marketing communications programs overseas
Selling	The selling skills of salespeople
	Retaining good export salespeople and sales managers
	Providing effective sales support to the sales force and distributors
	Export sales management skills

**Marketing Strategy Implementation Effectiveness:** To what extent do you agree with the following statements regarding how your export venture’s current marketing strategy and associated programs have been implemented? *Seven-point scale running 1 (Strongly Disagree) to 7 (Strongly Agree).*

Internal Marketing Strategy Implementation Effectiveness	We have effectively executed the actions detailed in the export marketing plan
	We have deployed the resources needed to make this export marketing strategy work
	Rewards in our export venture are clearly linked to the requirements of our export marketing plan
	Our monitoring system is well aligned with the needs of the export marketing plan
External Marketing Strategy Implementation Effectiveness	The export market channel has been less enthusiastic in supporting this strategy than we anticipated (Reverse coded).
	The current export strategy is being received in ways that are consistent with delivering on its planned objectives.
	The marketplace has not responded to our current export marketing strategy in the way we intended (Reverse coded).
	Overall, our current export marketing strategy has worked in the marketplace as we intended.

**Competitive Environment:** Please indicate how much you agree or disagree with the following statements concerning the competitive environment in your export venture market. *Seven-point scale running 1 (Strongly Disagree) to 7 (Strongly Agree).*

Competitive intensity	Competition in this export market is cut-throat
	There are many “promotion” wars in this export market
	Price competition is the hallmark of this export market
	One hears of a new competitive move in this export market almost every day.

**Export Performance:** Please evaluate the performance of your export venture over the past year relative to your major competitors. *Seven-point scale running -3 (Much Worse than Competitors) to +3 (Much Better than Competitors).*

Market performance	Market share growth
	Growth in sales revenue
	Acquiring new customers
	Increasing sales to existing customers
Financial performance	Export venture profitability
	Return on Investment (ROI)
	Export venture margins
	Reaching export venture financial goals

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