

Leveraging Marketing Capabilities into Competitive Advantage and Export Performance

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Abstract:

Purpose: By using the dynamic capabilities theory and the theory of competitive advantage, we develop a framework to investigate the role of marketing capabilities on the firm's export performance. Specifically, this framework depicts the consequences of marketing capabilities and focuses on the relationships among marketing capabilities, competitive advantage, and export performance.

Design/methodology/approach: We conduct a meta-analysis of the literature on marketing capabilities and use multivariate analyses to test our framework.

Findings: Our study revealed that competitive advantage has an important mediating role in the relationship between marketing capabilities and export performance. Specifically, we found that two types of competitive advantage (i.e., low-cost advantage and differentiation advantage) positively mediate the effect of marketing capabilities on export performance.

Originality/value: Although research on marketing capabilities is still in its early infancy, our study provides a base from which future work can be developed. We also contribute to the literature by examining the mediating role of competitive advantage in the marketing capability-export performance relationship, thereby offering new insights into how and why marketing capabilities play a crucial role in explaining the firm's export performance.

Key words: Marketing capabilities; export performance; competitive advantage; Meta-analysis.

Paper type: Research paper

1. INTRODUCTION

With increasing globalization and intensifying worldwide competition, a greater number of firms are starting to export to pursue growth opportunities, diversify business risks, and increase profits. With this in mind, identifying the key drivers of firms' export performance is an area of interest not only to academics, but also to public-policy makers and managers. In our study we focus on the role of marketing capabilities and competitive advantage to explain the firm's export performance. Marketing capabilities are defined as "complex bundles of skills and accumulated knowledge, exercised through organizational processes, that enable firms to coordinate activities and make use of their assets" (Day 1994, p. 38).

Our focus on marketing capabilities is justified since they have been identified as one of the primary ways firms can achieve a competitive advantage (Day 1994; Day and Wensley 1988) and superior performance (Krasnikov and Jayachandran 2008). Since marketing capabilities are deeply embedded in organizations and have a high level of value, scarcity, inimitability and non-substitutability (Day 1994; Theodosiou, Kehagias, and Katsikea 2012; Vorhies, Orr, and Bush 2011), they should be considered as an important determinant of competitive advantage.

As firms continue to internationalize at an increasing rate and the competition in the global markets intensifies, the relevance of possessing the capabilities required to meet foreign customer requirements more effectively than competitors becomes ever more important for

firms. Hence, there is an evident need to understand how firms can leverage their marketing capabilities into competitive advantage. However, a review of the literature reveals several shortcomings limiting our understanding of the development of competitive advantage in the global context.

Firstly, limited empirical research has focused on the ability of firms to leverage marketing capabilities into competitive advantage (Vorhies and Morgan 2005). While previous studies examined the importance of competitive advantages, researchers to date have not focused on marketing capabilities as a key determinant of competitive advantage. This is contrary to the dynamic capabilities theory which identifies marketing capabilities as a critical determinant of a firm's competitive advantage (Fang and Zou 2009). In addition, previous studies did not investigate what type of marketing capabilities firms should develop to gain different types of competitive advantage (i.e., low cost advantage and differentiation advantage). It is possible that some capabilities are less crucial than others for the development of certain kinds of competitive advantages (Zou, Fang, and Zhao 2003). In this case, previous studies provide limited insights into the fine-grained relationship between marketing capabilities and competitive advantage.

Secondly, previous studies (e.g., Morgan, Vorhies, and Mason 2009) have often overlooked the relationships between two types of competitive advantage and export performance in their research models. The reason is that in the literature, competitive advantage has been treated as a synonym for, and proxy of performance although both constructs are conceptually different (Newbert 2008; Powell 2001). The theory of competitive advantage also indicates that competitive advantage, referring to a positional advantage (over competitors) derived from the exploitation of capabilities, includes low-cost advantages (lower costs than

competitors) and differentiation advantage (products that are differentiated from competitive offerings) (Day and Wensley 1988). Performance, on the other hand, refers to the economic value that is captured from the commercialization of firms' capabilities (Newbert 2008). Competitive advantage is not a synonym or proxy of performance but rather should be considered a potential antecedent of performance, a distinct and separate set of constructs from export success, albeit that competitive advantages might be essential drivers of firms' export outcomes (Day and Wensley 1988; Newbert 2008). Mixing the two constructs not only creates difficulties in conceptually distinguishing between these two concepts but also limits theoretical advancement in the area.

These limitations within the international marketing literature create not only a theoretical and empirical gap, but leave academics and practitioners without a clear understanding of the specific marketing capabilities that a firm should develop to gain a certain competitive advantage (i.e., low-cost advantage and competitive advantage), and in turn which type of competitive advantage leads to better export performance. By focusing on the relationship between marketing capabilities, competitive advantage, and export performance, this study offers new theoretical insights into how and why marketing capabilities are important determinants of competitive advantage and superior export performance.

Thus, the purpose of this study is to examine the relationships among marketing capabilities, competitive advantage, and the firm's export performance. In addition, the study presents directions for needed future research in this area. As a result, our study provides the following contributions to the literature.

Firstly, we contribute to an aggregated understanding of the marketing capabilities-

competitive advantage relationship and the marketing capabilities-export performance relationship, respectively. Dynamic capabilities theory posits that firms' marketing capabilities can be a direct important determinant of competitive advantage and performance (Teece 2007). By using the dynamic capabilities theory and focusing on the relationship among marketing capabilities, competitive advantage, and export performance, this study offers new theoretical insights into which marketing capabilities have a better chance of successfully generating low-cost advantage or differentiation advantage, and which competitive advantage has a better chance of yielding better export performance. In this case, firms could seek to match their marketing capabilities with their competitive strategies by either adapting marketing capabilities or adapting their competitive strategies.

Secondly, we contribute to the literature by examining the relationship that exists between different sources of competitive advantage and core performance outcomes. While previous studies used both constructs interchangeably (Newbert 2008), we adopt the theory of competitive advantage to differentiate them and investigate their relationship. Specifically, we compare the importance of low-cost advantage vs. differentiation advantage in explaining the export performance of the firm. This comparison allows us to understand which of the competitive advantages (i.e., low-cost advantage or differentiation advantage) a firm should focus on in order to achieve better performance. While a few studies have indicated that it is important to differentiate the two types of competitive advantages because they have different impacts on firm performance (e.g., Langerak 2003; Murray, Gao, and Kotabe 2011), this issue has been largely ignored in the literature.

In addition, we also compare the direct effect with the indirect effect (via competitive advantage) of each marketing capability on export performance. One major limitation of the

extant literature on marketing capability is that the role of competitive advantages has yet to be considered when examining the effect of marketing capability on export performance (Murray, Gao, and Kotabe 2011). By examining the indirect effect of marketing capability on export performance through competitive advantage and further comparing it with the direct effect, our study is able to generate fresh managerial implications regarding the capability investment decisions.

In the remaining sections, we first present the theoretical background and research hypotheses. We then introduce the database development and data analysis. This is followed by the results of the hypotheses tests. We conclude our paper by discussing the implications of our findings and by providing directions for further research.

2. THEORETICAL BACKGROUND AND RESEARCH HYPOTHESES

2.1. Theoretical Background

The Dynamic Capabilities (DC) theory and the theory of competitive advantage are proposed to explain how marketing capabilities create competitive advantage and drive a firm's export performance. As an extension of the resource-based view, DC theory aims to address the important role of capabilities in exploiting resources to achieve sustainable competitive advantages (Newbert 2007). Specifically, DC theory clearly argues that capabilities are dynamic, deeply embedded in organizations, and have a higher degree of inimitability and non-substitutability (Fang and Zou 2009; Teece, Pisano, and Shuen 1997; Theodosiou, Kehagias, and Katsikea 2012; Vorhies, Orr, and Bush 2011). Therefore, capabilities in exploiting and reconfiguring resources to match the dynamic market conditions are directly linked to firms' sustainable competitive advantages over time (Morgan, Vorhies, and Mason 2009; Theodosiou, Kehagias, and Katsikea 2012).

According to the theory of competitive advantage, positional competitive advantages including low-cost advantage and differentiation advantage are key determinants of performance (Barney 1991; Hunt and Morgan 1995; Porter 1980). The theory of competitive advantage also holds that it is essential to use a firm's capabilities/competences as a way to gain positional competitive advantage (Day 1994; Porter 1980). Therefore, in order to enjoy superior performance, a firm should firstly develop marketing capabilities. These marketing capabilities should allow the firm to deliver these products/services better than competitors. Consequently, it is through the achievement of positional competitive advantages, that marketing capabilities are able to realize their full potential in respect of performance (Day 1994; Hunt and Morgan 1995). As such, the logical relationship between marketing capabilities and performance can be precisely captured if the competitive advantages are considered simultaneously (Day 1994; Murray, Gao, and Kotabe 2011).

Figure 1 presents our framework of marketing capabilities based on the previous research on this topic. This framework incorporates the notions of DC theory and the theory of competitive advantage. Based on the DC theory, capabilities are deemed to be directly linked to both low-cost advantage and differentiation advantage (Fang and Zou 2009). The theory of competitive advantage is also used because it holds that low-cost advantage and differentiation advantage are key factors enhancing a firm's performance (Hill 1988; Karnani 1984; Porter 1980). Therefore, considered jointly, marketing capabilities are essential to attain sustainable competitive advantage, which in turn contributes to superior performance (Day 1994). In our framework, capabilities (four dimensions of marketing capabilities), competitive advantage (low-cost advantage and differentiation advantage), and export performance (financial export performance and non-financial export performance) are

included. This framework depicts the consequences of marketing capabilities and focuses on the relationships among marketing capabilities, competitive advantage and export performance (see Figure 1).

Insert Figure 1 about here

2.2. The Mediating Role of Competitive Advantage

Capabilities are defined as “complex bundles of skills and accumulated knowledge, exercised through organizational processes, that enable firms to coordinate activities and make use of their assets” (Day 1994, p. 38). Based on this definition and consistent with the suggestion by Zou, Fang, and Zhao (2003), in this study, product development capability refers to the skills and accumulated knowledge which exporters use to develop and launch new products; pricing capability is the skills and accumulated knowledge which exporters effectively use and manage pricing tactics; distribution capability refers to the skills and accumulated knowledge which exporters use to provide support to distributors, and develop a close relationship with them; and communication capability is defined as the skills and accumulated knowledge which exporters use to effectively deliver marketing messages.

The tenet of the dynamic capabilities theory is that dynamic capabilities such as marketing capabilities are critical determinants of a firm’s competitive advantage and performance (Fang and Zou 2009). The reason is that dynamic marketing capabilities allow a firm to meet customers’ changing demands and respond to competitive pressure in foreign markets, by appropriately adapting, integrating, and (re)configuring internal and external organizational skills, resources, and functional competences including product development, pricing, distribution, and communication (see Griffith, Yalcinkaya, and Calantone 2010; Teece, Pisano, and Shuen 1997). In this case, dynamic marketing capabilities are deeply embedded

in organizations and thus have a high level of value, scarcity, inimitability and non-substitutability (Day 1994; Theodosiou, Kehagias, and Katsikea 2012; Vorhies, Orr, and Bush 2011). Therefore, marketing capabilities should be considered as an important determinant of competitive advantage (Barney 1991; Day and Wensley 1988; Griffith, Yalcinkaya, and Calantone 2010). This relationship is supported in previous empirical studies in an international context (Fang and Zou 2009; Kaleka 2002).

In addition, a considerable number of studies propose that marketing capabilities can be directly linked with business performance (e.g., Blesa and Ripollés 2008; Vorhies and Morgan 2005). The key argument is that the accumulated marketing knowledge and skills enable a firm to understand customers' preferences and competitors' actions, and thus provide better products/services than competitors (Ripollés and Blesa 2012). This is likely to increase customers' willingness to purchase and, therefore, leads to superior performance. The positive link between marketing capabilities and performance should also hold in an exporting context, because marketing capabilities can be easily transferred to foreign country. The reason is that the development of marketing capabilities is not embedded in the domestic market, but based on the information of foreign markets (Blesa and Ripollés 2008). Empirical studies also show that marketing capabilities are positively associated with export performance (Blesa et al. 2008; Griffith, Yalcinkaya, and Calantone 2010; Theodosiou, Kehagias, and Katsikea 2012).

In terms of the relationship between competitive advantage and performance, whereas many previous studies treated the two constructs as interchangeable, they are conceptually different (Newbert 2008; Powell 2001). Specifically, competitive advantage focuses on the creation of greater value when compared with competitors, whereas performance concentrates on the

capture of the created values through commercialization (Newbert 2008). The greater the value deriving from competitive advantage, the more value is likely to be captured from its commercialization, because value creation is a necessary condition of value capture (Lepak, Smith, and Taylor 2007). Therefore, it is reasonable to suggest that competitive advantage is an important antecedent of export performance (Albaum and Tse 2001; Leonidou, Palihawadana, and Theodosiou 2011). Although not many empirical studies have examined the relationship between the two, some prior evidence can be found to support the positive relationship between competitive advantage and export performance (e.g., Albaum and Tse 2001; Leonidou, Palihawadana, and Theodosiou 2011; Navarro et al. 2010).

Taken together, these arguments and empirical evidence about the effects of marketing capabilities on competitive advantage and export performance, and the linkage between competitive advantage and export performance, suggest a more comprehensive relationship among the three constructs. That is, competitive advantage appears to mediate the relationship between marketing capabilities and export performance. However, the majority of the extant studies have not specifically examined the mediation role of competitive advantage in the marketing capability-export performance relationship.

2.3. Research Hypotheses

Based on the arguments provided in the previous section, we hypothesize that competitive advantage mediates the relationship between marketing capabilities and export performance. According to the theory of competitive advantage, at the broadest level, firms can adopt cost leadership strategy and differentiation strategy to achieve two defensible positional competitive advantages: low cost advantage, and differentiation advantage (Day 1994; Day and Wensley 1988; Porter 1980). As a result, when we specify the types of competitive

advantage, the following two hypotheses are proposed: (1) low-cost advantage and (2) differentiation advantage mediate the relationship between marketing capabilities and export performance. Subsequently, we discuss the two hypotheses in more detail.

Product development capability allows an exporting firm to foresee market opportunities for new products, thereby quickly developing and launching competitive new products to meet customers' preferences (Murray, Gao, and Kotabe 2011; Vorhies and Morgan 2005). This also enables the firm to minimize R&D costs and decrease its production cost more quickly than its competitors in foreign markets due to economies of scale (Kaleka 2002), and to subsequently enjoy a low-cost advantage and high performance (See Porter 1980). Pricing capability enables a firm to effectively use and manage pricing tactics to respond to the changes in consumers' and competitors' challenges in export markets (Kemper, Engelen, and Brettel 2011). Responding quickly to competitors' pricing tactics offers the firm a strong motivation to find ways to decrease cost (Ames and Hlavacek 1990; Dickson 1992; Zou, Fang, and Zhao 2003), thereby providing an advantage over its rivals which leads to low-cost advantage and high export revenue (Zou, Fang, and Zhao 2003). Distribution capability enables an exporter to build and manage its competitive and cooperative relationship with export distributors in an effective and efficient way, which is likely to substantially reduce its channel management costs in export markets (Kaleka 2002). Distribution capability also allows an exporting firm to collect end-users' information from the distributors at a very low cost (Zou, Fang, and Zhao 2003). Both are likely to bring the firm a low-cost advantage and favorable export revenue. Communication capability helps an exporter to effectively deliver his/her marketing communication message to distributors and customers in foreign markets, which will keep the cost involved in propaganda, negotiation, and conflict resolution at a minimum (Murray, Gao, and Kotabe 2011; Zou, Fang, and Zhao 2003), thereby promoting a

low-cost advantage and performance reward (Porter 1980). To sum up, marketing capabilities are likely to provide an exporting firm with a low-cost advantage and superior export performance.

Low-cost advantage is proposed to directly result in market share and profitability (Day and Wensley 1988), which are among the most frequently studied export performance indicators (Tan and Sousa 2011). Specifically, low-cost advantage allows a firm to charge a lower price for the same products/services in export markets, which is likely to generate more market share. In addition, when the same price of products/services is charged, low cost competitive advantage enables a firm to enjoy a superior profit margin in foreign markets (See Hill 1988).

To sum up, marketing capabilities are expected to have a positive impact on low-cost advantage, which in turn is an important contributor to a firm's export performance. Therefore, the extent to which marketing capabilities can ultimately improve export performance may depend on how well they can lead to low-cost advantages. In short, marketing capabilities positively influence export performance, through the development of low-cost advantage. Therefore, we propose that,

H1: Low-cost advantage mediates the effect of (a) product development capability, (b) pricing capability, (c) distribution capability, and (d) communication capability on export performance.

We also predict that differentiation advantage mediates the relationship between marketing capabilities and export performance. Product development capability enables an exporting firm to design unique new products/services/brands which are highly valued by customers but

difficult for competitors to imitate, thereby enjoying a differentiation advantage and performance reward (Kaleka 2002; Murray, Gao, and Kotabe 2011). Pricing capability enables a firm to quickly understand the changing consumers' price sensitivity (Vorhies and Morgan 2005) and competitors' pricing tactics and movement in export markets (Murray, Gao, and Kotabe 2011). Based on this, the firm can deliver a unique product position to customers via an appropriate pricing strategy, leading to a differentiation advantage and superior performance (see Porter 1980). Distribution capability enables an exporting firm to develop a unique relationship with distributors based on mutual trust (Ling-ye and Ogunmokun 2001), which is likely to create a defensible position in the supply chain and, therefore, gain a differentiation advantage and performance (See Porter 1980). Communication capability enables an exporter to effectively deliver his/her unique product/service/brand image to distributors and customers (Spyropoulou, Skarmeas, and Katsikeas 2011), which will favorably distinguish it from the competitors, thereby promoting a differentiation advantage (Porter 1980; Zou, Fang, and Zhao 2003). This will also bring the firm superior export performance due to increased customer willingness to purchase (Murray, Gao, and Kotabe 2011). To sum up, marketing capabilities are likely to provide a firm with a differentiation advantage and export performance.

Differentiation advantage is proposed to directly result in export performance such as market share and profitability, because it creates more defensible customer value than competitors (Murray, Gao, and Kotabe 2011; Spyropoulou, Skarmeas, and Katsikeas 2011). In this case, more customers are willing to purchase more quantity and/or purchase at a higher price (Day and Wensley 1988; Porter 1980). As a result, superior export performance can be achieved.

To sum up, marketing capabilities are expected to have a positive impact on differentiation

advantage, which in turn is an important antecedent of a firm's export performance (See, Newbert 2007; Newbert 2008). Therefore, the extent to which marketing capabilities can ultimately improve export performance may depend on how well they can lead to a differentiated advantage. In short, marketing capabilities positively influence export performance, through the development of differentiation advantage. Therefore, we propose that,

H2: Differentiation advantage mediates the effect of (a) product development capability, (b) pricing capability, (c) distribution capability, and (d) communication capability on export performance.

3. METHOD/DATABASE DEVELOPMENT

This study uses a meta-analytical approach to test our model. It aims to provide an aggregate understanding of the relationship among the marketing capabilities, competitive advantage, and export performance, and to set foundations for future research. In this case, a meta-analytical investigation is appropriate, because it is a quantitative summary which allows us to generate more objective, precise, and conclusive findings when compared with a narrative review (Brown, Homer, and Inman 1998). In addition, the use of corrected secondary data (i.e., correlation coefficients and reliability which are extracted from published articles) to test our model, increases the statistical power of the results (Hunter 2004).

3.1. Data Collection

In order for a study to be included, three criteria had to be met as follows: (1) that it investigate firms engaged in export markets; (2) that correlation coefficients involving

marketing capabilities are specified at the element level (i.e., pricing capabilities, product capabilities, distribution capabilities, and communication capabilities); and (3) that it have an empirical nature, reporting either correlation coefficients or indicators that could be converted to correlation coefficients (e.g., Students' t , Chi-square, F-ratio with one degree of freedom, p -values for group comparisons, standardized beta coefficients β , etc., (see Lipsey and Wilson 2000; Peterson and Brown 2005; Rosenthal 1994). Notably, studies that measured constructs at the country level and individual level were excluded so that results from research that had very divergent goals were not aggregated (see Hunter and Schmidt 1990).

Eligible articles were identified using a combination of computerized and manual bibliographic search methods, and were taken from the journals/conference proceedings in international business and marketing. Using keywords such as *marketing (product development/promotion/communication/price/distribution/channel) capabilities (competence)*, we searched the EBSCO, ProQuest, JSTOR, Emerald, ScienceDirect (Elsevier), and Wilson Business databases for eligible articles available before December 2012. Then we conducted backward and forward citation-chasing based on the reference lists obtained from the first step. We also manually searched library archives for relevant articles. A total of 135 effects from nine independent samples reported in eleven studies were obtained. This sample size is comparable to previous meta-analytical studies which also used the path model analysis (e.g., Bauer et al. 2007; Shoham 2003).

3.2. Meta-Analytical Procedures

The meta-analytical procedure was a combined method of that proposed by Hunter and Schmidt (1990) and Hedges and Olkin (1985), which has also been adopted by Kirca, Jayachandran, and Bearden (2005). As the goal was to understand construct-level

relationships instead of predicting actual observed scores, we first corrected correlation coefficients obtained from each primary study for measurement error (Hunter and Schmidt 1990). This involved dividing the correlation coefficient by the product of the square root of the reliabilities of the two constructs. We then transformed the reliability-corrected correlations into Fisher's z-coefficients. Subsequently, we calculated the weighted average z-coefficients. The weight was the inverse of each effect size's variance ($N-3$), which tends to assign more weight to studies with better precision (Borenstein et al. 2009). Finally, the weighted average z-coefficients were retransformed to correlation coefficients (Hedges and Olkin 1985; Kirca, Jayachandran, and Bearden 2005). To guarantee the correctness of the computation process, we conducted the meta-analysis based on the reliability-corrected correlation coefficients r_s and sample sizes, by using the software CMA2 (*Comprehensive Meta Analysis 2*) recommended by Borenstein et al. (2009).

3.3. Measurement

Whereas there are variations in the measures across the studies reviewed, their conceptual definitions and measurement items are largely consistent. Based on measurement items in the studies reviewed, conventional definitions and classifications, and previous meta-analyses (e.g., Krasnikov and Jayachandran 2008; Leonidou, Katsikeas, and Samiee 2002), we summarize the measures of each construct as follows.

Product capability mainly involves knowledge and skills in new product development (Zou, Fang, and Zhao 2003) and improvement of existing products (Kaleka 2012). Measurement items include, for example, “developing new products to exploit R&D investment”, “speedily developing new products”, “improvement/modification of existing products”, and “adoption of new methods and ideas in the production/manufacturing process” (see Leonidou,

Palihawadana, and Theodosiou 2011; Morgan, Kaleka, and Katsikeas 2004; Murray, Gao, and Kotabe 2011). *Pricing capability* focuses on pricing tactics and skills in quickly responding competition and customer demand/complaints (Tzokas et al. 2000; Zou, Fang, and Zhao 2003). Its measures encompass “quickly respond to competitors’ pricing tactics”, “using pricing skills to quickly respond to any customer change”, “communicating pricing structures and levels with customers”, and “being creative in bundling pricing deals” (see Morgan, Katsikeas, and Vorhies 2012; Murray, Gao, and Kotabe 2011; Zou, Fang, and Zhao 2003). *Distribution capability* involves the ability to develop and maintain good relationships with channel members (Morgan, Katsikeas, and Vorhies 2012; Zou, Fang, and Zhao 2003). It is mainly measured by “satisfying the needs of distributors/retailers in this export market”, “closeness in working with distributors/retailers in this export market”, “adding value to our distributor’s businesses”, and “developing and maintaining close distributor/supplier relationships” (see Kaleka 2002; Leonidou, Palihawadana, and Theodosiou 2011; Ling-ye and Ogunmokun 2001). *Communication capability* covers market sensing, customer linkage, and channel bonding (Day 1994; Zou, Fang, and Zhao 2003). Its measurement items include, for instance, “effectively managing export communication programs”, “export communication skills and processes”, “skilfully using marketing communications”, and “advertising and promotion creativity” (see Morgan, Katsikeas, and Vorhies 2012; Spyropoulou, Skarmeas, and Katsikeas 2011; Zou, Fang, and Zhao 2003).

Low-cost advantage involves a cost leadership in each point of the value chain, such as R&D, production, sales force, and advertising (Porter 1980). The measurement items in the studies reviewed include, for example, “cost of raw materials”, “production cost”, “selling price”, “payment and credit terms”, and “channel margin given” (see Kaleka 2002; Morgan, Katsikeas, and Vorhies 2012; Murray, Gao, and Kotabe 2011; Zou, Fang, and Zhao 2003).

Differentiation advantage mainly refers to the advantage of providing unique offerings in terms of design, brand image, and customer services, among others (Day and Wensley 1988; Hunt and Morgan 1995; Porter 1980). Its measures encompass “designing R&D-based unique products”, “creating image difference for products”, and “promoting a brand/product uniqueness (e.g., packaging, design and style, brand personality, brand awareness, and brand share)” (see Ling-yee and Ogunmokun 2001; Morgan, Kaleka, and Katsikeas 2004; Zou, Fang, and Zhao 2003).

Export performance is categorized as financial export performance and non-financial export performance in the majority of the studies reviewed (e.g., Leonidou, Palihawadana, and Theodosiou 2011; Ling-yee and Ogunmokun 2001; Lisboa, Skarmeas, and Lages 2011; Murray, Gao, and Kotabe 2011; Zou, Fang, and Zhao 2003). This categorization is also consistent with the previous meta-analytical study on export performance by Leonidou, Katsikeas, and Samiee (2002) and, therefore, is used in the current study. Financial export performance mainly involves measures such as “profitability”, “revenue”, “return on investment/sales”, “sales volume”, and “sales growth” (Lisboa, Skarmeas, and Lages 2011; Murray, Gao, and Kotabe 2011; Zou, Fang, and Zhao 2003). Non-financial export performance includes “increasing new customers”, “strengthening strategic positioning”, “customer satisfaction”, and “reputation of the company”, among others (Leonidou, Katsikeas, and Samiee 2002; Ling-yee and Ogunmokun 2001; Morgan, Kaleka, and Katsikeas 2004).

4. RESULTS

4.1. Testing of Hypotheses

The use of a meta-analysis allows the researcher to evaluate simultaneously, the effects of variables that may only have been separately investigated in individual studies (Kirca and

Yaprak 2010). Table 1 reports the correlation matrices we used for the path model analysis of marketing capabilities, mediators (i.e., low-cost advantage and differentiation advantage), and consequences (i.e., financial export performance and non-financial export performance). Firm size is included as a control variable in this study because it may have a positive relationship with export performance (Sousa, Martínez-López, and Coelho 2008). Firm size is generally regarded as an indicator of resources (Calof 1994). Larger firms are more likely to achieve higher export performance, because they have more resources to support strategy which could better meet local demand and compete favorably against their rivals (Moen 1999; Sousa and Bradley 2009).

Insert Table 1 about here

Hypotheses 1a-1d and Hypotheses 2a-2d predict that the relationship between marketing capabilities and export performance is mediated by low cost advantage and differentiation advantage, respectively. To test the indirect effects in our multiple mediator model, we used AMOS 20 to carry out bootstrapping estimates. The use of the bootstrapping method has been highly recommended by many scholars due to its favorable features (e.g., Cheung and Lau 2008; Macho and Ledermann 2011; Preacher and Hayes 2008; Williams and MacKinnon 2008). Firstly, bootstrapping allows us to estimate an indirect effect, and its bias-corrected confidence interval, which cannot be directly obtained by the commonly used causal step approach (see Preacher and Hayes 2008). In addition, bootstrapping is generally superior to other estimation methods such as the causal steps approach and the product-of-coefficient approach in terms of statistical power and type I error rates (Briggs 2006; Preacher and Hayes 2008; Williams and MacKinnon 2008). This is especially the case when the assumption of multivariate normal distribution is violated (Briggs 2006; MacKinnon, Lockwood, and Williams 2004). Therefore, the bootstrapping approach is likely to produce a more precise

estimate of indirect effects. Tests of the models in this study were performed using 2000 bootstrapped samples, and we report asymmetric percentile bootstrap 95% confidence intervals (CIs).

Table 2 presents the standardized coefficient estimate, the bias-corrected confidence interval, and the significance level of total, direct, and indirect effects for each hypothesized relationship in Figure 1. As shown in Table 2, the fit statistics indicate a satisfactory fit to the data (Byrne 2009; Kline 2010): $\chi^2 = 14.639$, d.f.=3, ($p < .01$); GFI = .996; CFI = .985, NFI = .982; and RMSEA = .066.

Insert Table 2 about here

H1a predicts that low cost advantage mediates the relationship between product capability and export performance. The results in Table 2 show that the indirect effect of low-cost advantage is non-significant for both financial export performance ($B = .007$, $p > .10$) and non-financial export performance ($B = .007$, $p > .10$). Therefore, H1a is not supported. As predicted by H2a, differentiation advantage significantly mediates the effect of product capability on export performance (financial export performance: $B = .013$, $p < .01$; non-financial export performance: $B = .022$, $p < .01$). The indirect effect of pricing capability on financial export performance via low-cost advantage is significant ($B = .022$, $p < .01$), and the indirect effect of pricing capability on non-financial export performance via low-cost advantage is also significant ($B = .020$, $p < .01$), thereby supporting H1b. Similarly, H2b, proposing that differentiation advantage mediates the relationship between pricing capability

and export performance, is also supported (financial export performance: $B = .016, p < .01$; non-financial export performance: $B = .027, p < .01$).

Contrary to expectations, H1c is not supported, because the indirect effect (via low-cost advantage) of distribution capability is not-significant for either financial export performance ($B = .003, p > .10$) or non-financial export performance ($B = .002, p > .10$). Similarly, distribution capability does not show a significant indirect effect via differentiation advantage on either financial export performance ($B = .002, p > .10$) or non-financial export performance ($B = .003, p > .10$), thereby not supporting H2c. H1d predicts that communication capability has a significant indirect effect via low-cost advantage on export performance, which is supported by our results (financial export performance: $B = .018, p < .01$; non-financial export performance: $B = .017, p < .01$). Similarly, via differentiation advantage, communication capability significantly influences both financial export performance ($B = .009, p < .01$), and non-financial export performance ($B = .016, p < .01$), thus supporting H2d.

4.2. Additional Tests Results

Given that the majority of the hypotheses are supported, for a deeper understanding of the mediation role of competitive advantage, further tests were considered necessary to address the following three points: (1) to compare (i) a partial, (ii) a full mediation, and (iii) no mediation model, (2) to examine whether low-cost advantage has a larger mediation effect than differentiation advantage regarding the impact of marketing capabilities on export performance, and (3) to compare the direct effects and indirect effects (via competitive advantage) of marketing capabilities on export performance.

The AMOS nested model comparison test was used to address the first point. Based on the changes in chi-square tests for nested model comparison (Bentler and Bonett 1980), the comparison with the full mediation model (Model B in Figure 2) shows that the partial mediation model provides a significantly better fit ($\Delta\chi^2 = 62.339$, $\Delta df = 8$, $p < .01$). The comparison with the no mediation model (Model C) also shows that the partial mediation model provides a significantly better fit ($\Delta\chi^2 = 160.890$, $\Delta df = 12$, $p < .01$). Therefore, the partial mediation Model A is retained as the best-fitting model. The argument to support a partial mediation model is that although marketing capabilities alone (without competitive advantage) are not sufficient to gain superior performance (Day 1994), they may still have a direct impact on export performance because marketing capabilities themselves create value to customers (Vorhies and Morgan 2005). For instance, in a perfect competitive market, each firm has no special competitive advantage over its rivals, yet these firms can still enjoy an average level of profitability as long as they have marketing capabilities (Day 1994; Porter 1980).

Insert Figure 2 about here

Both the second and the third points were examined by using the phantom models approach, as recommended by Macho and Ledermann (2011). The comparison results for the second point in Table 2 indicate that the indirect effect size between marketing capabilities and export performance (including both financial export performance and non-financial export performance) via low-cost advantage is not significantly different from the indirect effect size via differentiation advantage. The only exception is product capability, whose indirect effect on non-financial export performance via low-cost advantage is smaller than that via

differentiation advantage ($B = -.016, p < .10$). In relation to the third point, Table 3 presents the differences between direct and indirect effects (via competitive advantage) of marketing capabilities on export performance. The findings indicate that for all the marketing capabilities (except for distribution capability), there is no significant difference between their direct effects and indirect effects on export performance.

Insert Table 3 about here

5. DISCUSSION AND IMPLICATIONS

Despite calls for more research on marketing capabilities in international markets, little effort has been made to enhance our understanding of whether and how, marketing capabilities contribute to superior export performance. To address this problem, in this study we focus on the consequences of marketing capabilities. Specifically, we examined the mechanism that underlies the relationship between marketing capabilities and export performance (i.e., through the mediating effect of both low-cost advantage and differentiation advantage). Overall, the findings provide strong support for our hypothesized model. Based on our results, we conducted three additional analyses. Specifically, we further compared the partial mediation model with the full mediation model, and with no mediation model, in terms of the goodness of fit. In addition, we investigated the size differences between low-cost advantage and differentiation advantage regarding their mediating role in the marketing capability-export performance relationship. Moreover, we examined the size differences between the direct and indirect effects of marketing capabilities on export performance. As such, the

findings of this study provide insights into how marketing capabilities can be transformed into superior financial and non-financial export performance. They also inform us about the relative importance of the two types of competitive advantages (i.e., low-cost advantage and differentiation advantage) in mediating the marketing capability-export performance relationship. In addition, the results enable us to understand the relative importance of direct effects and indirect effects of marketing capabilities on export performance. Therefore, based on our research findings, there are several implications for academics and practitioners.

5.1. Discussion

Firstly, our study revealed the important mediating role of competitive advantage in the relationship between marketing capabilities and export performance. Specifically, we found that two types of competitive advantage (i.e., low-cost advantage and differentiation advantage) positively mediate the effect of marketing capabilities (except for distribution capability) on financial export performance and/or non-financial export performance. This result suggests that an exporting firm needs to develop professional skills and knowledge in designing and developing new products, responding to market changes with pricing tactics, managing good relationships with distributors and customers, and delivering communication messages effectively. This defines the level of marketing capabilities to meet customers' needs, and therefore, set the foundation for an exporter's high financial and non-financial export performance (Leonidou *et al.* 2002). In addition, when developing marketing capabilities, managers should keep the competition in mind. That is, they need to develop marketing capacities which could bring them positional competitive advantages, because the latter are also important direct antecedents of export performance (Day and Wensley 1988; Newbert 2007; Porter 1980). In this way, the potential of marketing capabilities to achieve superior financial and non-financial export performance can be fully realized. Therefore, the

development of competitive advantage-oriented marketing capabilities, instead of a focus only on marketing capabilities, is essential (Zhou, Wu, and Barnes 2012).

Secondly, we found that the partial mediation model provides a better fit, indicating that marketing capabilities contribute to export performance both directly and indirectly by the mediating effect of competitive advantage. The results also indicate that there is no significant difference in terms of the effect sizes of direct effects and indirect effects of marketing capabilities on export performance. Given the first suggestion mentioned above about emphasizing the development of competitor-oriented marketing capabilities, the current finding has further implications. It suggests that exporting managers should neither consider gaining competitive advantages as the only path by which marketing capabilities could lead to export performance, nor hold that marketing capabilities could be fully translated into export performance without obtaining positional competitive advantages. Instead, a more appropriate attitude is to develop a high level of marketing capabilities which simultaneously and equally emphasize their direct translation into export performance and indirect transfer to superior export performance via obtaining competitive advantages first (See Day and Wensley 1988; Murray, Gao, and Kotabe 2011; Slater and Narver 1994). As a result, exporters could enjoy both directly converting marketing capabilities into export performance and indirectly translating marketing capabilities into superior export performance via the bridging role of competitive advantages.

Finally, our results suggest that low-cost advantage and differentiation advantage are equally important in terms of translating marketing capabilities into superior export performance. This was demonstrated by the non-significant difference between the mediating effect sizes of low-cost advantage and those of differentiation advantage on the marketing capability-

export performance relationship. That is, the efforts to control the cost (for low-cost advantage) and those to differentiate exporters' offerings (for differentiation advantage) should be equally appreciated, because there is no essential difference in terms of the ability to achieve superior export performance. In this case, developing marketing capabilities to obtain a combination of differentiation and low cost may be necessary for firms to enjoy the maximum export performance (Hill 1988). Nonetheless, if exporters have limited resources, it may be advisable that they focus on the development of only one competitive advantage-oriented (either low-cost advantage or differentiation advantage) marketing capability, because this contributes to "value-focused thinking" for the development of single competitive advantage and, therefore, can more easily lead to superior export performance rather than simultaneously focusing on developing both competitive advantages (See Keeney 1994; Porter 1980). The decision of which type of competitive advantage the firm should focus on depends on the resources and skills available within the exporting firm (Cf. Day and Wensley 1988; Porter 1980). Similarly, one can build capabilities to generate certain kinds of competitive advantage.

5.2. Research Implications and Directions for Future Research

Overall, the findings of the study provide substantial support for our conceptual framework. Specifically, the results demonstrate that marketing capabilities are powerful tools that can directly lead to export performance and indirectly achieve superior export performance via the creation of positional competitive advantage (including low-cost advantage and differentiation advantage). This suggests a general confirmation of dynamic capabilities theory and the theory of competitive advantage. Based on this, several theoretical implications can be identified for future research directions.

Firstly, more empirical effort should be allocated to the study of marketing capabilities. Although the important role of marketing capabilities in building competitive advantages and driving superior performance has been acknowledged for a long time (e.g., Day 1994; Day and Wensley 1988; Snow and Hrebiniak 1980), only recently have studies on this topic begun to emerge. And although we conducted a meta-analytical review, this by no means indicates that research on marketing capabilities has reached its maturity. Rather, this research stream is still in its early infancy since the majority of the studies have been conducted in the last few years. In addition, to provide a review of the literature and possible directions for further research, this meta-analytical review also attempts to encourage subsequent empirical studies on the topic.

Specifically, future research may consider exploring the components of marketing capabilities to enrich the dynamic capabilities theory. For example, how the pricing process is developed can be considered as a capability (Dutta, Zbaracki, and Bergen 2003). Also, as posited by Vorhies and Morgan (2005), marketing capabilities are more than just the marketing-mix capabilities. In this case, marketing planning should also be included as a marketing capability. Moreover, marketing capabilities are likely to influence other organizational capabilities such as operational capabilities, R&D capabilities, and networking capabilities, among others (Krasnikov and Jayachandran 2008; Morgan, Vorhies, and Mason 2009; Nath, Nachiappan, and Ramanathan 2010). This provides support for the dynamic capabilities theory, suggesting that marketing capabilities can be the determinants of sustainable competitive advantage (Fang and Zou 2009), and the theory of competitive advantage which specifies the causal relationship between competitive advantage and superior performance (Day and Wensley 1988).

Secondly, in order to develop a more comprehensive framework to depict how marketing capabilities contribute to firms' export performance, the partial mediation effect of competitive advantages should be considered. Although the marketing capabilities-export performance relationship is receiving increasing research attention, extant studies have tended to focus on only one aspect of our hypothesized model. That is, some studies indicate that only through the path of gaining competitive advantage first can marketing capabilities be translated into export performance (e.g., Morgan, Kaleka, and Katsikeas 2004; Spyropoulou, Skarmeas, and Katsikeas 2011; Zou, Fang, and Zhao 2003). While other studies suggest that marketing capabilities have a direct impact on export performance (e.g., Kaleka 2012; Lisboa, Skarmeas, and Lages 2011). Both of the research models can be considered incomplete. On the one hand, without considering the mediating effect of competitive advantages, empirical research will miss the key point that developing marketing capabilities is an important way to build competitive advantages (Porter 1980). On the other hand, the proposition that only through the bridging role of competitive advantage can marketing capabilities be converted to export performance is also incomplete, because it suggests that the development of marketing capabilities should solely focus on competitive advantages and not consider the direct effect on export performance. This is likely to discourage and mislead exporters in practice, especially new exporters. By examining a partial mediation model, subsequent research could precisely capture both direct and indirect effects of marketing capabilities on export performance, and therefore, provide insights into practice. As a result, the dynamic capabilities theory and the theory of competitive advantage could be further expanded to simultaneously explain the direct and indirect effects of marketing capabilities.

Thirdly, future research could examine the relative importance of the direct effects and

indirect effects (via competitive advantage) of marketing capabilities on export performance. Although our meta-analytical results indicate that both direct and indirect effects are equally important, more research is necessary in order to be able to generalize our findings further. In this case, subsequent empirical studies on this comparison are likely to provide more confirmative findings and provide more insights into how resources and skills should be allocated for realizing the full potential of marketing capabilities in achieving export performance.

Fourthly, the relationship between the competitive advantages and export performance can be captured more precisely. A recent review shows that despite the distinctive difference in concept, competitive advantage and performance are often used interchangeably (Newbert 2007). Indeed, careful examination of the description and hypotheses development in previous studies indicates that the majority of them did not clearly explain how competitive advantages lead to superior export performance. Admittedly, this is not an easy task because several scenarios need be analyzed (Hill and Birkinshaw 2008; Powell 2001). Nonetheless, by exploring the relationship between competitive advantages and export performance, we are able not only to distinguish the two constructs more clearly, but also to yield more precise research findings on the relationships between them. As a consequence, we are likely to secure a deeper understanding of the precise mechanism through which marketing capabilities are linked to superior export performance.

Fifthly, future research could investigate the relative importance of low-cost advantage and differentiation advantage in mediating the marketing capabilities-export performance relationship. While there has been an increasing examination of competitive advantages (both low-cost advantage and differentiation advantage) in the international marketing area (e.g.,

Albaum and Tse 2001; Hughes et al. 2010; Morgan, Kaleka, and Katsikeas 2004; Schilke, Reimann, and Thomas 2009; Solberg 2008), little effort has been made to compare the importance of the two advantages. This leaves insightful managerial implications unknown to us. If, for instance, the differentiation advantage is more important than low-cost advantage in terms of their abilities to transfer marketing capabilities to export performance, managers should allocate their resources and skills to reflect the relative importance of each competitive advantage, which in turn shapes the orientation of developing marketing capabilities. Therefore, based on our first step in this study, more empirical studies on this comparison are needed to provide deeper and broader understanding of this topic. As a result, the theory of competitive advantage is likely to be advanced by specifying the relationship between the low-cost advantage and differentiation advantage.

Sixthly, future studies should also explore the possibility of marketing capabilities moderating the competitive advantage-export performance relationship. While this study did not investigate the possibility that marketing capability could be a moderator, the strong conceptual underpinning of marketing capability justifies the exploration of this issue further. It is possible that the impact of competitive advantages on export performance is contingent on the marketing capabilities of the firm. If firms possess different levels of existing marketing capabilities, even firms having similar competitive advantages can expect to achieve differential performance. The reason is that marketing capabilities, which refers to the firms' skills and accumulated knowledge, should help firms to translate their competitive advantages into export performance (cf. Coff 1999). Thus, the impact of competitive advantage on export performance is likely to be enhanced or reduced by the extent of a firm's marketing capabilities.

Finally, a few potential limitations should be noted. One possible limitation is that antecedents of marketing capabilities were not examined, as the antecedent variables investigated by the studies reviewed are very fragmented and, therefore, not appropriate for a meta-analysis. We encourage future studies to repeatedly examine these variables, thereby achieving a deeper understanding of international marketing capabilities and dynamic capabilities theory. Another aspect is the number of studies in our review. While our sample size is comparable to previous meta-analytical studies which used the path model analysis (e.g., Bauer et al. 2007; Shoham 2003), caution should be exercised in interpreting test results and drawing conclusions. Future research may consider examining our hypothesized model to confirm the direct influence of marketing capabilities on export performance, and the mediating role of both low-cost advantage and differentiation advantage in explaining marketing capabilities-export performance relationships. Finally, endogeneity might be an issue in this study. We are unable to address this issue in our meta-analytical design because none of the empirical studies has considered the potential endogeneity bias. Although failure to control for endogeneity does not necessarily lead to genuine threats to validity, it is desirable that subsequent empirical research check this potential issue and corresponding solutions (Bascle 2008). Despite these potential limitations, we believe that our findings could be useful to academics and managers during the course of strategic decision-making and execution.

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Table 1. Intercorrelations among Constructs

	1	2	3	4	5	6	7	8	9
1. Product Development Capability	.874								
2. Pricing Capability	.563	.828							
3. Distribution Capability	.467	.641	.882						
4. Communication Capability	.621	.475	.587	.938					
5. Firm Size	.278	.327	.238	.394	.836				
6. Low-cost Advantage	.355	.315	.218	.321	.268	.827			
7. Differentiation Advantage	.128	-.014	.200	.041	.065	.181	.840		
8. Financial Export Performance	.343	.356	.381	.381	.346	.317	.150	.884	
9. Non-financial Export Performance	.365	.337	.317	.395	.337	.422	.159	.617	.861

Notes: Off-diagonal entries represent the average sample-size-weighted correlation (r) values. Entries on the diagonal reflect sample-size-weighted mean reliabilities (Cronbach's α).

Error variances for each construct indicator were fixed at $(1-\alpha)$, where α is the sample-size-weighted reliability across studies (Viswesvaran and Ones 1995), and the median ($n=882$) of sample sizes across studies was used for estimation purposes (Kirca, Jayachandran, and Bearden 2005).

Table 2. Model Estimation and Results: Direct, Indirect, Total Effects, and Differences between Specific Indirect Effects (via Competitive Advantage) of Marketing Capabilities on Export Performance

Total Effects¹	Unstandardized Estimate B	Standardized Estimate β	95% CI (Bias-Corrected)²
Product Capability → Financial Export Performance	.087** ³	.086**	.006-.162
Product Capability → Non-financial Export Performance	.110**	.107**	.025-.181
Pricing Capability → Financial Export Performance	.155***	.113***	.029-.192
Pricing Capability → Non-financial Export Performance	.151***	.108***	.024-.193
Distribution Capability → Financial Export Performance	.104**	.106**	.034-.183
Distribution Capability → Non-financial Export Performance	.062	.062	-.013-.139
Communication Capability → Financial Export Performance	.106***	.113***	.036-.186
Communication Capability → Non-financial Export Performance	.124***	.131***	.058-.206
Direct Effects	Unstandardized Estimate B	Standardized Estimate β	95% CI (Bias-Corrected)
Product Capability → Low-cost Advantage	.056	.059	-.021-.135
Product Capability → Differentiation Advantage	.136***	.129***	.048-.206
Product Capability → Financial Export Performance	.045	.045	-.027-.123
Product Capability → Non-financial Export Performance	.081**	.079**	.001-.152
Pricing Capability → Low-cost Advantage	.168***	.130***	.043-.220
Pricing Capability → Differentiation Advantage	.166***	.117***	.031-.201
Pricing Capability → Financial Export Performance	.090	.065	-.014-.141
Pricing Capability → Non-financial Export Performance	.103*	.074*	-.01-.159
Distribution Capability → Low-cost Advantage	.020	.022	-.058-.103
Distribution Capability → Differentiation Advantage	.016	.016	-.062-.094
Distribution Capability → Financial Export Performance	.086**	.087**	.017-.161
Distribution Capability → Non-financial Export Performance	.057	.057	-.018-.132
Communication Capability → Low-cost Advantage	.139***	.159***	.078-.230
Communication Capability → Differentiation Advantage	.096**	.099**	.022-.174
Communication Capability → Financial Export Performance	.054	.058	-.019-.131
Communication Capability → Non-financial Export Performance	.091**	.096**	.019-.170
Low-cost Advantage → Financial Export Performance	.099***	.093***	.030-.160
Low-cost Advantage → Non-financial Export Performance	.122***	.113***	.035-.185
Differentiation Advantage → Financial Export Performance	.055	.057	-.015-.124
Differentiation Advantage → Non-financial Export Performance	.164***	.168***	.099-.236
Non-financial Export performance → Financial Export Performance	.260**	.263***	.195-.330

Table 2 Continued. Model Estimation and Results: Direct, Indirect, Total Effects, and Differences between Specific Indirect Effects (via Competitive Advantage) of Marketing Capabilities on Export Performance

Specific Indirect Effects ⁴ (Hypotheses Tests Results) and the Differences		B	95% CI (Bias-corrected)
H1a	Product Capability → Low-cost Advantage → Financial Export Performance (<i>ns</i>)	.007	-.002-.021
H2a	Product Capability → Differentiation Advantage → Financial Export Performance (✓)	.013***	.004-.028
	<i>Difference</i>	-.006	-.022-.010
H1a	Product Capability → Low-cost Advantage → Non-financial Export Performance (<i>ns</i>)	.007	-.002-.020
H2a	Product Capability → Differentiation Advantage → Non-financial Export Performance (✓)	.022***	.008-.043
	<i>Difference</i>	-.016*	-.035-.003
H1b	Pricing Capability → Low-cost Advantage → Financial Export Performance (✓)	.022***	.007-.047
H2b	Pricing Capability → Differentiation Advantage → Financial Export Performance (✓)	.016***	.004-.039
	<i>Difference</i>	.006	-.021-.032
H1b	Pricing Capability → Low-cost Advantage → Non-financial Export Performance (✓)	.020***	.006-.045
H2b	Pricing Capability → Differentiation Advantage → Non-financial Export Performance (✓)	.027***	.008-.055
	<i>Difference</i>	-.007	-.037-.023
H1c	Distribution Capability → Low-cost Advantage → Financial Export Performance (<i>ns</i>)	.003	-.007-.014
H2c	Distribution Capability → Differentiation Advantage → Financial Export Performance (<i>ns</i>)	.002	-.005-.011
	<i>Difference</i>	.001	-.012-.014
H1c	Distribution Capability → Low-cost Advantage → Non-financial Export Performance (<i>ns</i>)	.002	-.006-.014
H2c	Distribution Capability → Differentiation Advantage → Non-financial Export Performance (<i>ns</i>)	.003	-.010-.017
	<i>Difference</i>	.000	-.017-.015
H1d	Communication Capability → Low-cost Advantage → Financial Export Performance (✓)	.018***	.007-.036
H2d	Communication Capability → Differentiation Advantage → Financial Export Performance (✓)	.009***	.002-.022
	<i>Difference</i>	.009	-.007-.027
H1d	Communication Capability → Low-cost Advantage → Non-financial Export Performance (✓)	.017***	.006-.035
H2d	Communication Capability → Differentiation Advantage → Non-financial Export Performance (✓)	.016***	.004-.032
	<i>Difference</i>	.001	-.018-.022
<i>Control Variable</i>	<i>Firm Size → Financial Export performance</i>	.039	.054
	<i>Firm Size → Non-financial Export performance</i>	.059*	.057*

$\chi^2 = 14.639$, $d.f. = 3$, $GFI = .996$, $CFI = .985$, $NFI = .982$, $RMSEA = .066$

¹ N=882. Asymmetric percentile 95% confidence intervals (CIs) were estimated for all effects using 2,000 bootstrap samples.

² The CIs for the total and indirect effects are those of the standardized estimates.

³ * $p < .10$, ** $p < .05$, *** $p < .01$

⁴ Assessment of individual indirect effects was conducted in AMOS by using the phantom-model approach see Macho and Ledermann (2011). In this case, only unstandardized estimates can be generated.

Table 3. Differences between Direct and Indirect Effects of Marketing Capabilities (via Competitive Advantage) on Export Performance

Differences between Indirect Effects and Direct Effects (Direct Effect-Indirect Effect)	<i>B</i>	95% CI (Bias-corrected)
Product Capability → Financial Export Performance	.045	-.027-.123
Product Capability → Competitive Advantage → Financial Export Performance	.020***	.007-.042
<i>Difference</i>	.025	-.056-.108
Product Capability → Non-financial Export Performance	.081**	.001-.152
Product Capability → Competitive Advantage → Non-financial Export Performance	.029***	.011-.053
<i>Difference</i>	.052	-.033-.132
Pricing Capability → Financial Export Performance	.090	-.014-.141
Pricing Capability → Competitive Advantage → Financial Export Performance	.038***	.017-.072
<i>Difference</i>	.052	-.068-.161
Pricing Capability → Non-financial Export Performance	.103*	-.01-.159
Pricing Capability → Competitive Advantage → Non-financial Export Performance	.048***	.021-.083
<i>Difference</i>	.055	-.071-.179
Distribution Capability → Financial Export Performance	.086**	.017-.161
Distribution Capability → Competitive Advantage → Financial Export Performance	.005	-.008-.018
<i>Difference</i>	.081**	.011-.155
Distribution Capability → Non-financial Export Performance	.057	-.018-.132
Distribution Capability → Competitive Advantage → Non-financial Export Performance	.005	-.011-.023
<i>Difference</i>	.052	-.031-.125
Communication Capability → Financial Export Performance	.054	-.019-.131
Communication Capability → Competitive Advantage → Financial Export Performance	.027***	.014-.048
<i>Difference</i>	.027	-.049-.099
Communication Capability → Non-financial Export Performance	.091**	.019-.170
Communication Capability → Competitive Advantage → Non-financial Export Performance	.033***	.015-.055
<i>Difference</i>	.059	-.024-.135

Figure 1: Conceptual Framework

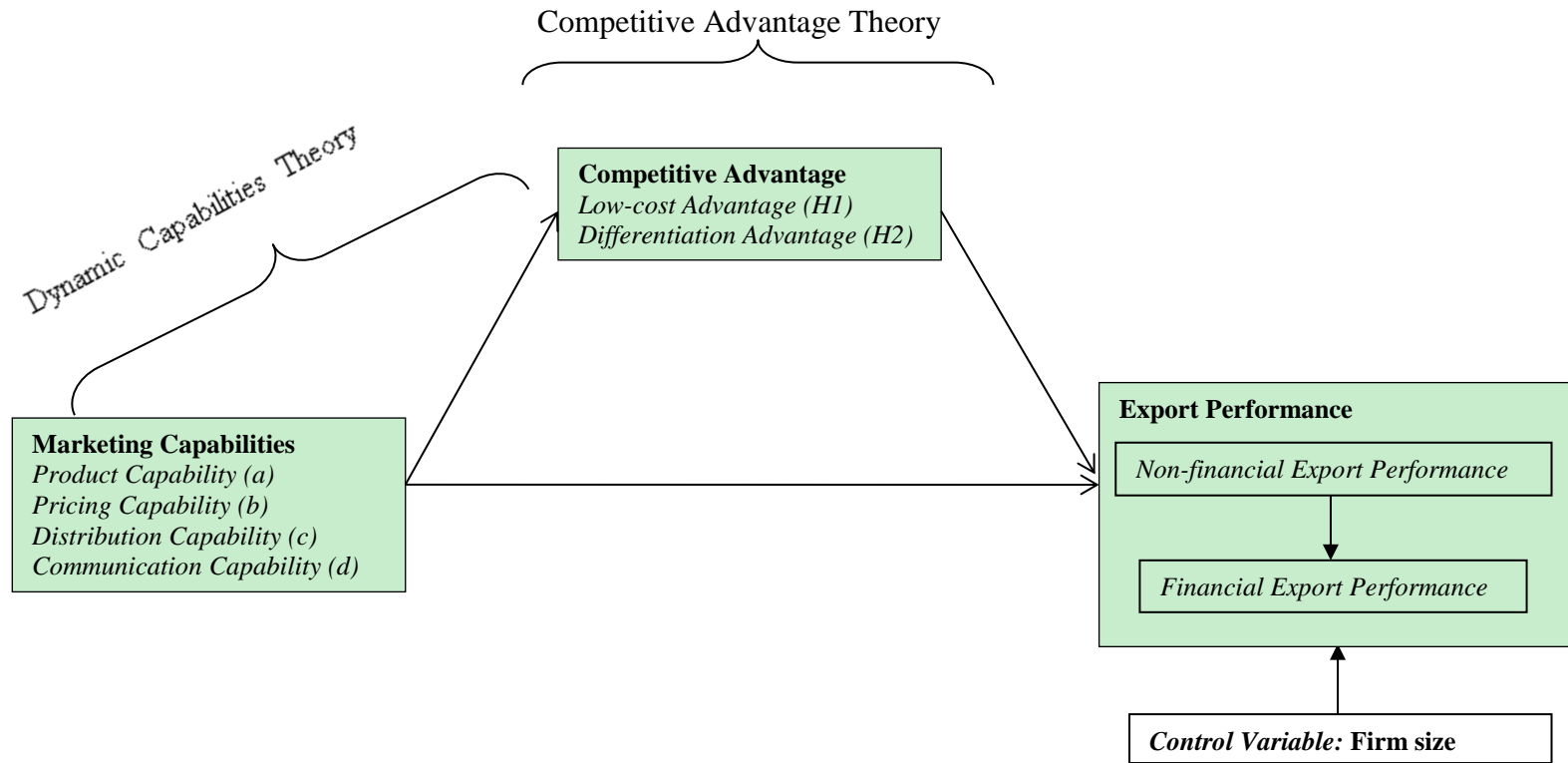
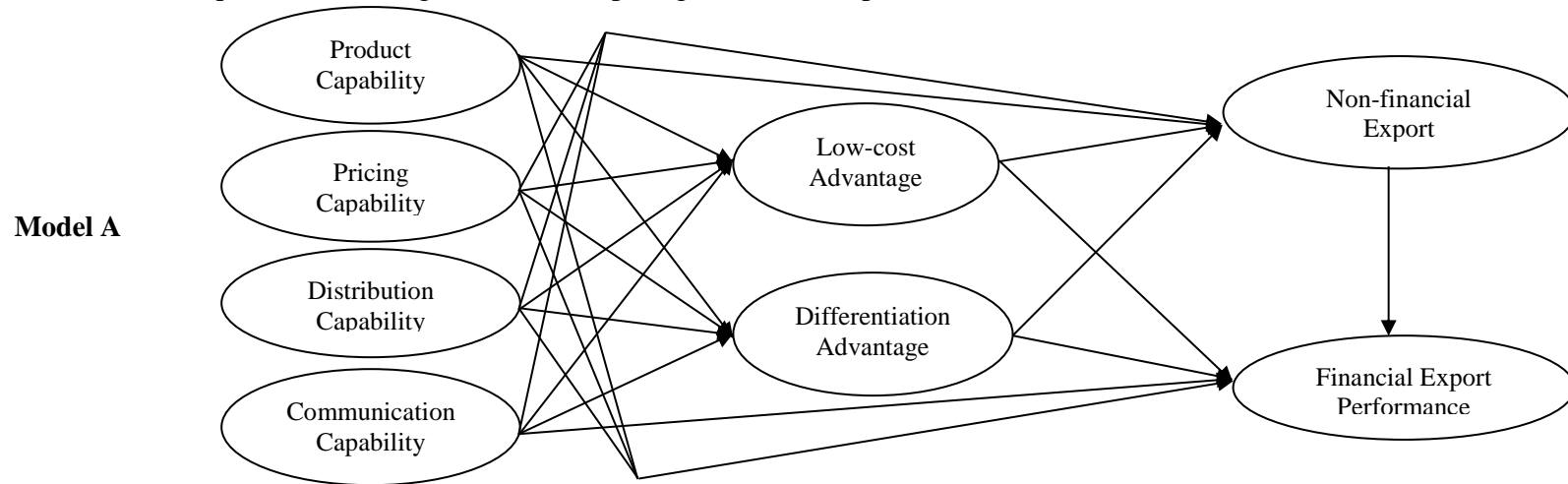
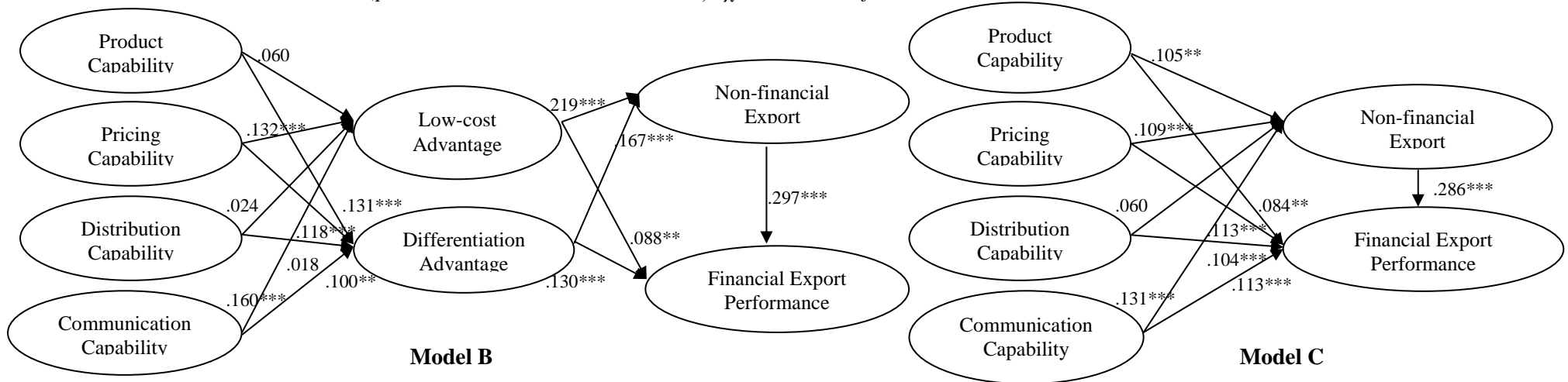


Figure 2: Structural Equation Modeling Results: Competing Models Comparison



*Model A: Partial Mediation Model (parameters estimates are in Table 3): $\chi^2 = 14.639$, *d.f.* = 3, *GFI* = .996, *CFI* = .985, *NFI* = .982, *RMSEA* = .066*



*Model B: Full Mediation Model: $\chi^2 = 96.978$, *d.f.* = 11, *GFI* = .981, *CFI* = .913, *NFI* = .903, *RMSEA* = .083*

*Model C: No Mediation Model: $\chi^2 = 175.529$, *d.f.* = 15, *GFI* = .956, *CFI* = .788, *NFI* = .799, *RMSEA* = .111.*

*** p < .05, ***p < .01; the values close to each path are standardized regression weights.*