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The STRATADAPT scale

A measure of marketing strategy adaptation to international business markets

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Abstract

Purpose – The development of marketing strategies optimally adjusted to export markets has been a vitally important topic for both managers and academics for about five decades. However, there is no agreement in the literature about which elements integrate marketing strategy and which components of domestic strategies should be adapted to export markets. The purpose of this paper is to develop a new scale – STRATADAPT.

Design/methodology/approach – Results from a sample of small and medium-sized industrial exporting firms support a four-dimensional scale – product, promotion, price, and distribution strategies – of 30 items. The scale presents evidence of composite reliability as well as discriminant and nomological validity.

Findings – Findings reveal that all four dimensions of marketing strategy adaptation are positively associated with the amount of the firm's financial resources allocated to export activity.

Practical implications – The STRATADAPT scale may assist managers in developing better international marketing strategies as well as in planning more accurate and efficient marketing programs across markets.

Originality/value – This study develops a new scale, the STRATADAPT scale, which is a broad measure of export marketing strategy adaptation.

Keywords International marketing, Exports, Marketing strategy, Business-to-business marketing, Small to medium-sized enterprises, Portugal

Paper type Research paper



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While exporting is one of the fastest growing economic activities today, no strong theoretical framework exists for researching export activity in the context of business-to-business (B2B) industrial relationships. This is remarkable considering that industrial firms dominate the bulk of economic activities and international business growth (Calantone and Knight, 2000) and that a substantial proportion of industrial products are exported (Tzokas *et al.*, 2000).

At present, international marketers' major goal is to understand the mechanisms of inter-firm partnerships and to improve their efficiency (Katsikeas, 2006). At the core of international marketing strategy is the effective management of B2B operations (Sharland, 2001; Katsikeas, 2006). Proper management of international B2B operations is crucial to create a value proposition that meets the needs of foreign customers so that companies can achieve positive, sustainable performance (Skarmeas and Katsikeas, 2001).

Although scholars have developed seminal studies to assess marketing strategy adaptation/standardization in the context of large or global companies (Zou and Cavusgil, 2002; Katsikeas *et al.*, 2006), research is short of studies developed in the specific context of small and medium-sized exporters (see Lages and Montgomery, 2004 as an exception). Moreover, managers and researchers are concerned that export studies do not provide concrete guidelines for industrial firms to manage their operations in international B2B markets. Unlike industrial multinationals or larger industrial exporters, small and medium-sized exporters have very limited resources to deal with professional industrial buyers who tend to be more knowledgeable than their counterparts in retail markets (Calantone and Knight, 2000).

In the presence of large, global competitors, international B2B markets are increasingly attractive for small and medium-sized companies. Although small and medium-sized exporters are not able to compete on price with global and large exporters, their flexible structure allows them to provide a more customized service. Additionally, while multinational and larger firms often suggest that strategy adjustments to their foreign markets are prohibited because of "corporate policy", they may use their lighter structure to rapidly adapt their strategies to the special needs of the foreign market, and in this way achieve competitive advantage. Another strength is that once they become involved in international B2B relationships they present high-corporate commitment (often with the full commitment of the owner and top management), which is essential for building positive long-term relationships with the importer and achieving competitive advantage over larger corporations (Czinkota, 2002). Hence, in this paper, we focus on the extent to which marketing strategy elements are adapted/standardized in international B2B markets in the context of small and medium-sized exporters.

The topic of adaptation/standardization has been the subject of spirited, on-going discussion for several decades (Jain, 1989; Griffith *et al.*, 2000). However, within this stream of literature only a few researchers have looked specifically at industrial exporters (Katsikeas, 2006). Despite the intense research and managerial interest in the topic, recent articles indicate that the topic of strategy adaptation/standardization remains clouded and unresolved among international business academics and practitioners. Managers of small and medium-sized companies have few guidelines on how to adapt or standardize their marketing-mix elements (Shoham, 1999; Katsikeas *et al.*, 2006). A recent literature review on the topic suggests that the prevailing

ambiguity is due to inadequate research designs, weak analytical techniques, and inefficient conceptualization, operationalization and measurement of marketing strategy adaptation/standardization (Theodosiou and Leonidou, 2003). Earlier studies (Lages and Lages, 2004; Zou *et al.*, 1998) question whether the existing (and often inconclusive) findings result from different export performance operationalizations. In this study, we argue that these disparate findings might also be due to the wide diversity of marketing strategy measures. Since a “weak operationalization of the marketing strategy construct” (Leonidou *et al.*, 2002, p. 57) has been identified, we argue that before developing additional empirical research on the export strategy-performance linkage, we must address a more basic need for a valid and reliable measurement scale of marketing strategy adaptation that can be used in future research. Otherwise, researchers will continue to question whether the differences among existing findings is a consequence of marketing mix adaptation operationalization or a result of its antecedents and consequences. Hence, this paper aims to address this need through the development of a four-dimensional multi-item marketing strategy scale adapted to the foreign market in the context of small and medium-sized industrial exporters (SMIEs).

In this study, we consider a firm’s individual product-market export venture as the unit of analysis to assess a continuum that ranges from pure standardization (with no differences between the domestic and foreign markets) to pure adaptation (completely different). By paying particular attention to issues of validity and reliability, we expect that the STRATADAPT scale will enhance the quality of future empirical research on export marketing strategy adaptation. Additionally, since earlier research has focused on single aspects of the marketing mix while using mostly US firms, our goal is also to contribute to the field by considering the adaptation of all four marketing-mix aspects – product, promotion, price, and distribution strategies – while using the experience of non-US companies. At the practitioner level, our main goal is to help managers develop better informed tactical and strategic decisions by providing a basis to assess international marketing strategies. To this end, we present the STRATADAPT scale, a new measure of marketing strategy that varies along a continuum from “pure standardization” to “pure adaptation” of domestic strategies for the foreign market.

We start by discussing international business literature in the adaptation/standardization field and current practices regarding the operationalization of this concept. Next, we develop the STRATADAPT scale and test it using SMIEs. Results are then presented and discussed. Implications for theory and management practice, limitations of the research and future directions are also considered.

1. Theoretical background

1.1 *The adaptation/standardization debate*

The issue of adaptation/standardization of marketing strategies to foreign markets emerged in the international business literature during the 1960s. Initially, proponents of standardization argued that strategy founded on basic human-nature appeals (e.g. nurturing mother-child relationships; desire for a better life, beauty, health, and freedom) could be as effective across the globe as across various US regions (Elinder, 1961, 1965). Subsequent research (Dunn, 1966) demonstrated that key market and economic data (e.g. degree of competition, level of education of consumers, standard of living and economic development) should be considered to discover the appropriate

balance between adaptation and standardization. After extensive research in the following decades (Sorenson and Wiechmann, 1975; Levitt, 1983; Ozsomer *et al.*, 1991), it is now recognized that several internal and external forces influence the degree of standardization/adaptation (see Theodosiou and Leonidou, 2003, for a thorough review of the literature). As such, there is no right strategy but each strategy could be the optimal under specific internal and external forces (Katsikeas *et al.*, 2006). Table I summarizes the key factors influencing a company to follow a standardized or an adapted strategy.

1.2 Adaptation/standardization in B2B markets

Similarly, the widely accepted view in the B2B literature is that both standardization and adaptation of marketing programs can enhance performance if implemented under specific conditions. Although industrial firms may achieve a greater profitability by adapting their strategy to foreign market requirements (McGuinness and Little, 1981), industrial managers often complain about the complexity of managing marketing-strategy variables across borders due to foreign market specificities (Dolan and Simon, 1996). Some of these concerns are associated with local distribution infrastructure (e.g. types of outlets, intermediary margins and transportation costs), competitive practices, politico-legal issues (e.g. government policies such as price and tax controls, tariff and non-tariff trade barriers), economic circumstances (e.g. consumers' purchasing power), socio-cultural variables (e.g. cultural traditions,

Factors favoring standardization	Factors favoring adaptation
The company's focus on industrial products instead of consumer products, for which technical specifications are important, facilitates standardization	The company's focus on consumer products, which are more susceptible to be influenced by individual tastes, favors adaptation
Lower costs as a result of economies of scale in production, marketing, and R&D	Possibility of garnering higher profits by addressing variations in consumer needs and conditions of use (e.g. skill level of users)
Similarity of customer tastes and consumption patterns across different markets that have analogous income levels and economic growth	Variations in consumer purchasing power
High cost of adaptation	Differences in government regulations, e.g. products' technical standards, local content laws and tax policies
Standardized strategy followed by competitors	Cultural differences, namely in terms of traditions, language, tastes and consumption habits
Centralization of authority for establishing policies and allocating resources	Adaptation strategy followed by competitors
Strong linkage of the subsidiary and the headquarters	Decentralization of authority
Ethnocentric orientation	Independence and autonomy of national subsidiaries, which might develop their own products
Foreign and domestic markets for a product are in the same stage of development	Polycentric orientation
	Foreign and domestic markets for a product are in different stages of development

Sources: Levitt (1983), Jain (1989) and Terpstra *et al.* (2006)

Table I.
Factors favoring
standardization/
adaptation

education and language) and the degree of technology development. Finally, B2B buyers tend to be more price-driven than business-to-consumer market buyers (Lancastre and Lages, 2006) and have an ever-increasing desire for multiple product features, quality and service. Hence, by using an adapted approach, industrial sellers may achieve greater customer satisfaction, which in turn may result in greater pricing freedom. Nevertheless, some significant paybacks are associated with standardization. For example, industrial buyers may prefer standardized products because, due to economies of scale, firms can provide lower prices while increasing quality and reliability (Levitt, 1983). Moreover, price standardization may improve export performance, particularly if the domestic price is lower than the price in the export market or if the exporting firm can take advantage of the exchange rate between different currencies (Lages and Montgomery, 2005).

1.3 Existing measures of marketing strategy adaptation/standardization

Since the appropriate strategy is contingent upon a variety of internal and external factors (Jain, 1989; Theodosiou and Leonidou, 2003), we recognize the advantages and disadvantages associated with both adaptation and standardization (Table I). Hence, in line with the most recent studies in the field, we agree that when operationalizing this concept, it is vital to assess the continuum between the two extremes – pure standardization and pure adaptation.

To the best of our knowledge, the work of Theodosiou and Leonidou (2003) is the most comprehensive review of operationalization processes conducted to date on marketing strategy adaptation/standardization. They analyzed in-depth studies and conceptualized marketing strategy adaptation/standardization with a total of 35 elements: 11 items for product, 11 for promotion, eight for pricing, and five for distribution. To test the current validity of this conceptual work, we analyzed several empirical works published in and after 2003 on the same topic (O'Cass and Julian, 2003; Lages and Montgomery, 2004; Sousa and Bradley, 2006; Lages *et al.*, 2008a). We found that the number of items in the marketing strategy construct in these studies was much smaller than in Theodosiou and Leonidou's (2003) paper, and the great majority of the proposed items was already included in this conceptual work. Hence, we used their review of the literature as a starting point to devise the STRATADAPT scale. In line with these authors' suggestions, to advance the marketing adaptation/standardization topic, we ensured that the following four major issues were addressed. First, contrary to past research, we strongly relied on earlier studies to develop this new operationalization. The vast majority of past studies in this field have been conducted in isolation and not based on findings of earlier studies, contributing this way to a greater range and diversity of findings. Second, we paid greater attention to the conceptualization and measurement of constructs by using appropriate analytical methods, since much of the earlier research cannot be replicated due to scholars' use of single-item measures or constructs that have not been properly validated. Third, we focused on a single product, or product line, exported to a single overseas market (i.e. the product-market venture level), because the simultaneous use of different products across different markets usually leads to inconsistent measures. Finally, we viewed marketing strategy along a continuum, from pure standardization to pure adaptation, to ensure that our new STRATADAPT scale can be used in the future with various contingent forces.

1.4 Conceptual definitions and unit of analysis

Export researchers have used various measures to assess marketing strategy adaptation mainly because there is no consensus on its conceptual and operational definitions (Theodosiou and Leonidou, 2003). In the following pages, we develop and operationalize a measurement scale to assess the degree of marketing strategy adaptation using four dimensions:

- (1) product adaptation;
- (2) promotion adaptation;
- (3) price adaptation; and
- (4) distribution adaptation.

In recent years, researchers have typically used two approaches to measure the degree of adaptation/standardization: adaptation of a marketing program (program-oriented adaptation) and adaptation of a marketing process (process-oriented adaptation). Marketing processes focus on a company's procedures used in developing marketing decisions, i.e. the intellectual method used to approach a marketing problem, to analyze it, and to synthesize this information to make a decision. Adaptation of a marketing program is related to the adaptation of various aspects of the marketing mix such as product, promotion, price and distribution (Sorenson and Wiechmann, 1975; Kreutzer, 1988; Jain, 1989). Although this research develops a measurement scale exclusively for measuring marketing program adaptation, future development of a measurement scale for assessing marketing process adaptation is also needed and strongly encouraged (Griffith *et al.*, 2000), since this is another area requiring valid and reliable scales.

Earlier research on the adaptation of marketing programs has tended to examine:

- marketing strategies across various international markets; or
- domestic marketing strategies applied to various foreign markets (Cavusgil and Zou, 1994).

The first perspective requires a comparison of the marketing strategies used for various international markets, aimed to explore the differences in marketing strategy elements across various global markets (Picard *et al.*, 1988; Samiee and Roth, 1992).

The second approach regards the extent to which it is possible to implement domestic strategies in foreign markets. This requires an observation of the differences between strategies used in domestic and foreign markets. Although research on the application of domestic marketing programs to foreign markets is sparse, this is considered the most advisable approach to use to avoid muddled and inaccurate measures (Cavusgil and Zou, 1994; Theodosiou and Leonidou, 2003). Hence, the current study follows this approach. In line with Cavusgil and Zou (1994), our focus is the marketing strategy defined for a single export venture. This approach – a single product or product line exported to a single foreign market – will allow future researchers using these measures to associate marketing strategy adaptation more precisely with its antecedents and outcomes.

We regard marketing strategy adaptation along a continuum from pure standardization (with no differences) to pure adaptation (completely different). Product adaptation is conceptualized as the degree to which the product (including positioning, design/style, quality, features/characteristics, brand/branding, packaging,

labeling, services, warranty, and items/models in the product line) differs from that of the domestic and export markets. Similarly, pricing adaptation refers to the degree to which the pricing strategies (retail price, wholesale/trade price, profit margins to trade customers, profit margins to end-users, discounts, and sales/credit terms) for a product differ across national boundaries.

Promotion adaptation is defined as the adjustment of the domestic promotional program (advertising, creative/execution style, message/theme, media allocation, sales promotion, sales force structure/management, sales force role, public relations, personal selling, and advertising/promotion budget) to the export market. Finally, distribution adaptation reflects the adjustment of distribution (distribution channels, physical distribution, type and role of middlemen) to the export market, as shown in Table II.

2. Method

2.1 *The research setting*

Our research setting is a country that is member of the European Union (EU) (Portugal). Portugal's economic growth depends heavily on the exporting success of SMIEs, the focus of this study. We investigate the extent to which marketing strategy elements are adapted/standardized in international B2B markets in a SMIEs' context. These firms are interesting to study as they cannot afford to fail because they have limited financial resources and are much more dependent on short-term results for survival than larger firms (Lages and Montgomery, 2004; Lages *et al.*, 2005b). SMIEs are particularly vulnerable to international markets. Export operations proportionally require more capital than they do for larger firms and represent a larger portion of the firm's resources than domestic transactions. Additionally, smaller firms must rely more heavily on their own resources because it is much harder for them to gain access to credit than it is for larger firms. As a result, it is much more difficult for managers of SMIEs to address poor performance levels than it is for managers of larger corporations.

SMIEs also play a crucial role in the economic security of various nations, a role that becomes even more vital in times of recession and limited domestic growth. There is a particular need to focus on European companies, as most research has been based on firms outside the EU, particularly North American companies (Walters and Samiee, 1990; Winer, 1998). Moreover, the extensive saturation of the smaller European markets, such as the Portuguese market, has placed additional pressure to sell their products abroad. Within the European context, the Portuguese case is particularly interesting since external commerce has contributed significantly to its economic development, representing 55-70 percent of Portugal's total GDP during the last decade. As such, Portugal's export activity has played an important role in increasing the national GDP. Like the SMIEs of other small European countries, Portuguese SMIEs are a vital factor in the country's economic growth.

2.2 *Survey instrument development*

We used Churchill's (1979) traditional approach to scale development in this study. In order to develop the STRATADAPT scale, we started by building upon previous work in the field of export performance. In order to increase the reliability and decrease measurement error we used multi-item scales rather than single-item scales.

Dimensions of marketing strategy adaptation	Items	$\alpha/\rho_{vc(n)}/\rho$	t-value
Degree of strategy adaptation for the selected product to the selected export market: (1. without any difference; 2. not very different; 3. moderately different; 4. very different; 5. completely different)			
<i>PROD</i>	<i>Product adaptation to the export market</i>	0.96/0.71/0.96	
V1	Positioning		8.73
V2	Design/style		10.80
V3	Quality		10.88
V4	Features/characteristics		9.61
V5	Brand/branding		8.77
V6	Packaging		8.45
V7	Labeling		9.25
V8	Services		10.09
V9	Warranty		9.76
V10	Items/models in product line		11.01
<i>PRIC</i>	<i>Price adaptation to the export market</i>	0.97/0.85/0.97	
V11	Retail price		12.24
V12	Wholesale/trade price		12.32
V13	Profit margins to trade customers		11.63
V14	Profit margins to end-users		11.42
V15	Discounts		9.92
V16	Sales/credit terms		10.07
<i>PROM</i>	<i>Promotion adaptation to the export market</i>	0.98/0.82/0.98	
V17	Advertising		9.54
V18	Creative/execution style		10.77
V19	Message/theme		11.87
V20	Media allocation		8.68
V21	Sales promotion		10.93
V22	Sales force structure/management		12.09
V23	Sales force role		12.13
V24	Public relations		12.12
V25	Personal selling		11.31
V26	Advertising/promotion budget		10.31
<i>DIST</i>	<i>Distribution adaptation to the export market</i>	0.97/0.89/0.97	
V27	Channels of distribution		11.97
V28	Physical distribution		11.02
V29	Type of middlemen		12.41
V30	Role of middlemen		11.65

Notes: α – Internal reliability (Cronbach, 1951); $\rho_{vc(n)}$ – variance extracted (Fornell and Larcker, 1981); ρ – composite reliability (Bagozzi, 1980)

Table II.
The STRATADAPT
scale- constructs, items
and reliability

Although some might suggest that it is possible to measure marketing strategy adaptation with a single variable, we argue that it is advisable to construct a scale based on a set of dimensions and with multiple items to better capture the complexity of an export marketing strategy. Hence, in order to develop our research instrument, we combined a list of items from exploratory interviews with additional indicators from the literature. Theodosiou and Leonidou's (2003) literature review, which summarizes

various relevant studies and possible items of each construct, was crucial in achieving our final goal.

The questionnaire administered in Portugal was initially developed in English and then translated into Portuguese. Hence, in order to ensure equivalence to the original instrument, the content and face validity of the items were assessed by four judges, all university marketing professors. Each judge was asked to evaluate how well each item represented the final construct. The survey was revised according to their comments. Despite the fact that the items used to build the STRATADAPT scale have emerged from the literature on the marketing behavior of exporting firms, it is important to be aware that in industrial markets professional buyers tend to be more knowledgeable and discerning than their counterparts in retail markets (Calantone and Knight, 2000; Lages *et al.*, 2008b). As a consequence, it is more challenging to analyze export strategy in industrial markets. Hence, the scale was then given to a pretest sample of 15 industrial managers involved in export operations. The pretest results were used to further refine the questionnaire. Of the 35 original questionnaire items presented in Theodosiou and Leonidou's (2003, pp. 157-60) literature review, the following five topics were excluded as they were unclear to several managers: general product, general price, pricing method/strategy, general promotion, and general distribution. In order to avoid translation errors, the questionnaire was back-translated into English by a different researcher (Douglas and Craig, 1983). A full listing of the final 30 questions and their scale reliabilities are presented in Table II.

2.3 Data collection procedure

In line with previous export marketing research (Cavusgil and Zou, 1994), data were collected through in-depth personal interviews with Portuguese managers of SMIE ventures who were directly involved in the particular export ventures under study. Respondents held positions such as president, managing director, marketing director, and exporting director. Face-to-face interviews were crucial because they allowed for discussion of the role of industrial export ventures in the context of each company. Moreover, through face-to-face interviews, we ensured that the questionnaire was filled out by the manager directly involved in each export venture. Respondents understood the questionnaire items and answered all the questions using an individual product-market export venture as the basis of their answers.

The region of Portugal in which the survey was conducted is highly economically dependent on industrial export activity. The list of industrial exporting companies was compiled from one of the largest regional trade associations in Portugal. Owing to the nature of this project's funding (the above mentioned regional trade association), the interviews had to be restricted to the members of this association. The managers in these firms were contacted by telephone to ensure that they were directly involved in an export venture and, subsequently, were invited to participate in the study. Confidentiality was assured with the key respondent, followed by an appointment for an interview. The interviews were conducted over a period of three months, each lasting about two hours. A valid sample of 88 questionnaires was collected, from 88 representatives of Portuguese industrial exporting firms, corresponding to nearly 95 per cent of the total target population.

3. Data analysis

3.1 Sample profile

In accordance with the definition of SME established by the EU (Recommendation 2003/361/EC, 2003), i.e. firms with less than 250 employees, every respondent in our sample worked for a SME. The average number of full-time employees for the sample group of SMIES is 50, with 50 per cent having from 20 to 99 employees, 33 per cent having fewer than 20 employees, and 17 per cent with 100 to 250 employees. Nearly, 90 per cent of the companies have existed for more than five years, out of which 50 per cent have been in existence for 20 years or more.

We also ensured that the vast majority of firms had considerable experience in international business. The average number of years that our sample firms have been engaged in exporting operations is 14.4 years, and on average, these firms had been engaged for 14.1 years in the selected export venture. Collectively, this indicates that despite the focus of our study being SMIEs, the firms represented in our sample have significant knowledge of and are highly involved in export activities. Over 85 per cent of the respondents reported on ventures with other European countries, while the remainder exported industrial goods to the USA and other non-European countries.

The use of interviews to support data collection also allowed us to ensure a variation in the type of export ventures that we examined. As recommended by previous research (Morgan *et al.*, 2004; Weiss *et al.*, 1999), some informants responded with regard to one of their least successful export ventures (19 per cent), others focused on ventures of average success (43 per cent), and others focused on the most successful export ventures (38 per cent).

3.2 Confirmatory factor analysis

In line with past research examining the standardization/adaptation phenomenon (Cavusgil and Zou, 1994; Zou and Cavusgil, 2002; Katsikeas *et al.*, 2006) we employed CFA to assess the measurement properties of the new scales (Figure 1). CFA provides a better estimate of reliability than coefficient α (Steenkamp and Trijp, 1991) because while coefficient α assumes that different indicators have equal factor loadings (λ) and error variances (δ), CFA considers the differences among the existing indicators (Styles, 1998). The χ^2 of this model is significant ($\chi^2 = 1,264.25$, $df = 399$, $p = 0.00$) since the χ^2 statistic is sensitive to sample size. Using this model, we also assessed additional fit indices: the non-normed fit index (NNFI), the comparative fit index (CFI) and the incremental fit index (IFI). All three fit indices for the sample presented satisfactory values (NNFI = 0.92, CFI = 0.92 and IFI = 0.92).

As can be seen in Table II, convergent validity is evidenced by the large and significant standardized loadings of each item on its intended construct (average loading size is 0.89). As shown in Table II, all constructs present desirable levels of composite reliability (Bagozzi, 1980). Discriminant validity among the constructs was stringently assessed using the Fornell and Larcker (1981) test; all possible pairs of constructs passed this test (Table I); more specifically, the average variance extracted was above the recommended level of 0.50 for all four constructs. Evidence of discriminant validity was also revealed by the fact that all of the construct inter-correlations were significantly different from 1 – the highest is for price and distribution, 0.76 – and the shared variance among any two constructs (i.e. the square of their inter-correlations) was less than the average variance extracted for each construct.

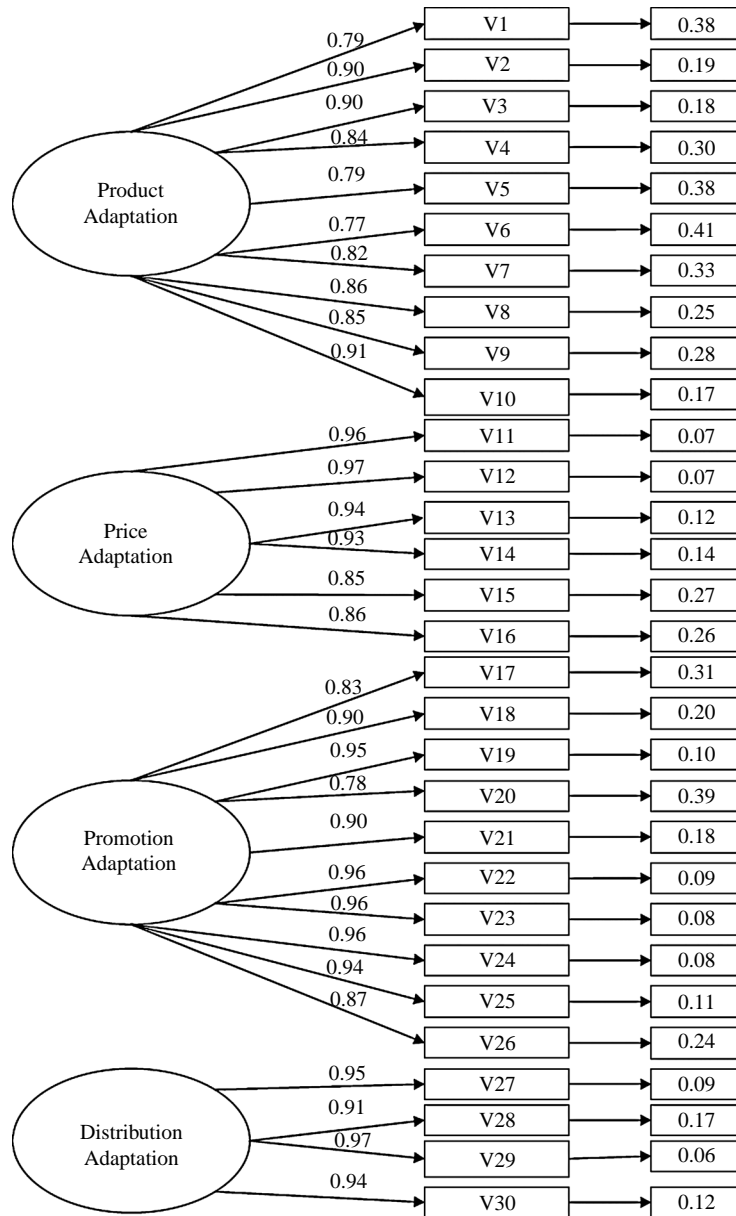


Figure 1.
The STRATADAPT scale
– CFA standardized
coefficients for the
measurement model

Hence, none of the correlations in the final model was sufficiently high to jeopardize discriminant validity (Anderson and Gerbing, 1988).

In order to assess nomological validity, we tested the relationship between our four measures and another construct to which they are thought to be theoretically related (Churchill, 1995). More specifically, we tested for the existence of a positive and

significant relationship among the four constructs in the STRATADAPT scale and “financial resources available for exporting (FIN)”[1] ($\alpha = 0.77$).

There are well-grounded theoretical and empirical reasons to expect a positive relationship between FIN and the extent to which the marketing strategy is adjusted to the foreign market (Morgan *et al.*, 2004). The reasons are that as increasing levels of resources are committed to the export venture managers can improve planning procedures and implement more adaptive strategies, as adaptations require greater resources. Additionally, when more resources are allocated to exporting ventures, managers are motivated to work harder on demanding tasks such as strategy adaptation. Without allocation of appropriate resources to export ventures, firms are unable to engage in the necessary adaptations of their marketing strategy to meet local market needs (Lages *et al.*, 2008a).

Therefore, nomological validity would be demonstrated if the scores of the four measures of STRATADAPT positively and significantly correlated with FIN. We found a positive, significant relationship between the four dimensions of STRATADAPT and FIN ($r_{(\text{PROD}^* \text{FIN})} = 0.246, p < 0.05$; $r_{(\text{PRIC}^* \text{FIN})} = 0.288, p < 0.01$; $r_{(\text{PROM}^* \text{FIN})} = 0.254, p < 0.05$; $r_{(\text{DIST}^* \text{FIN})} = 0.213, p < 0.05$). Given that all coefficients are positive and significant, (at $p < 0.05$ or greater) – a much greater proportion than would be anticipated by chance – we can assume that marketing strategy adaptation to a foreign market is partially due to the financial resources that were allocated to the exporting activity, and hence, we can conclude that the nomological validity of the four proposed measures is supported (Cadogan *et al.*, 1999; Cross and Chaffin, 1982).

4. Research limitations

Some research limitations in this study should be highlighted. The first limitation is associated with the small sample size. Future research should use larger data sets and allocate more resources to data collection to increase the sample size. However, for this particular study, it is believed that conducting face-to-face interviews was the appropriate approach to achieve a high response rate. Using this approach, we achieved a 95 per cent response rate from the total target population (i.e. small and medium-sized exporting firms who belonged to the trade association sponsoring this research), we were able to better control for response bias, and ensure that respondents thoroughly understood all of the questions. This procedure also ensured that all the questions were answered using an individual product-market export venture as the basis. Additionally, this approach allowed us to better understand the intricacies of industrial export ventures and to make sure that the questionnaire was completed by the manager directly involved in the industrial export venture.

Another possible limitation associated to the fact of using a single respondent is that the final instrument may have created common method variance bias, which could have inflated construct relationships. However, if this problem indeed exists, a CFA containing all constructs should produce a single-method factor (Podsakoff and Organ, 1986). The goodness-of-fit indices indicate a poor fit for the single-factor model, which suggests that common method bias is unlikely (NNFI = 0.80, CFI = 0.82, IFI = 0.82). A final limitation is that the research context involved only one country and exclusively SMIEs, which means that our results should be further tested in other contexts.

5. Managerial implications

From a managerial perspective, different factors justify the need for a sound assessment of marketing strategy adaptation. In a time of highly saturated domestic markets, exporting goods to foreign markets can be very rewarding and it is sometimes the only way for a SME to survive. Through exporting activity, SMEs may extend their products' lifecycle, reduce their overall operating costs (e.g. costs associated with marketing, production, R&D and technology) and use foreign markets to absorb their excess capacity.

The STRATADAPT scale may be used to monitor export marketing actions. However, without an adequate operationalization of marketing program adaptation at the disaggregated marketing-mix level[2], it is harder to communicate the marketing strategy message across the organization. For example, it is first necessary to clearly define and assess export marketing programs prior to the evaluation of their outcomes (e.g. evaluate financial performance as an outcome of promotion adaptation to the foreign market). If the aim is to enhance a firm's performance in the international arena, managers should focus more on specific dimensions of marketing strategy that will most impact the outcome variable under study. In sum, our goal is that this new measure of marketing strategy program adaptation, which we coined STRATADAPT, will assist managers in developing better marketing strategies as well as in planning more accurate and efficient marketing programs.

6. Theoretical implications and directions for future research

Our study seeks to capture practical knowledge within a theoretical framework. More specifically, while building on past export marketing research (Cavusgil and Zou, 1994; Cooper and Kleinschmidt, 1985), we build four constructs, rather than an index of formative indicators, to ensure that an increase (or decrease) of each element is reflected in a set of items. Instead of treating the STRATADAPT scale as a unidimensional construct, we present various measurement items for each of the four dimensions. Both the findings and the limitations of this study suggest opportunities for future research. Major advances in export marketing can be made possible only via a more integrated approach to conceptualizing and measuring marketing strategy adaptation.

Another possible shortfall of this research is that our data incorporate the view of only one player in the exporting relationship, the exporter, and not views from the other side, the importer. Future export marketing research is necessary to gain insights from both sides of the dyad (Lages *et al.*, 2005a). Similar to recent research on marketing strategy standardization/adaptation (Zou and Cavusgil, 2002; Katsikeas *et al.*, 2006), we also use reflective indicators and assume that a modification in the latent variable will change the items (Bollen and Lenox, 1991). A fruitful direction for future research would be to investigate the possible formative nature of the marketing strategy concept and develop an index (Diamantopoulos and Winklhofer, 2001; Diamantopoulos and Kakkos, 2007). Additionally, despite nearly 50 years of research on this topic, we lack an integrated approach to marketing process adaptation measurement. This is another contentious area requiring a valid and reliable scale, which ultimately will form the basis for further development of the literature in this field.

Finally, future research could employ the STRATADAPT scale to assess how marketing strategy adaptation relates to export performance. Most of the literature on this topic uses export performance as a dependent variable on the left side of the equation. We strongly encourage future researchers to examine export performance as an independent variable that can affect marketing strategy (Lages and Montgomery, 2004; Lages *et al.*, 2006, 2008a). Nevertheless, although researchers are getting closer to identifying a workable and efficient operationalization of export performance (Zou *et al.*, 1998; Lages and Lages, 2004; Lages *et al.*, 2005b; Diamantopoulos and Kakkos, 2007), we still have a long way to go in terms of export marketing strategy measurement. Therefore, we recommend a refinement and replication of the STRATADAPT scale across various industries and various countries around the globe. It is expected that this scale will contribute for greater insights and a consensus in the literature.

Notes

1. This measure was adapted from Morgan *et al.* (2004) and is composed of two items: "availability of financial resources devoted to the export activities" and "availability of financial resources devoted to the export venture".
2. We thank an anonymous reviewer for this insight.

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