



Sources of Competitive Advantage in High Performing Exporting Companies

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The requirements for success in export market ventures are likely to differ not merely from the critical success factors in the domestic market, but also from the policies effective in the fully internationalized or global enterprise. Exporting activities are a vitally important area of international business, where the foundations for superior performance are not well understood. A recent study of export market ventures in the U.K. links superior exporting performance to the establishment of key competitive advantages, which may be traced to foundations in specific competencies (competitive skills in exporting) and capabilities (competitive resources in exporting). This simple model of the sources of superior export performance and this study's findings provide important insights for executives.

In spite of the prominence of “master brands” and global competitive positioning by multinational operations such as Toyota, Microsoft, IBM, and so on, exporting activity remains a vital element of international trade. Recent statistics indicate that export trade has continued to grow, and now exceeds U.S.\$5.5 trillion p.a. in value, accounting for approximately 20% of world gross domestic product (World Bank, 1998).

The importance of exporting activity can be underlined in two ways. First,

from a macroeconomic perspective, the expansion in a country’s exports can enhance the accumulation of foreign exchange, improve the level of employment, increase national productivity, and drive economic growth (Czinkota, 1994). Second, from a company perspective, exporting may help firms to improve the utilization of production capacity, to develop superior management capabilities, to enhance innovation in product and process, and to strengthen financial performance (Terpstra & Sarathi, 1997). Therefore, exporting is an attractive route to foreign market entry for many firms, compared with the higher level of resources required for the alternatives of estab-

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lishing joint ventures and overseas subsidiaries.

Building and sustaining successful exporting has been the focus of numerous studies in export management spanning a considerable number of years. These studies provide valuable insights into many of the factors associated with export success. However, far less attention has been given to the process of building competitive advantage in export markets. The intensification of competition in global markets and the trend towards supplier-base reduction by many international buyers place a premium on possessing the capabilities and resources required to meet foreign customer requirements more effectively than competitors. For this reason, the question on which we focus here is: what are the policies and practices that are associated with superior performance in exporting through the establishment of a sustainable competitive advantage?

Our approach is distinguished from many other studies by our focus on the export product-market venture as the unit of analysis within companies—this is defined as a particular product exported to a specific export market. We suggest that there is much advantage in this focus, rather than considering exporting as a general company activity, where it is likely that different export ventures will exhibit different characteristics and levels of success.

Our goal is to provide managers of exporting businesses with guidelines and benchmarks for developing robust exporting strategies which are built on the most appropriate foundations for this type of international trading. These

proposals come from the findings of a recent study of export ventures by British manufacturing firms, and we believe that this research provides unique insight into the policies and practices of the managers of such ventures. In particular, we will contrast the characteristics of higher and lower performers in export ventures, in identifying the hallmarks of superior export performance.

THE STUDY

The research project reported here was conducted in Great Britain at Cardiff Business School, in Cardiff University, and it focuses on the characteristics of successful export ventures, particularly in terms of the specific skills and resources that build competitive advantage and superior performance in the export marketplace.

The study used a questionnaire carefully developed and pre-tested with export executives. The questionnaire items resulted from a substantial review of the factors believed to impact on export performance in the literature, but also a set of exploratory interviews with line executives from exporting firms. The questionnaire focused on the export product-market venture, not on overall export performance by the company. Many earlier studies have been limited by considering only firm-level exporting policies and performance, where variations across projects and countries average out (Cavusgil & Zou, 1994). Focus on the export venture—marketing a specific product to a specific export market—overcomes this averaging process, and should give a more precise measurement of the factors

associated with superior export performance. Our reasoning is that there is great deal of insight to be gained into export performance by concentrating on a specific export project, which is well understood and familiar to the exporting manager concerned. This is a distinctive aspect of this study, and one which we believe adds to the significance of the findings reported below.

The sample studied comprised small and medium sized British manufacturing firms (i.e., with fewer than 500 employees), with a substantial involvement in exporting. The Dun and Bradstreet directory of exporters was used to build a sampling frame of 887 companies drawn from several industrial sectors. The Dillman "Total Design Method" was used to manage the data collection process, and 312 complete and usable responses were obtained, giving a response rate of 35%.

The majority of the companies in the sample were in the 50-200 employee size category and most had between 6 and 20 years exporting experience. The sampling units were the senior executives in the responding companies most closely involved with exporting, and the respondents' organizational positions were: Chairman/Managing Director (9%); Sales/Marketing Director (23%); Sales/Marketing Manager (30%); Export Manager (25%); and, Others (13%). The industrial sectors represented in the sample were: textile and apparel (17%); chemicals (15%); rubber and plastic (12%); non-electrical machinery (30%); and, electrical machinery (26%). Tests revealed no significant differences between the companies on the variables reported

here on the basis of company size, length of exporting experience, or the respondent's organizational position.

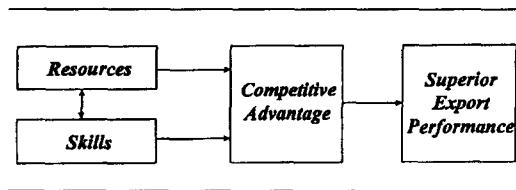
Since the sample was made up from export ventures where two-thirds involved industrial products and only one-third consumer products, we tested for differences between these two groups in the variables discussed in this paper. However, there were no significant differences, so no distinction is made between industrial and consumer goods in evaluating export market ventures.

The study offers executives a useful framework for understanding the skills and resources specific to achieving competitive advantage and superior performance in an export venture. We refer throughout to export ventures and the skills and resources associated with them in terms of high and low performance. It is extremely important therefore to clarify the approach taken to identifying exporting skills and resources and making these performance distinctions, before evaluating the findings and their implications.

A MODEL OF COMPETITIVE ADVANTAGE IN EXPORTING

The basic premise of this study is that superior performance in exporting is achieved through the achievement and exploitation of positional advantage over competitors in the export market concerned (e.g., Day & Wensley, 1988; Day & Nedungadi, 1994). However, we believe that the sources of competitive advantage in the export context are not well understood. This may reflect the limited empirical attention devoted to

Figure 1
Sources of Superior Performance in Exporting



this issue (Miller & Shamsie, 1996), as well as the different typologies of resources which exist in the literature (e.g., Hunt & Morgan, 1995).

We have developed a simple model of the operation of competitive advantage in exporting as the basis for investigation, and this is shown in Figure 1.

Our view is that, while superior performance in exporting is driven by the existence of important competitive advantages, it is extremely important also to trace the development of those competitive advantages to two critical areas: the learning and development of key competencies specific to export business, which we describe as **competitive skills in exporting**; and the acquisition of critical capabilities, which we assess as **competitive resources in exporting**.

We will examine each element of this model in turn, describing our study findings in each area, and the important linkages between them. However, we turn first to the issue of export performance, and how we have contrasted higher and lower export performance in this study findings. After this, we examine the framework of competitive advantage emerging from this study, and the relative achievements of higher and lower performers in exporting. It is

then possible to isolate the skills and resources that managers identify as critical to export effectiveness, and the association between those skills and resources and competitive advantage achieved.

The evaluation of this simple model and the study findings we report contain some important insights for managers. We present these findings as a management agenda to be considered by executives planning and controlling export ventures.

EXPORTING PERFORMANCE

The measurement of export business performance in empirical studies is a contentious issue for international researchers, and has been plagued with many well-known problems (for discussion of these issues, see Aaby & Slater, 1989; Cavusgil & Zou, 1994). In an effort to address some of these problems, our approach differs from that adopted by many earlier studies in two important ways. First, as we noted earlier, we measured performance specific to the export venture, not generally in exporting, and limited that assessment to the past twelve months. This provides greater focus than is found in many studies of exporting and our exploratory interviews suggested that executives were able to make good judgments of performance within these parameters.

Second, we asked managers to evaluate their performance in the export venture compared to the main competitors in that area of export business. This approach has been found to be a robust measurement technique in a number of

Table 1
Export Performance

Criteria of Export Performance		Total Group (Mean Score ^a)	Low Export Performers (Mean Score ^b)	High Export Performers (Mean Score ^c)
SALES	Export sales volume from the export sales venture over the past twelve months compared to the main competitors	4.70	3.23	6.16**
MARKET SHARE	Export market share achieved by the export market venture over the past twelve months compared to the main competitors	4.72	3.36	6.11**
PROFITABILITY	Export market venture profitability over the past twelve months compared to the main competitors	4.70	3.68	5.77**
AVERAGE ^d		4.71	3.39	6.02**

Notes: ^aAssessment of export performance measured on a 7 point scale, anchored by "1" = Much worse and "7" = Much better, comparing achievement to main competitors;

^bExporters in lower third of the sample on performance measures;

^cExporters in upper third of the sample on performance measures;

^dMean of scores on sales, market share and profitability measures;

*Mean score for high performers is significantly higher at a 5 percent level;

**Mean score for high performers is significantly higher at a 1 percent level

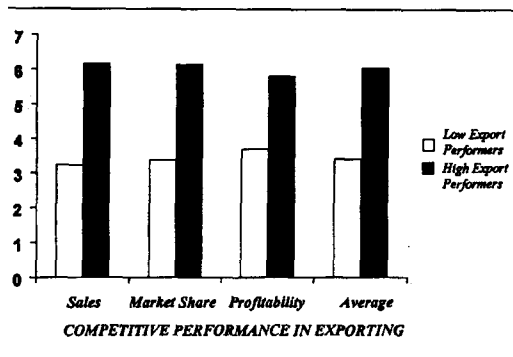
different studies, and its appropriateness was confirmed in our exploratory interviews for this study—managers found it more straightforward to evaluate performance against this competitor benchmark than in absolute terms of "good" or "bad" performance in a project. In each case, the performance measures included the sales volume, market share, and profitability of the export venture, as shown in Table 1.

In particular, the use of relative measures of this kind eliminates two important concerns: executives can answer performance questions without revealing confidential sales and profit information; and, comparisons across industries and markets are adjusted for differences in local conditions and com-

petition. For example, high performance in a slow growth export market will compare favorably with ventures in faster growing industries. This is similar to the approach adopted in the PIMS (Profit Impact of Market Strategy) performance data, where it was noted "Measures of several strategic factors are based on management estimates or judgments about an SBU's position relative to its principal competitors" (Buzzell & Gale, 1987). This approach can also be justified because our goal is to identify and compare high and low performance groups, rather than to measure precisely the amount of performance difference between them.

To identify high and low performing exporters, the three measures of perfor-

Figure 2
Comparing Performance in Exporting



mance relative to competitors were combined into a single index of performance, and the scores on this were used to divide the respondents into three groups. The first group was the 107 companies scoring highest on the overall performance index, which is compared in our findings below with the 104 respondents scoring lowest on that same overall performance measure. The middle group of 97 respondents was not included, to allow more distinct comparisons to be made between high and low performance drivers. Table 1 shows that the performance differences between the high and low export performers are highly significant on each of the three measures and the overall index. Indeed, the differences are large.

The performance comparison is underlined in Figure 2, which shows the magnitude of the performance differences found. The high performance export ventures are dramatically superior to the lower performance ventures on all the criteria used. However, the purpose of the high and low performance categories is to compare differences between export ventures, not to indicate good or bad performance as

such. Our objective is to identify the export ventures that achieve relatively high performance so that we can examine the underlying determinants of that superiority, to develop guidelines for improving exporting effectiveness.

COMPETITIVE ADVANTAGE

The measures used to evaluate the competitive advantage achieved by exporters were reduced to the three key areas shown in Table 2. We found that, in the view of executives responsible for export ventures, competitive advantage in this context revolves around three key issues: cost, product, and service.

Competitive advantage in cost incorporates managers' evaluations of their company's position relative to rivals in such areas as unit production cost, cost of goods sold, and the resultant selling price to the end-user in the foreign market. These are all issues which traditionally have been considered critical predictors of export market share and success (for a review, see Aaby & Slater, 1989). However, as can be seen in Figure 3 below, there is only a relatively small difference between the low and high export performers in competitive advantage based on cost.

In fact, the statistics in Table 2 underline the relatively small difference between high and low export performer groups in terms of these cost variables - indeed, only unit production cost differs between the two groups and that only at a low level of significance. It should also be noted that most of the managers' scores on the cost variables are close to the midpoints of the scales in question, suggesting that the majority of

Table 2
Competitive Advantage in Exporting

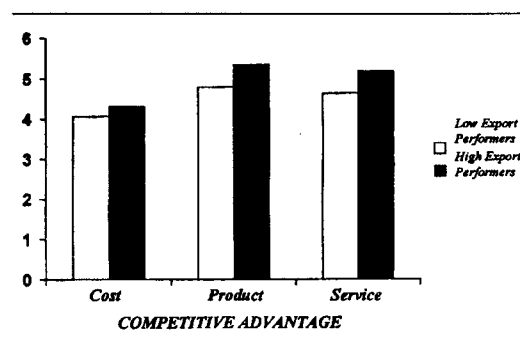
Type of Competitive Advantage		Total Group (Mean Score ^a)	Low Export Performers (Mean Score ^b)	High Export Performers (Mean Score ^c)
COST	Cost per unit of production	4.08	3.82	4.30*
	Cost of goods sold	4.17	4.12	4.32
	Selling price to end-user abroad	4.39	4.26	4.49
	Average	4.19	4.07	4.31
PRODUCT	Product quality	5.49	5.22	5.83**
	Packaging	4.63	4.53	4.78
	Design and/or style	5.21	5.10	5.40
	Brand image abroad	4.82	4.32	5.37**
	Average	5.04	4.79	5.35**
SERVICE	Product accessibility	4.68	4.40	5.08**
	Technical support/after sales service	5.12	4.70	5.46**
	Delivery speed and reliability	4.82	4.63	5.13**
	Product line breadth	4.95	4.85	5.00
	Average	4.89	4.64	5.17**

Notes: ^aAssessment of competitive advantage in exporting measured on a 7 point scale, anchored by "1" = Much worse and "7" = Much better, comparing achievement to main competitors;
^bExporters in lower third of the sample on performance measures;
^cExporters in upper third of the sample on performance measures;
*Mean score for high performers is significantly higher at a 5 percent level;
**Mean score for high performers is significantly higher at a 1 percent level

exporters in the sample saw their cost and price position as about the same as their competitors'. In spite of the traditional emphasis on this aspect of competing internationally (for discussion,

see Terpsta & Sarathy, 1997), it is not a strong way of distinguishing between high and low export performance in our study. This is an interesting finding in its own right, since it casts doubt on the validity of much of the conventional prescriptive advice given to exporters. However, far more insight comes from examining competitive advantages in product and service.

Figure 3
Comparing Competitive Advantage in Exporting



The comparisons in Figure 3 show a remarkable gap opening between high and low export performers in advantages in product and service areas, and are suggestive of the real sources of superior exporting performance. The statistics in Table 2 show that competitive advantage in product terms mainly comes from superiority in such areas as

product quality and brand image abroad, although also packaging and design/style of products exported.

Yet further evidence of the impact of non-price/cost factors on export competitive advantage and superior performance comes from comparing high and low export performers in terms of their positioning on service issues. The statistical analysis in Table 2 indicates that the gap existing between high and low export performers is larger and more significant in service areas like product accessibility, the provision of technical support and after-sales service, and delivery speed and reliability.

We conclude that the important differences between high and low performers in exporting are more substantially linked to advantages in product and service issues than to cost and price advantages. This finding is compatible with many of the recent arguments favoring non-price competitiveness in exporting (Liang & Parkhe, 1997; Piercy, Katsikeas, & Cravens, 1997), but it also opens the way to the important issue of the sources of competitive advantage from different types of company competencies and capabilities.

In short, though it is interesting to demonstrate that superior export performance comes from competitive advantage in product and service attributes, rather than simply cost and price, even more interesting is to attempt to explain the reasons for those differences between the high and low export performers. Operational management focus should be on the drivers of the competitive advantage that underpin superior export performance.

Sources of Competitive Advantage in Exporting

Our model of superior export performance (Figure 1) proposed that competitive advantage would be the result of differences between companies in two distinct areas: competitive skills in exporting, that is the learning and development of competencies related to export markets; and, competitive resources in exporting, or the capabilities and capacities needed to exploit learned skills in the export market venture.

Our analysis of managers' responses relating to **competitive skills in exporting** reduced to four key areas of competencies: informational, customer relationship, product development, and supply chain skills. The comparison of these areas in Figure 4 demonstrates the large gaps that exist between high and low export performers in the possession of these critical skills.

In addition, Table 3 provides a more detailed comparison of high and low export performers in competitive skills and underlines the dramatic differences which exist. *Informational skills* are

Figure 4
Comparing Skills in Exporting

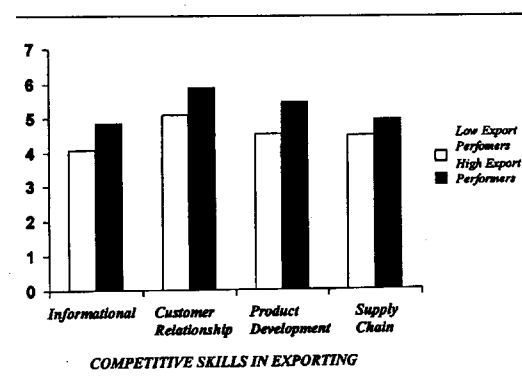


Table 3
Competitive Skills in Exporting

Skills in Exporting		Total Group (Mean Score^a)	Low Export Performers (Mean Score^b)	High Export Performers (Mean Score^c)
INFORMATIONAL	Identification of prospective customers by personnel	4.48	4.08	4.93**
	Capturing important market information by personnel	4.35	3.97	4.64**
	Acquiring export market-related information by management	4.51	4.04	4.89**
	Managers making contacts in the export market	4.76	4.25	5.19**
	Managers monitoring competitive products in the export market	4.36	4.04	4.69**
	Average	4.49	4.07	4.86**
CUSTOMER RELATIONSHIP	Development and maintenance of good relationships with overseas customers by personnel	5.54	5.18	5.96**
	Managers understanding overseas customers requirements	5.33	4.94	5.80**
	Development and maintenance of good relationships with overseas customers by managers	5.47	5.13	5.85**
	Average	5.45	5.08	5.87**
PRODUCT DEVELOPMENT	New product development	4.95	4.49	5.51**
	Improvement and modification of existing products	5.12	4.69	5.55**
	Adoption of new methods and ideas in the production/manufacturing process	4.79	4.34	5.27**
	Average	4.95	4.51	5.44**
SUPPLY CHAIN	Identification of attractive sources of supply by personnel	4.26	3.96	4.46**
	Development and maintenance of good relationships with suppliers by personnel	5.02	4.83	5.25*
	Development and maintenance of good relationships with suppliers by managers	4.78	4.61	5.05**
	Average	4.69	4.46	4.92**

Notes: ^aAssessment of competitive skills in exporting measured on a 7-point scale, anchored by "1" = Much worse and "7" = Much better, comparing achievement to main competitors;
^bExporters in lower third of the sample on performance measures;
^cExporters in upper third of the sample on performance measures;
*Mean score for high performers is significantly higher at a 5 percent level;
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made up, in part, of competencies in identifying prospective export customers and capturing important export market information by company personnel, as might be expected. However, importantly informational skills extend further to describe managerial market sensing abilities in making contacts in export markets, monitoring competitive products and acquiring market-related information. In all these areas of informational skills, the high export performers demonstrate a remarkable and highly significant superiority over low export performers.

The difference between high and low export performers in *customer relationship skills* is also dramatic, as demonstrated in Table 3. This area of skills in exporting includes the development and maintenance of good relationships with overseas customers by the exporter's personnel, but perhaps more telling: the development of these relationships also by managers and that managers understand overseas customers' requirements. An earlier study of U.K. importer requirements of U.S. exporters demonstrated the high importance of relationship issues compared to product and price variables (Piercy et al., 1997). This present study adds two further insights: that skills in developing and maintaining export customer relationships are indeed associated with superior export performance; but, that these are skills exercised by managers not just operating personnel.

Table 3 also shows large differences between high and low export performers in *product development skills*. This includes such issues as new product development, improvement and modifi-

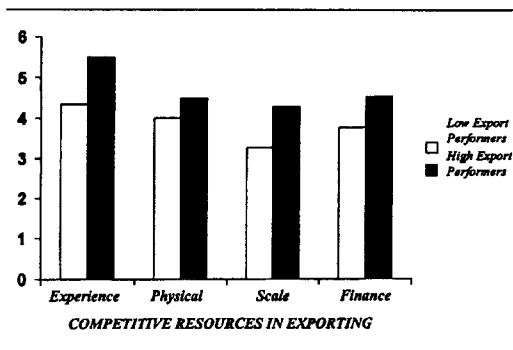
cation to existing products, and the adoption of new methods and ideas in the production or manufacturing process. The importance of new product and process development in the domestic market is widely recognized (for a review, see Montoya-Weiss and Calantone, 1994), but our findings suggest that superiority in this area impacts in important ways on exporting performance also.

The statistical analysis in Table 3 demonstrates that the high export performers also show superiority in *supply chain skills*. While this rests in part on technical competencies in identifying attractive sources of supply, it is underpinned by personnel and management developing and maintaining good relationships with suppliers. This finding is noteworthy in two respects: it emphasizes the competitive power of supply chain effectiveness which is increasingly recognized (e.g., see Womack & Jones, 1996); but, it also underlines the significance of the management of relationships in achieving export market success—not simply relationships with customers and distributors but the network of relationships that includes suppliers (Piercy, 1997).

This contrast between the competitive skills of high and low export performers provides important and, in some ways, unconventional insights into the sources of competitive strength in exporting. However, competencies alone do not fully explain superior export performance. Important differences exist also in companies' **competitive resources in exporting**.

The competitive capabilities evaluated in the study reduce to four groups

Figure 5
Comparing Resources in Exporting



of issues: experience, physical resources, scale, and finance. The comparison in Figure 5 shows the considerable superiority of high export performers in terms of their competitive resources.

The detailed statistical analysis in Table 4 is yet more revealing. *Experience* as a competitive resource groups together such issues as the number of export ventures in which the firm has

Table 4
Competitive Resources in Exporting

Resources in Exporting		Total Group (Mean Score ^a)	Low Export Performers (Mean Score ^b)	High Export Performers (Mean Score ^c)
EXPERIENCE	Number of export ventures in which the firms has been involved	4.87	4.14	5.55**
	Length of time of the firm's export involvement	5.06	4.48	5.55**
	Export managers' knowledge of exporting	4.92	4.55	5.45**
	Past export venture performance	4.84	4.21	5.44**
	Average	4.92	4.35	5.50**
PHYSICAL	Geographical proximity to the export market	3.62	3.41	3.85*
	Use of modern technology and equipment	4.45	4.09	4.80**
	Preferential access to valuable sources of supply	4.23	4.07	4.44**
	Availability of production capacity	4.58	4.43	4.81
	Average	4.22	4.00	4.48**
SCALE	Annual sales turnover	4.14	3.48	4.70**
	Number of full-time employees	3.91	3.42	4.30**
	Proportion of employees involved mainly in the export function	3.40	2.88	3.81**
	Average	3.82	3.26	4.27**
FINANCE	Availability of financial resources to be devoted to exporting	4.18	3.79	4.55**
	Availability of financial resources for this export venture	4.18	3.73	4.48**
	Average	4.18	3.76	4.52**

Notes: ^aAssessment of competitive resources in exporting measured on a 7-point scale, anchored by "1" = Much worse and "7" = Much better, comparing achievement to main competitors;
^bExporters in lower third of the sample on performance measures;
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been involved and how long it has been involved with exporting, together with the export managers' knowledge of exporting and the performance of past export ventures. The gap between high and low export performers is very substantial in terms of experience. This is taken as indicative of organizational learning in the export context. As we will see, in this respect experience is not simply a quality which exists, but a capability that can be managed and enhanced. Executives seeking to emulate the superiority of the high performers may need to address the practical ways in which they can accelerate the learning process in this area of the business.

The second area of resources significant in this study's findings relates to *physical resources*. This is concerned with the importance of such issues as the geographical proximity of the export market in question and the use of modern equipment and technology to reach the market, together with superior access to important sources of supply, and the availability of the production capacity to service the export market.

Similar findings exist with respect to *scale* as a competitive resource. In this case, we group together evaluations of export company size in employees and sales, together with the proportion of employees specializing in the export function. Lastly, the study identifies the importance of the availability of *finance* for exporting and for a specific export venture.

Our study suggests that superior export performance is linked to advantages in physical resources, scale of operations, and adequate finance. We will argue shortly that this finding has important implications for appraising the attractiveness of export opportunities - investing in export business where we are "out-gunned" by the competition may simply lead to poor performance. However, it is also important in identifying the need for establishing access to such resources as a foundation for high export performance. For many export ventures this is likely to underline the potential importance of collaboration with others to gain access to the resources that underpin superior export performance. This highlights a further

Table 5
Correlations Between Skills and Resources in Exporting and Competitive Advantage

Skills and Resources in Exporting	Cost	Product	Service
Informational Skills	.18**	.20**	.29**
Customer Relationship Skills	.17**	.23**	.35**
Product Development Skills	.16**	.29**	.17**
Supply Chain Skills	.18**	.21**	.25**
Experience Resources	.07	.18**	.27**
Physical Resources	.26**	.20**	.32**
Scale Resources	.16**	.23**	.36**
Financial Resources	.21**	.11	.26**

Notes: * Significant at 5 percent level.
** Significant at 1 percent level.

area of relationship management important to exporting strategy—collaborator relationships.

Finally, the linkages between competitive skills and resources for exporting and the achievement of competitive advantage are shown in the correlation matrix in Table 5. The evidence is compelling. With two minor exceptions, we can see direct and highly significant associations between each of the skills and resources for exporting that we have identified above, and the three aspects of competitive advantage that we have discussed earlier. This leads to an important question for managers—if we can see the importance of these critical skills and resources to developing competitive advantage and as the foundation for superior performance, then how can these insights be applied to our own export ventures?

CONCLUSIONS AND MANAGEMENT IMPLICATIONS

We believe that by taking the export venture as our point of focus, we have established a number of important and novel insights into the characteristics of those firms who achieve superior export performance. These findings may be developed into a management agenda for those working in this field. We suggested that success in exporting requires management approaches which are not just different from those learned in the domestic market, but are also distinct from the policies of the global enterprise. From this point of view, the significance of our model of superior export performance based on competitive advantages derived from specific

skills and resources (Figure 1) is two-fold. First, it suggests that in appraising export market opportunities which are identified, or which emerge, managers should give very serious attention to the appropriateness of the resource and skills base needed to achieve competitive advantage in the situation concerned. It is not adequate to evaluate opportunities simply in conventional terms of market attractiveness. Attention should also focus on the fit which exists, or which can be engineered, between a specific export market opportunity and the company's profile of skills and resources for exporting, because these are predictors of likely performance. Opportunities demanding skills and resources which are not available are likely to lead to low export performance.

Second, however, our model and study findings suggest that exporters seeking superior performance should also give attention to how they can re-engineer their profile of skills and resources for exporting, to build productive competitive advantages in attractive export markets.

One of the most striking observations that can be made from our results is that very large differences in competitive performance in exporting (see Figure 2), appear to be driven by relatively small differences in product and service advantage and in competitive skills and resources (see Figures 3 through 5).

For example, Table 6 shows the relative advantage of the high export performers over the lower performers in each area of our model. This analysis suggests that an advantage in export performance of nearly 80%, is driven

Table 6
Relative Advantage of High Export Performers

Export Performance	Margin of Superiority of High Export Performers over Low Export Performers*
	+77.6%
Competitive Advantage - Cost	+ 5.9%
Competitive Advantage - Product	+11.7%
Competitive Advantage - Service	+11.4%
Skills - Informational	+19.4%
Skills - Customer Relationships	+15.5%
Skills - Physical Distribution	+20.6%
Skills - Supply Chain	+10.3%
Resources - Experience	+26.4%
Resources - Physical	+12.0%
Resources - Scale	+30.0%
Resources - Financial	+20.2%

Note: * Ratio of high export performer group mean score to low export performer mean score minus 100.

by competitive advantage superiority only in the range 5% to 12%. Similarly, relative advantages in skills between 10% and 20%, and in resources between 12% and 30% appear to drive that performance differential of nearly 80%. In short, it appears that export performance is highly sensitive to relatively small increments in skills, resources and competitive advantage, which may be attainable by companies currently not performing well. The implications of this suggestion are several.

We have argued that superior export performance is driven by the existence of competitive advantage. However, we found that the competitive advantages that are linked most directly to high performance are those in service and product, rather than the traditional emphasis on cost and price as the critical success factors in exporting. We demonstrated

that superiority in product and service is linked to a number of critical skills and resources.

Informational skills rated highly in this respect. However, these skills extend beyond simple information collection into market sensing and understanding by managers. This implies that enhanced performance may be linked to investments in building this management understanding, possibly involving greater customer and market contact, changed hiring policies for the export activity, and possibly partnering with others. Informational skills may be related to the experience resource also identified, and many of the same comments apply. The underlying issue is that of building enhanced learning processes to support export activity, both internally and through partnership with others from whom important lessons can be learned by the company.

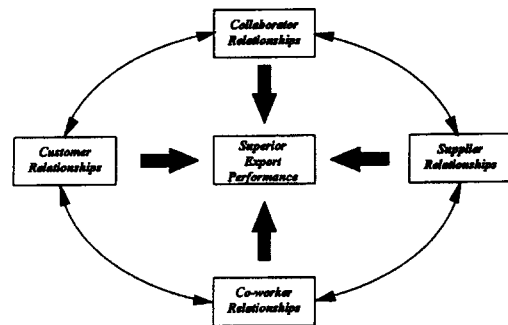
Skills in building and maintaining customer relationships were also a hallmark of the high performing exporters in the study. In line with the findings of earlier studies of importer priorities in choosing suppliers from overseas (Piercy et al., 1997), we saw that customer relationship skills involving both managers and operating personnel were an important point of focus for those seeking superior performance in exporting.

Our findings also suggest that skills in product development and supply chain management are important characteristics of firms achieving superior performance. The emphasis on successfully managing supplier relationships to deliver customer value, suggests a further area of relationship management which underpins superior export performance.

Lastly, we saw that superior performance was also built on a foundation comprising appropriate physical resources, scale, and finance. We have suggested that changing the firm's profile towards an export venture in these respects, may push towards partnering and collaborating with other firms (at home and overseas). The potential advantages are to share not just partners' experience and learning capacities, but also to gain access to the physical resources and market access, and the operating scale and finance required to achieve competitive advantage and superior performance.

Perhaps outstanding among the implications of our study is the need identified for exporters to manage not simply customer relationships but to design a network of relationships to

Figure 6
The Relationship Network in Exporting



drive performance. This challenge is summarized in Figure 6.

This model suggests that underpinning superior export performance is the ability to manage a complex network of relationships, which can be used to develop the skills and resource base which is the foundation for sustainable competitive advantage. These implications suggest the emergence of an important new management agenda to be addressed in evaluating prospective export ventures, and for managing export ventures to high performance levels.

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