
Information Search Intensity: Comparing High Vs Low Export Involvement Firms

Osman Mohamad, Institute of Graduate Studies, Universiti Sains Malaysia, Malaysia
T. Ramayah, School of Management, Universiti Sains Malaysia, Malaysia

This paper highlights the findings on the information search intensity for specific dimensions of product that require modification. The respondents are Malaysian manufacturing firms. The findings show that low involvement exporters, irrespective of size, are more active in seeking information compared to the high involvement exporters. While the importance of information on product technical specification is high on their search agenda, the low involvement exporters are actively searching for information on distribution channels, product image, and product features such as design, size, labeling (the language element), packaging materials and promotional materials. As the intensity of search may be an indicator of importance, export assistance providers should be cognizant of these needs in helping low involvement exporters graduate to high involvement exporters.

One of the pillars of successful marketing is the ability to position the product so that the total product attributes are acceptable and affordable to the targeted consumers. The exporters must decide how to position itself in relation to the competitions in the targeted country and segment. As such product management competency, encompassing competency in new product/service development process, establishing product positioning and branding, modification of existing products and setting technical quality standards, is of utmost importance in the firm's marketing function. This paper reports the findings of survey that investigates information search behavior of Malaysia exporters for specific product characteristics as part of the effort to enhance export marketing strategy.

Literature Review

Information is crucial in the process of internationalisation. The acquisition of information from support service providers is expected to enrich the firm's knowledge and lead to strengthening of export marketing competency and facilitate internationalization (Johansson, & Vahlne, 1977; Knight, & Liech, 2002). Information is a vital input into the planning and executing of strategic export marketing which have been identified as key success factors in foreign activities (Ford, & Leonidou, 1991; Zou, & Stan, 1998; Samiee, &

Roth, 2002). Firms operating in foreign markets are confronted with a much more complex environment. These environmental factors such as legal, political, socio-cultural, and economic environment may convey the same meaning but the manner in which those variables are defined and implemented can have a far reaching implication on a firm's marketing activities. Thus, marketing decisions are often directed on the issue of standardization or adaptation (Jain, 1989; Theodosiou, & Leonidou, 2003)

In export marketing the question facing the manufacturer is the extent of standardization required to ensure overseas customers' acceptance of the product (Quelch, and Hoff, 1986). The product may have to be altered in specification, size, color, design etc. There may be different technical standards in an overseas market. The product may also require modified packaging to achieve functional as well as promotional objectives. The design, color and written message on the product package may have to be altered to suit the color and design preferences of a particular export market. The brand name and/or the message may have to be changed because of the language or other cultural barriers.

Even though there is conflicting evidence on impact of product adaptation on export performance (Samiee, & Roth, 1992; Cavusgil, & Zou, 1994; Albaun, & Tse, 2001), it is imperative that firms from developing nations take this issue seriously. Firms in developing nations operate in less competitive environment and service customers who are less discriminating. Product adaptation is imperative if these firms wish to export their product to overseas market.

Previous research involving Malaysian firms have established that successful exporters undertake product modification. Firms that adopted a market diversification strategy undertake substantial product modification compared to firms that adopted a concentration strategy. Similarly firms that have ventured into new export market rather than those that remained servicing the existing market are more concerned about modifying their products (Osman, Ramayah, & Razli, 2004). An analysis involving small and medium-sized firms too has revealed that highly involved exporters undertake product modification substantially higher when compared to low-involvement exporters (Osman et al., 2004).

There has been substantial research on awareness, usage and usefulness of various information providers as well as the impact of product adaptation on export performance. This study fills the gap in both streams of research by focusing on the intensity of search efforts with respect to specific product attributes that may require modification.

Research Objectives

This study aims to identify the extent of information search for specific product characteristics that require modification undertaken by Malaysian exporters. The research questions are:

- Information on which product characteristics are being actively searched by Malaysian exporters?
- Does level of export involvement explain the differences in the extent of search effort for specific product characteristics?

Methodology

This is a cross-sectional study using mail survey. The development of survey instruments were based on previous research and a pilot study was undertaken to test the clarity and relevance. The responding firms were those companies that were listed in the Directory of Malaysian Importers and Exporters, 1999 published by the Federation of Malaysian Manufacturers (FMM). The data collection lasted three months. After the cut-off date a total of 101 useful survey questionnaires were received. The characteristics of the responding firms are presented in Table 1.

Table 1. Respondents' Characteristics

Description	Frequency	Percentage
Export Intensity		
≤ 30 %	42	41.6
> 30 %	59	58.4
Size		
≤ 150 employees	50	49.6
> 150 employees	51	50.5
Brand Exporting		
Buyers' brand	33	32.7
Own brand	32	31.7
Buyers & own brand	36	35.6
Brand Development		
Have intention	29	28.7
No Intention	72	71.3
Current Export Destination		

Asean	26	25.7
Far East	24	23.8
EU/US/Australia	37	37.6
Other nations	13	12.9

The export intensity that is the percentage of export sales to total sales was used as the measure of firm's export involvement. Firms that indicate export sales of more than 30 percent of the total sales are classified as high involvement exporters. A total of 58 firms fall into this category of exporters. The remaining 42 firms are low-involvement exporters as their total export sales are 30 percent or less. A total of 50 firms may be categorized as SMEs as they employ 150 and less full time employees; and the remaining 51 firms are large-sized firms as they employ more than 150 employees. The direction of trade is quite dispersed. Approximately 49 percent of them are currently exporting to Asean and the Far East nations. They are currently exporting a mixture of brands and more than 70 percent of the respondents do not intend to develop their own brand in the future.

A descriptive analysis was performed to check on the pattern of mean values for each product characteristic. This is followed by a series of t-test to compare if the differences in the mean values between high and low involvement exporters are statistically significant.

The Findings

Overall Findings

The overall findings (presented in Table 2) revealed that the intensity of search is relatively low. The respondents are moderately active in searching for information related to product technical specification (mean value 3.28), distribution channels (mean value 3.07), and product image (mean value 3.00).

Table 2. Information Search Efforts - Mean Values

Product Attributes	Mean	SD
Product Features		
Product design	2.97	1.34
Product shape	2.31	1.21
Colour	2.28	1.28
Size	2.32	1.29
Packaging		
Packaging materials	2.45	1.21
Colour of packaging	2.12	1.13
Size	2.28	1.22

Design	2.44	1.30
Labeling		
Labeling requirements (eco label, trade marks, expiry date, manufactured date etc)	2.59	1.31
Language used	2.21	1.25
Brand name	2.42	1.28
Product Promotion		
Advertising message	2.63	1.29
Promotional materials	2.81	1.26
Product positioning	2.73	1.21
Product image	3.00	1.27
Product warranty	2.71	1.28
Product pricing (trade allowance, terms of payment etc)	2.98	1.27
Other Components		
Raw materials used	2.97	1.37
Technical specification	3.28	1.38
Distribution channels	3.07	1.24
After sales service	2.89	1.31
Cost effective packaging for shipment	2.92	1.30

Design	2.67	2.27	1.53
Labeling			
Labeling requirements (eco label, trade marks, expiry date, manufactured date etc)	2.74	2.49	0.94
Language used	2.48	2.02	1.83*
Brand name	2.57	2.31	1.05
Product Promotion			
Advertising message	2.83	2.49	1.34
Promotional materials	3.10	2.61	1.97**
Product positioning	2.95	2.58	1.59
Product image	3.33	2.76	2.34**
Product warranty	2.93	2.56	1.42
Product pricing (trade allowance, terms of payment etc)	3.14	2.86	1.09
Other Components			
Raw materials used	3.10	2.88	0.79
Technical specification	3.50	3.12	1.40
Distribution channels	3.43	2.81	2.55**
After sales service	3.17	2.69	1.78*
Cost effective packaging for shipment	3.12	2.78	1.29

Note: The response was elicited on a 5-point scale (1 = Little Effort to 5 = Extensive Effort)

** p< 0.05, *p< 0.1

Analysis by Degree of Export Involvement

The results of data analysis based on the degree of export involvement are presented in **Table 3**. The pattern of mean values shows that low-involvement exporters are relatively more active in searching for information compared to the high-involvement exporters.

Table 3. Comparing Low vs High Involvement Firms

Product Attributes	Group Mean		t value
	Low	High	
Product Features			
Product design	3.26	2.76	1.92*
Product shape	2.40	2.24	0.69
Colour	2.48	2.14	1.33
Size	2.71	2.03	2.68**
Packaging			
Packaging materials	2.76	2.22	2.29**
Colour of packaging	2.33	1.97	1.64
Size	2.52	2.10	1.74*

Among the low involvement exporters, the extent of information search may be classified as being moderately active. The ranking of the mean values indicate that they are moderately active in gathering information on 9 out of 22 product attributes listed. The rank order shows that the low involvement exporters are seeking information on product technical specification (mean value 3.50), distribution channels (mean value 3.43), product image (mean value 3.33), product design (mean value 3.26), and after-sales service (mean value 3.17).

As regards to the high involvement exporters, only one item registered a mean value of 3.00. The extent of information search on product technical specifications registered a mean value of 3.12 indicating that they are moderately active in searching for this information.

However the results of t-test performed to determine if the two groups of exporters are different in their information search behavior, the results show that the two groups are significantly different in the extent that they search for information on distribution channels, product image, product labeling (language aspect), product size and packaging materials.

Discussion

As in domestic marketing, a firm operating in foreign market must adapt and managed its strategy to fit the environment. Product related issues, such as design, quality, packaging and other related attributes are often cited as the elements of marketing-mix that are crucial for export success. The findings of this study seem to indicate that the low involvement exporters are moderately active in soliciting information to upgrade their product presentation to suit the needs and preference of foreign consumers. The efforts placed in acquiring information on product image, promotional materials, product design, color and size, and the language for labeling are indicative of their desire to export products that will be accepted by the target market. These are the product-related variables which have been established in the export literature as being the contributors to export success (Ford, & Leonidou, 1991; Zou, & Stan, 1998).

Another important aspect of export marketing is securing the right distribution channel members. They play an important role in promoting and ensuring that the products are delivered to the target market. Their commitment to providing excellent service is dependent upon the exporters' support services. As such after-sales services must be incorporated as an integral part of export marketing strategy. The significance of this aspect in enhancing export performance has found support in research on export success (Tuncalp, 1990). It is interesting to note that the low involvement exporters care about this element of marketing-mix which is often neglected in the home market.

The findings of this study should assist policy makers in assisting the low-involvement exporters to graduate to high-involvement exporters. The kind of information provided by export promotion agencies should be in line with the needs of this group of exporters.

Acknowledgement:

The authors would like acknowledge the financial assistance provided by the Universiti Sains Malaysia through a short term IRPA Grant.

References

Albaum, G., & Tse, D. K., (2001). Adaptation of international marketing strategy components, competitive advantage, and firms performance: A study of Hong Kong exporters, Journal of International Marketing, 9, 4, 59-81.

Cavusgil, S.T., & Zou, S. (1994). Marketing strategy-performance relationship: An investigation of

the empirical link in export market ventures, Journal of Marketing, 58, 1, 1-21.

Ford, D., & Leonidou, L. (1991). Research Developments in International Marketing: A European perspective, in Paliwoda, S. J. (ed). New Perspectives in International marketing. London: Routledge.

Jain, S. C. (1989). Standardization of international marketing strategy: Some research hypotheses, Journal of Marketing, 53, 1, 70-79.

Johansson, J., & Vahlne, B. (1977). The internationalization process of firms: A model of knowledge and development and increasing foreign market commitments, Journal of International Business Studies, 1, 23-32.

Kaynak, E., & Erol, C. (1989). The Export Propensity of Turkish Manufacturing and Trading House Firms, Journal of Marketing Management, 5, 2, 221-229.

Knight, G. A., & Liesch, W. P. (2002). Information internationalization in internationalizing the firm, Journal of Business Research, 55, 981-995.

Leonidou, L. C., & Theodosiou, M. (2004). The export marketing information system: An integration of the extant knowledge, Journal of World Business, 39, 12-36.

Osman Mohamad, Jasman J Ma'ruf, T. Ramayah, & Razli Che Razak, (2004). Malaysia's SMEs International Involvement – Revisiting Evidence from the 1990s, Proceedings of the Third International Conference on SMEs in a Global Economy, Subang, Malaysia, 6-7 July 2004.

Osman Mohamad, T. Ramayah, & Razli Che Razak, (2004). Entering New Export Markets: The Contribution of Marketing Factors", Academy of Global Business Advancement Conference, New Delhi, India, Jan 3-5, 2005.

Osman, M., Ahmed, Z. U., & Honeycutt, E. D. Jr. (2001). The role of information in export marketing programs: An analysis by ownership structure, Multinational Business Review, 2, 57-63.

Quelch, J. A., & Hoff, E. J. (1986). Customizing Global Marketing, Harvard Business Review, 64, 59-68.

Samiee, S., & Roth, K., (1992). The influence of global marketing standardization on performance, Journal of Marketing, 56, 4, 1-17.

Theodosiou, M., & Leonidou, L. C. (2003). Standardization versus adaptation of international marketing strategy: An integrative assessment of the empirical research, International Business Review, 12, 2, 141-171.

Tuncalp, S. (1990). Export marketing strategy to Saudi Arabia: the case of British exporters, The Quarterly Review of Marketing, 15, 2, 13-18.

Zou, S., & Stan, S., (1998). The determinants of export performance: A review of the empirical literature

between 1987 and 1997, International Marketing Review,
15, 5, 333-356.