



UNIVERSIDADE CATÓLICA PORTUGUESA

Export Performance

The case of the exports of cork stoppers from
Portugal to emergent economies

Final Dissertation presented to Catholic University of Portugal to obtain the
degree of Master in Marketing

by

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February 2014

Acknowledgment

Leonardo Da Vinci once said, “Simplicity is the ultimate sophistication”. This was the first thing that I was told when I decided to do my Master dissertation, and for that and much more, I have to thank my dear friend Vasco Vasconcelos.

I also have to thank my supervisor Susana Costa e Silva for giving me the opportunity to develop this theme, for all the knowledge given, but mainly for all the availability, patience, confidence, and hope transmitted through all this process.

Furthermore, I also need to acknowledge the kindness and solicitude of Amorim & Irmãos, namely of Mr Carlos de Jesus, Mr Hugo Mesquita, and Mr José António Remoaldo.

At last but not the least, I would like to thank my parents, my sisters, and my brother-in-law, for always being my shelter during the bad and good moments.

Finally, the most important person in all this project must not be forgotten, my grandmother, who, wherever she is, I hope she is truly proud of me.

Abstract

Export performance has always been a non-consensual topic in the field of International Business, despite being one of the most researched areas. This dissertation starts aiming at understanding the influence of internal factors to the firm, export market characteristics and export marketing strategy in the export venture of a firm. After presenting a literature review, it was explained the research questions, and a conceptual framework was presented. This dissertation's methodology has been that of a case study, where exports of cork stoppers from Portugal to emergent economies were studied. The results support the contention that commitment with export activity, contribution of firm's resources to the success of the venture, international business knowledge, export market characteristics, and export venture marketing strategy adaptation (influenced by the factors previously mentioned) are key factors to a successful export venture performance. Then theoretical and managerial findings are discussed and directions for further research are given.

Keywords: Export performance, Portugal, cork stoppers, emergent economies

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CHAPTER 1. INTRODUCTION

Export market performance has always been a central topic in International Business. It is widely studied, but there is no consensus concerning its conceptualisations and, consequently, its operationalization and measurement (Katsikeas *et al.* 2000; Sousa, 2004). This results in a gap concerning the existence of a framework of reference (Katsikeas *et al.*, 2000).

Over the past 40 years, many studies concerning the determinants of export performance have been published (Zou and Stan, 1998), with particular attention to the work developed by Lages and Lages (2004), Shoham (1998), Zou *et al.* (1998), and so forth.

It has also been discussed the nature of its measurements, i.e., whether there are objective or subjective (Katsikeas *et al.*, 2000; Sousa, 2004). Additionally, its classification has been topic for discussion among the experts (*Ibid.*).

The field of export performance is an area of study of great interest for marketing researchers, business managers, and public policy makers (Katsikeas *et al.*, 2000).

In more recent years, due to all the transformations that happened regarding the economic and political players, a group of countries have emerged as the future economic powers, the BRIC countries, from which it will be important to focus, for the purpose of this study, on Russia, India, and China. As Sousa *et al.* (2008) said it would be interesting to do some research on countries like them.

Furthermore, Portuguese firms in general have been being object of study of research like Lages *et al.* (2008), Lages and Lages (2004), and so on. Notwithstanding its importance, the cork industry has never been the subject of study of any research.

With all of this in mind, the objective of this dissertation is to ascertain the factors that contribute to the success of the export performance of cork stoppers from Portugal to the Russian, Indian, and Chinese markets. For that, the following research questions have been defined:

1. In which way does the model developed explain how the considered factors influence export performance?
2. What are the key factors that Portuguese managers perceive as the ones that bring success to their export ventures?
3. In which way can export performance be assessed in the cork industry in Portugal?
4. What have been the main motivations to export to emergent economies?

The methodology chosen to do this research was the case study, where it was studied the influence of management and organisational aspects of the firm in study and the export market characteristics on both export venture marketing strategy adaptation and on the export venture performance.

Regarding the data collection, it was used primary data from semi-structured interviews, as well secondary data collected in websites (annual reports, sectorial studies).

This dissertation has seven chapters, being the first one the introduction, where the object of study is presented. The second chapter is the literature review done on the topic of export performance. The third one is the research questions and the model of analysis. Then, in chapter four, it is presented the methodology of investigation, followed by the case study in itself (chapter five). Chapter six represents the findings, as well as limitations and hints for further research. Finally, there is a small conclusion.

CHAPTER 2. LITERATURE REVIEW AND MODEL OF ANALYSIS

2.1. Export performance and its controversy

Export performance is one of the most studied areas of International Marketing and International Business. As Katsikeas *et al.* (2000, p. 493) state, “[e]xport performance is one of the most widely researched but least understood and most contentious areas of international marketing”. This fact is due to the rising tendency towards economic globalisation, the increasing liberalisation of the markets, the economic and monetary unions, and because a great number of countries rely on their export performance to achieve economic growth (Cavusgil and Zou, 1994). Thus, this field of management is very important not only for researchers, but also for managers and public policy makers (Katsikeas *et al.*, 2000; Sousa, 2004).

Despite being a deeply studied area, this issue is actually the subject of lack of consensus and synthesis concerning its conceptualisation, operationalization, methodology and also its determinants and performance measures (Cavusgil and Zou, 1994; Katsikeas *et al.*, 2000; Shoham, 1998; Sousa, 2004; Zou, *et al.*, 1998).

The extant lack of consensus results in the absence of a reference framework and in fragmented findings (Leonidou *et al.*, 2002). This reality is prompted by reasons like the lack of homogeneity of research designs, as well as terminologies, the fact that the majority of the studies represent individual endeavours instead of coordinated efforts, and each study has its own frame of reference (Leonidou *et al.*, 2002).

Another element that contributes to this controversy is the fact that the dimensions of export performance have different degrees of importance according to the stakeholder groups (not only investors, but also employees and customers) considered (Sousa, 2004, p. 14), and the objectives of the management, i.e., whether it is short- or long-term oriented (Walker and Ruekert, 1987).

2.2. Attempts of definition of the concept

A pursuit for the comprehension of the phenomenon of export performance has been made for the last forty years (Diamantopoulos, 1998). The studies developed sought for “organizational, managerial, environmental, and strategic determinants of export performance” (Diamantopoulos and Kakkos, 2007).

Diamantopoulos (1998) states that export performance is the reflex of the results of export behaviour when exposed to different firm-specific and environment-specific circumstances. Cavusgil and Zou (1994, p.3) define export performance “as a strategic response by management to the interplay of internal and external forces”. Furthermore, these authors establish it as “the extent to which a firm’s objectives, both economic and strategic, with respect to exporting a product into a foreign market, are achieved through planning and execution of marketing strategy” (*Id.* p. 4).

Shoham (1998, p.62) defends that “export performance is conceptualized as a composite outcome of a firm's international sales”. This way he thinks the concept in as a three-dimensional construct, whose dimensions are export sales, export profitability and performance change.

Furthermore, export performance is “multifaceted and cannot be captured by any single performance indicator” (Diamantopoulos, 1998, p.3), which reveals

the need of following a multidimensional approach when defining the measurement for assessing export performance, instead of using single-items measures, because they are insufficient for any solid assessment (Shoham, 1998).

All things considered, it can be assumed that export performance is an idiosyncratic concept for each conceptualisation, operationalization and measures' definition are tailored-made to the reality in study, the type of firm considered and its settings (Greve, 1998; Katsikeas *et al.*, 2000, Sousa, 2004).

2.3. Generic framework for the characterisation of export performance

2.3.1. Dimensions of performance

According to reviews on the topic of export performance, the authors consider performance as a complex, multidimensional phenomenon, which comprises three main dimensions: effectiveness, efficiency, and adaptiveness (Katsikeas *et al.*, 2000; Oliveira *et al.*, 2012; and Walker and Ruekert, 1987).

Walker and Ruekert (1987, p. 19) define these three concepts as follows: **effectiveness** is a measure of the firm's success, when compared to its competitors. **Efficiency** is the outcome of a firm's policies, in comparison to the resources involved in its implementation, and finally, **adaptiveness** is how the firm successfully responds to the environmental changes.

Styles (1998) defends that Cavusgil and Zou (1994), in their scale to assess the business performance of the export venture, apply these three dimensions, as well as "economic and strategic considerations" (Styles, 1998, p.15). Clark (2000) also use the three above-mentioned dimensions.

Diamantopoulos and Kakkos (2007) follow the line of thought of Al-Khalifa and Morgan (1995) and Walker and Ruekert (1987), and argue that export sales is related to effectiveness, profits are akin to efficiency, and new products are linked to adaptiveness.

Morgan *et al.* (2012) emphasise the importance of the effectiveness of the implementation of export marketing strategy to the success of the performance of the venture of the exporting firm.

To sum up, a considerable number of authors apply at least one of these dimensions – effectiveness, efficiency and adaptiveness - even if implicitly, in order to assess their performance.

2.3.2. Determinants of export performance

According to the Cambridge Advanced Learner's Dictionary & Thesaurus, determinants are “something that controls or affects what happens in a particular situation”¹. In this context, determinants of export performance are the factors that will determine whether the exports (from an export venture-level, to the overall exports) of a firm are successful, or not.

Sousa *et al.* (2008), in their literature review, consider that the determinants of export performance can be classified using two different approaches: the resource-based paradigm, which is focused in the internal determinants of the firm, and the contingency paradigm, which is focused on the external ones.

The resource-based paradigm is focused on the creation of competitive advantage using a set of resources, i.e., all the “assets, capabilities, organizational processes, firm attributes, information, and knowledge, etc. controlled by a firm” (Barney, 1991, p. 101). In other words, what Barney (1991, p. 116) sustains is that “sources of competitive advantage are firm resources that are valuable, rare, imperfectly imitable, and non-substitutable.” Dhanaraj

¹ <http://dictionary.cambridge.org/dictionary/british/determinant?q=determinants>

and Beamish (2003) sustain that “superior performance results from acquiring and exploiting unique resources of the firm”, which, according to Sousa *et al.* (2008) represents the internal determinants of export performance.

The contingency theory approach is built on the proposition that environmental/ external factors to the firm affect its performance (Donaldson, 2001, Sousa *et al.*, 2008). It is supported by the structure-conduct-performance (SCP) of industrial organisation (IO), which posits that the competitive intensity of a firm is determined by the structural characteristics of the market, and that positional advantage can only be achieved and sustained if the competitive strategy plan is efficiently and effectively carried out (Morgan *et al.*, 2004; Sousa *et al.*, 2008).

Ruekert *et al.* (1985, p. 17) suggest that “the kind of performance that results from marketing activities is dependent upon the nature of the task, the way in which the task is organized, and the nature of its environment.” Robertson and Chetty (2000, p. 212) defend that “export performance is determined by the extent to which a firm’s behaviour matches or fits its internal and/or external context”.

2.3.3. Assessment of export performance

When assessing export performance one can use the internal vs. external variables/factors dichotomy (Katsikeas *et al.*, 2000; Leonidou *et al.*, 2002; and Sousa *et al.*, 2008), whose interrelationships influence the performance of exports.

Internal variables vs. External variables

The **internal variables** are the ones intrinsic to the variables that the firm may control (Sousa *et al.*, 2008). According to Katsikeas *et al.* (2000), Leonidou *et al.* (2002), and Sousa *et al.* (2008) they can be subdivided into:

- Managerial characteristics - concerning the decision-maker and his personality, level of education, behaviour, attitudes, (international) experience, innovativeness, international experience export commitment, and support, and other traits;
- Organisational characteristics - regarding the resources, capabilities, competencies, operations, and the company's goals;
- Targeting - which involves identification, selection and segmentation of international markets;
- Firm characteristics – size of the firm, ownership structure, firm capabilities and resources;
- Marketing-mix strategy - which are product, pricing, promotion, and distribution;
- Market orientation - it has been recently considered.

The **external variables** concern the environmental aspect, i.e., the ones that the firm cannot control and that shape the macro-environment of both the domestic and international markets (Sousa *et al.*, 2008).

According to Sousa *et al.* (2008), these variables may be divided into:

- Foreign market characteristics – including legal regulations, cultural (dis)similarity, local business conventions, channel accessibility and market competitiveness;
- Foreign environmental characteristics – like cultural (dis)similarity and political and legal aspects;
- Domestic market characteristics – like export assistance and environmental characteristics.

Therefore, one may consider that export performance can be affected by both internal and external factors.

2.3.4. Operationalization of export performance

According to Katsikeas *et al.* (2000) and Sousa (2004), export performance can be operationalized in two great types of measures:

- Objective (if its sources are official sources) vs. subjective (when it is based on personal experience, rather than based on facts), and
- Economic, non-economic, and generic.

Objective vs. Subjective Measures

Regarding the dichotomy objective vs. subjective, it represents, according to Katsikeas *et al.* (2000) the mode of assessment of export performance, and for Sousa (2004), it is a way of operationalizing the concept of export performance, which is complemented with economic, non-economic or generic measures.

Objective data is usually extracted from official sources, like the company financial statements and reports. Whereas objective assessment gives accurate information, especially when measuring short-term performance, objective data is not easily available, accessible, and easy to interpret, and they do not separate domestic market information from international market data, nor grant information on single ventures. Its assessment is not uniform, depending on the homogeneity of accounting practices. Moreover, they do not allow generalizations across industries and countries, and they are not always willingly given (Katsikeas *et al.*, 2000; Lages and Lages, 2004; Sousa, 2004).

Subjective data is based on the personal experience of the respondent, and can be important when objective information is not accessible, available, or generalized. It is usually used to assess long-term performance, yet, when employed, it must be used the principle of parsimony. Moreover, not always

the key informants have the same reference point (Katsikeas *et al.*, 2000; Lages and Lages, 2004, and Sousa, 2004), which may create some bias on the results.

Using both types of data assessment is the ideal approach, because it increases the confidence on the reliability and validity of the measures and they complement one another (Katsikeas *et al.*, 2000, and Sousa, 2004). Several studies rely on both, such as Shoham (1998), Styles (1998), Zou *et al.* (1998), and so forth.

2.3.5. Classification of export performance measures

In the reviews of export performance made by Katsikeas *et al.* (2000) and Sousa (2004), the authors divide export performance measures into economic, non-economic, and generic ones, in order to operationalize the concept.

Katsikeas *et al.* (2000) defend that, regarding economic measures, they can be divided in sales-related, profit-related and market share-related. Sousa (2004), another author who had a similar approach to the topic, presented analogous lines of thought in a table where he considered the “[c]lassification and [f]requency of [a]pppearance of [e]xport [p]erformance [m]easures” (*Id.* p. 9), which can be seen in the tables presented below.

Sales-related	Profit-related	Market share-related
<ul style="list-style-type: none"> • Export sales ratio/ export intensity • Export sales growth • Export sales volume • Export sales transaction size • Export sales per employee • Export sales volume of new products • Export sales growth of new products • Export sales return on investment 	<ul style="list-style-type: none"> • Export profitability • Export profitability growth • Export profit ratio • Export profit margin • Contribution on exporting to profits • Growth of export profit margin 	<ul style="list-style-type: none"> • Export market share • Export market share growth • Market diversification

Table 1: Economic measures of export performance
Source: Adapted from Katsikeas *et al.*, 2000, p. 498, and Sousa, 2004

Concerning the non-economic measures, they can be split in product-related (when the focus is on export success reached through and efficient implementation and execution of a marketing strategy), market-related, miscellaneous and generic.

Product-related	Market-related	Miscellaneous
<ul style="list-style-type: none"> • New products exported • Proportion of product groups exported • Contribution of exporting to product development 	<ul style="list-style-type: none"> • Export country/market number • Rate of new market entry compared to competitors • Export market penetration • New market (s) exports • Contribution of exporting to market development • Markets in which exporting was ceased (%) 	<ul style="list-style-type: none"> • Began exporting • Customer satisfaction • Contribution of exporting to scales economies • Contribution of exporting to company reputation • Years of exporting • Projection of export involvement • Number of export transactions

Table 2: Non-economic measures of export performance
Source: Adapted from Katsikeas *et al.*, 2000, p. 498, and Sousa, 2004)

Regarding the generic measures specified above, Katsikeas *et al.* (2000, p.499) consider it as a more collective approach to the measurement of export performance. These types of measures are related with the respondents' perceptions of attainment or failure of a determined goal/objective, in which results the success or failure of the export activity (Lages and Lages, 2004). Nevertheless, these are unrefined measures because they do not give the whole picture of the construct's domain (Katsikeas *et al.*, 2000).

Generic measures
<ul style="list-style-type: none"> • Perceived export success • Achievement of export objectives • Satisfaction with export performance (specified indicators) • Satisfaction with overall export performance • Strategic export performance • How competitors rate firm's export venture

Table 3: Generic measures of export performance
Source: Katsikeas *et al.*, 2000, p. 498

Notwithstanding the existence of a plethora of measures (more than the few listed above), there has been a stream in the literature that defends the use of multiple measures, not only to complement each other, and provide a more accurate analysis, but also to capture different sides of the construct (Shoham, 1998; Sousa, 2004).

As an example of some studies that have used the above-mentioned measures, one can consider the following table:

Study Source	Type of Export Performance Measures
<ul style="list-style-type: none"> ○ Shoham (1998) Export Performance: A Conceptualization and Empirical Assessment. <i>Journal of International Marketing</i>, 6(3): 59–81. 	<ul style="list-style-type: none"> ● Economic -> sales-related (e.g.: export intensity; export sales) ● Economic -> profit-related (e.g.: export profit margin) ● Economic -> market-related (e.g.: export market share) ● Generic (e.g.: satisfaction with export venture)
<ul style="list-style-type: none"> ○ Zou <i>et al.</i> (1998) The EXPERF Scale: A Cross-National Generalized Export Performance Measure. <i>Journal of International Marketing</i>, 6(3): 37–59. 	<ul style="list-style-type: none"> ● Economic -> sales-related (e.g.: export sales volume) ● Economic -> profit-related (e.g.: export profitability) ● Economic -> market share-related (e.g.: global market share) ● Generic (e.g.: satisfaction with export venture; goal-achievement)
<ul style="list-style-type: none"> ○ Lages and Lages (2004) The STEP Scale: A Measure of Short-Term Export Performance. <i>Journal of International Marketing</i>, 12(1): 36–56. 	<ul style="list-style-type: none"> ● Economic -> sales-related (e.g.: short-term export intensity improvement) ● Generic (e.g.: satisfaction with overall performance)
<ul style="list-style-type: none"> ○ Lages <i>et al.</i> (2005) Bringing export performance metrics into annual reports: the APEV scale and the PERFEX scorecard. <i>Journal of International Marketing</i>, 13(3): 79–104. 	<ul style="list-style-type: none"> ● Economic -> sales-related (e.g.: export sales volume, export sales value) ● Economic -> profit-related (e.g.: export profit) ● Generic (e.g.: goal achievement, satisfaction with overall performance)

Table 4: Examples of measures used by some relevant authors

Source: Author

2.3.6. Unit of analysis

The unit of analysis is another example of a critical element in the export performance literature, because it influences the process of data collection and the conclusions that might be taken from the research, as well as the whole operationalization, operating as a “zoom tool” (Sousa, 2004). Thus, it can be determinant whether the assessment of the export performance was successful.

Prevailing literature assesses the level of analysis either as firm level, either as export venture level, i.e. “single product or product line exported to a single foreign market” (Lages and Lages 2004).

The use of the firm-level unit of analysis may be explained by a better access to data (mostly secondary data), greater willingness of the source to reveal the information (Matthyssens and Pauwels, 1996). This approach has its advantages and disadvantages. If, on the one hand, we have easier access to information, on the other hand, this information is not very accurate, because it is given at an overall perspective level, aggregating information from both domestic and export market in one indicator (e.g. return on investment). Additionally it does not capture the differences in the strategies followed in different markets (Cavusgil and Zou, 1994; Katsikeas *et al.*, 2000). It also aggregates information of both successful and unsuccessful ventures in one, and so forth (Sousa, 2004). Some examples of studies that used a firm-level unit of analysis are Dhanaraj and Beamish (2003), Diamantopoulos and Kakkos (2007), and Shoham (1998)

The other path a researcher may follow is the export venture level. This also has its benefits and drawbacks. It is true that following this route, more accurate and detailed data concerning single ventures may be reached, giving access to key success factors in export marketing (Cavusgil and Zou, 1994). Here, the information is more difficult to obtain, because the companies’ key informant might not be willing to unveil all the data requested, and even if he is, the information might not come at the convenient level of disaggregation

(Sousa, 2004). Some of the authors that used this unit of analysis are Cavusgil and Zou (1994), Lages and Lages (2004), Lages *et al.* (2005), and Zou *et al.* (1998)

Besides the above-mentioned alternatives, Madsen (1998) suggests that management of larger exporting companies creates a portfolio of export ventures, in order to ensure that an overall perspective is achieved. This way it can be easily assessed the performance of each venture, as well as an overall idea of the firm export performance (Katsikeas *et al.*, 2000; Madsen, 1998). This approach is similar to the function-level developed by Oliveira *et al.* (2012).

Oliveira *et al.* (2012) also defend the existence of other levels. For instance, the intra-firm export venture level - when the “type of research question that researchers may wish to address involves identifying the determinants of variance in the performance of individual export ventures within the firm” (*Id.* p. 16) - and the cohort of export ventures level, when the export ventures chosen share a similar characteristic (e.g.: geographic region).

2.4. Relevant measures of export performance

According to Diamantopoulos and Kakkos (2007, p. 2), efforts have been made “to develop comprehensive and psychometrically sound measures of export performance”, i.e., in recent decades there has been an effort in order to develop measures (scales, indexes, and so forth), that allow a more accurate assessment of export performance.

In the following point we are going to present the research conducted by Shoham (1998), Zou *et al.* (1998), Lages and Lages (2004), Lages *et al.* (2005), and Diamantopoulos and Kakkos (2007) concerning measures of export performance.

Aviv Shoham, 1998

Having as reference the model defended by Madsen (1987), that structured export performance as a three-dimensional construct, Shoham (1998) operationalized export performance as variable dependent of export sales, export profitability, and performance change.

The measures that assess the dimension of export sales are export intensity, export dollar sales, market share for the most important product/market combination, and satisfaction with export sales, as well as with export sales intensity. These are measured using 10-point scales.

Concerning export profitability, it is determined by export profit ratio and satisfaction with export profit ratio. It is assessed through the application of 10- and 7-point scales.

Regarding performance change, it is assessed using the above mentioned parameters but applied to a five-year period. Performance change is measured by 5- and 7-point scales.

This study is important to prove the need of using multiple measures in order to assess export performance, it alerts for the trade-off that exists between sales and profits, i.e., a good sales performance does not necessarily mean good profit results, and, as the author states, “strategic and marketing determinants of export performance may differ across subdimensions.” (Shoham, 1998, p. 74).

Carneiro *et al.* (2007) point out some weaknesses to Shoham’s (1998) work, such as the fact that the analysis is made at firm-wide level, while the model does not include firm-wide variables and because “performance change” is unlikely to be considered and independent dimension.

The EXPERF scale

Zou *et al.* (1998), created a scale to measure export level at a cross-national range – the EXERF scale.

The authors conceptualise export performance using a set of premises like: the use of an export venture level; the combination of financial and strategic export performance and satisfaction with the export venture similarly to what Cavusgil and Zou (1994) have already done (Zou *et al.*, 1998). This way it was created a broad measure in which different criteria and objectives from different firms can be included, as well as distinct countries.

Dimensions of EXPERF scale		
Financial	Strategic	Satisfaction
Export sales	Contribution of the export venture to the firm's global competitiveness and	Satisfaction with export venture
Export growth	Contribution of the export venture to the firm's global strategic position	Perceived success of the export venture
Export profit	Contribution of the export venture to the firm's global market share	The export venture met the firm's expectations

Table 5: Dimensions of EXPERF scale
Source: Author, and Cavusgil and Zou (1994, p. 46)

To measure the dimensions of EXPERF scale, the authors developed Likert-type statements, whose answers were a five-point scale ranging from "strongly disagree (1)" to "strongly agree (5)" (*Id.*, p. 42). As shortcomings of this study, the authors themselves point the fact that this study has a sample made of medium and large firms; the results of the perceptions were gathered from top executives, and that the sample size was small. Nevertheless, it proved to have cross-national consistency, at least to USA and Japan.

Diamantopoulos (1999) questions whether the reflective indicators used, even though not explicitly, by the authors are the only approach available. This way, he apply a formative modelling to the EXPERF measure (Diamantopoulos, 1999, p. 450), creating an index, instead of a scale, in what concerns the financial performance dimension.

Lages *et al.* (2005) draw the attention to the fact that, despite stating that it is an assessment of export performance measurements, in one of the dimensions the authors use the expression “export venture”. Furthermore, Zou *et al.* (1998) present their scale as an “export performance” one, while all the data collected, is gathered at an export venture level. Because of that, Lages *et al.* (2005) suggest that, in the name of the dimensions, there should have a mention to “export venture” (e.g. “export venture financial performance” and “export venture strategic performance”). Moreover, Lages *et al.* (2005) believe that the “satisfaction with export venture” is, while implicitly, a wider dimension than just satisfaction, not only because it reveals if the export venture was gratifying, but also the match that exists between performance and manager’s aspirations, i.e., the export venture’s achievement.

The STEP scale

The STEP scale consists on an appraisal element of short-term export performance, whose focus is on single export venture (single product/product line exported to a single foreign market) (Lages and Lages, 2004).

The authors believe that a subjective approach to measure export performance is better because financial success is not the same across all the firms; managers tend to use their own perspectives as a substitute of objective values, and so forth.

In this research, objective measures are not presented. Therefore, no conclusions may actually be extracted, but rather suggestions.

In line with the previous research, this construct can be tripartite in satisfaction with short-term performance improvement, short-term export intensity improvement, and expected short-term improvement.

Regarding satisfaction, it is defined as Bonoma and Clark (1988) do, i.e., “as a compound psychological variable (affective state) that assesses the

effectiveness of a marketing program in terms of its sales, profitability, and market share, as well as its overall performance" (*Id.*, p. 40). This measure allows the assessment of export performance in a way that it gives the idea of how well managers' expectations/objectives concerning export performance are being achieved.

Concerning short-term exporting intensity improvement, it is used to measure the change perceived by managers (from one year to another) in the exporting activity, using parameters like sales volume and profitability.

The three constructs are assessed through the application of a five-point scale, ranging from "none (1)" to "substantial (5)" (Lages and Lages, 2004, p. 45)

Finally, the expected short-term performance improvement, can give information about managers' expectations of improvement from one year to another.

Respecting the limitations of this study, one can point the lack of full metric factorial equivalence, which might have been caused by the methods used in the data collection process, and the "interpretation of the contextual variables" (*Id.* p.47). This may be explained by the differences concerning the development of the countries in study, in industries of different levels of technology engagement, as well as the degree of internationalisation.

Carneiro *et al.* (2007) point as a weakness that this research uses, implicitly, a reflective point of view; there is no frame of reference, and it does not use any static indicator.

As a conclusion, this study can be considered very important to managers due to the inherent importance of short-term performance data, i.e., if a firm has a poor performance, the stakeholder demands an improvement in the short-term. Additionally it has impact on the manager's individual interests.

The APEV scale and the PERFEX Scorecard

This study was an improvement regarding the rapprochement of the academic world to the management daily routine. Here it is presented a way of incorporating data from export performance in a section of the annual report of a firm, implementing, this way, a tool where performances from different export ventures can be compared, using the same metrics. The relevance of doing so has to do several reasons like the need of communicating the firm's health to all the stakeholders, to assist when defining annual priorities and, consequently, allows a better resource allocation, and to plan and monitor the performance. Additionally, it can be viewed as a way of encouraging the export staff members. It can also "support benchmarking and improvement" (Lages *et al.*, 2005, p. 82) and create a match between managers and researchers" frame of reference.

This research's objective is to create a scorecard where it can be reflected both subjective and objective measures – the PERFEX scorecard. To do so, they firstly create the APEV scale, based on Zou *et al.* (1998) EXPERF scale, and focus on a specific period (one-year) and on a single export venture.

From EXPERF scale, the authors transformed its dimensions in "annual export venture financial performance (AFP), [...] annual export venture strategic performance (AST), and [...] annual export venture achievement (AA)" (*Id.*, p. 86). They also add two other dimensions, which are "export venture's contribution to annual exporting operations (ACE) and [...] satisfaction with annual export venture overall performance (ASP)" (*Id.*). To assess the items of each construct it was developed a five-point scale, varying from "strongly disagree" (1) to "strongly agree" (5) (*Id.*, p. 88).

It was then created a scorecard that assesses, firstly, the $APEV_{Score}$ (it is the result of each of the five dimensions multiplied by their own relative weight). Secondly, the $EV_{Weighted\ Score}$ (the product of the final $APEV_{Score}$ by each venture

weight to overall performance) – which must take into consideration the goals/objectives of the firm, as well as the stakeholder’s opinions. Finally, the PERFEX_{Score} is reached when all EV_{Weighted Score} are added.

As main limitations presented in this study, there is the inherent individual bias from managers and the lack of awareness of the firms, concerning the importance of short- and long-term dimensions, as well as objective and subjective measures from the standpoint of balanced frameworks.

The AEP Index – a complement of previous measures

The AEP Index, developed by Diamantopoulos and Kakkos (2007) should be regarded, in authors’ opinion, as a complement and not as a competitor to the above-mentioned scales. The authors defend this perspective as it “captures managerial evaluations of export performance while adjusting for differences in the frame of reference and time horizon used to assess their attainment” (Diamantopoulos and Kakkos, 2007, p. 3).

To reach this index, the authors suggest the following framework: the performance measure (PM) matrix, where it is confronted the frame of reference vs. the time perspective and the satisfaction/failure matrix, where the objective importance is compared to the satisfaction with the objective.

This way the authors define the AEP index:

$$AEP = \sum_{j=1}^n I_j \times S_j$$

Equation 1: AEP Index

Source: Diamantopoulos and Kakkos (2007, p. 12)

“where I_j , is the importance attached to export objective j ($j=1, \dots, n$) and S_j is the management reported satisfaction with the attainment of export objective j ” (*Id.* p. 12).

AEP index allows inter-firm comparisons, but one has to bear in mind that it is a composite measure of managers’ evaluations of export performance, and

therefore it gives a self-evaluation of a firm success. Additionally, with this index, the idiosyncrasies that each firm has when assessing its export performance are taken into account.

The line of thought above mentioned, presented by Diamantopoulos and Kakkos (2007) has its drawbacks when it concerns the lack cross-cultural application validation (because the study has as sample UK-based exporters). It also ignores the domestic market as a frame of reference, as well as disregards the customer-orientation frame of reference. It also does not explore the reason why some objectives are so important to some firms rather than others.

This study is used as an example for further research, namely by Lages *et al.* (2008a), who claim that it is a good example of a “a workable and efficient operationalization of export performance” (*Id.*, p. 597), and the authors also suggest that researchers invest their time in the creation of an index like this one. Papadopoulos and Martín (2010) use this study in the operationalization of their construct, namely in the part of the “[t]ype of assessment and frame of reference” (*Id.* p.397). Stoian *et al.* (2011) find Diamantopoulos and Kakkos (2007) work very interesting regarding their approach to the modes of assessment/dimensions of export performance.

2.5. Export Marketing Performance: marketing strategy and its relationship with export performance

Cavusgil and Zou (1994) made one of the most important contributions on the field of the marketing strategy-performance relationship.

Having as starting point an individual product-market export venture (level of analysis), and defending that export performance depends on the relationship between the environment (either internal, either external) and the

export marketing strategy, they analyse previous studies and give some key definitions. As such, they define export marketing performance “as the extent to which a firm’s objectives, both economic and strategic, with respect to exporting a product into a foreign market, are achieved through planning and execution of export marketing strategy” (Cavusgil and Zou, 1994, p. 4).

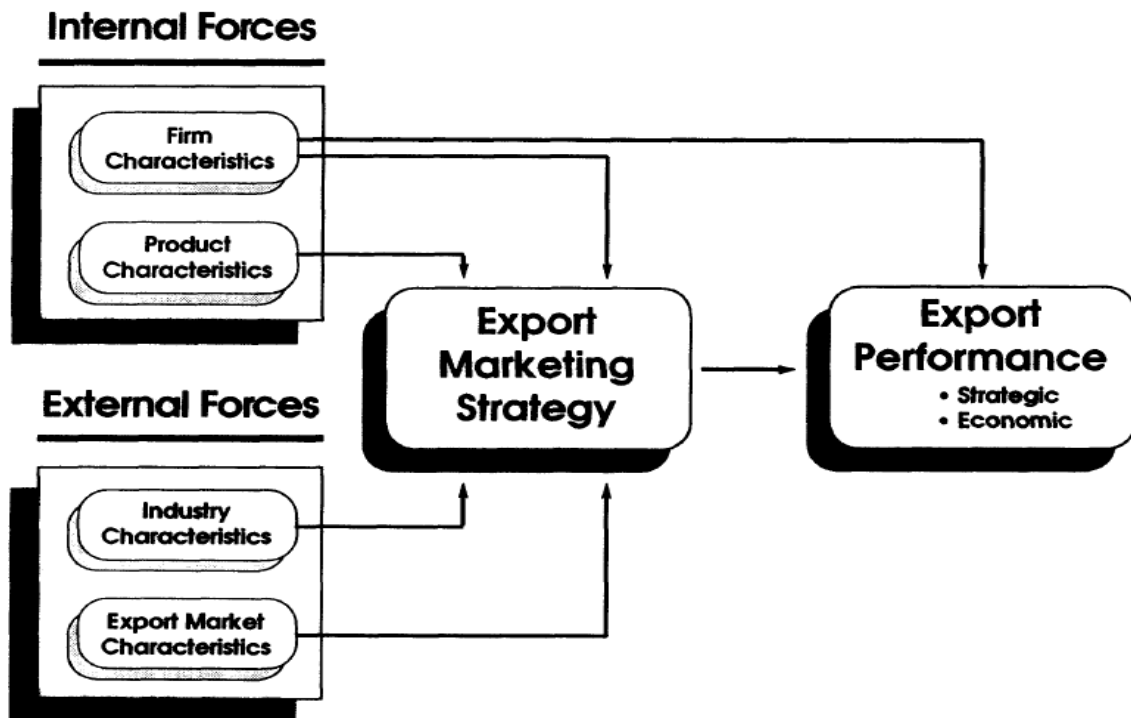


Figure 1: A Conceptual Framework of Export Marketing Strategy and Performance
Source: Cavusgil and Zou (1994, p. 3)

The authors also define export marketing strategy as “the means by which a firm responds to the interplay of internal and external forces to meet the objectives of the export venture.” (*Id.*, p. 4). Having said that, the authors assess the export marketing strategy taking into account the standardisation-adaptation continuum.

To reach their conclusions, the authors use five- and ten-point scales in their questionnaire.

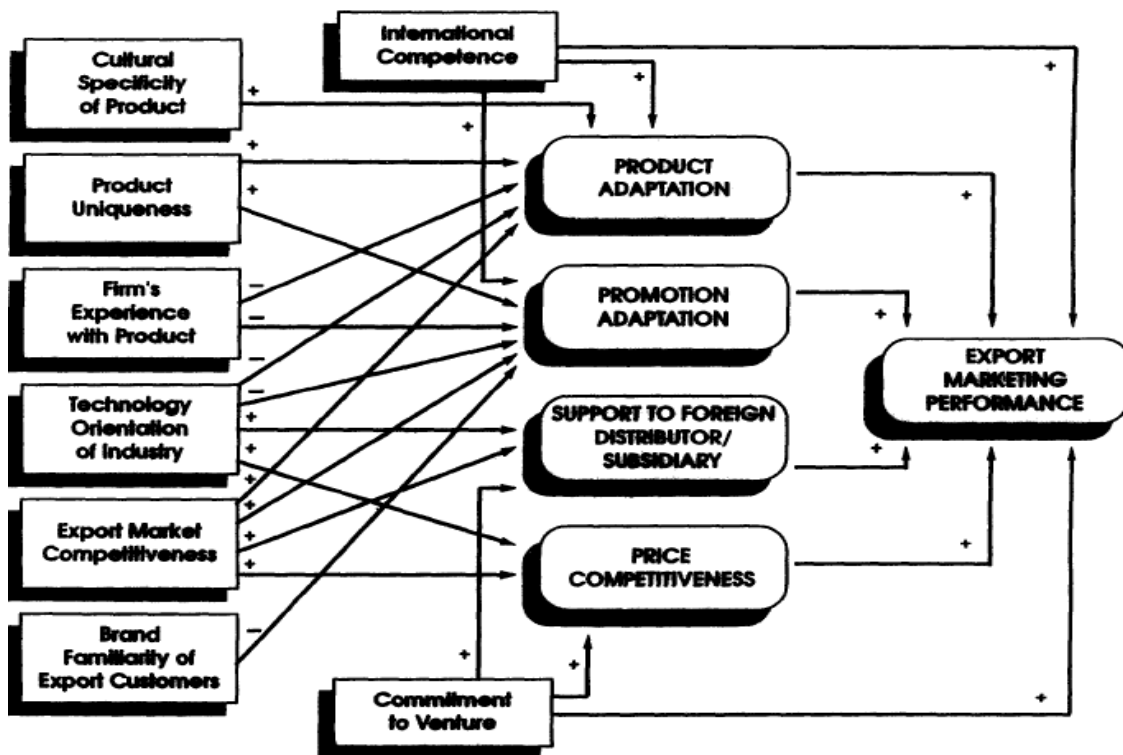


Figure 2: An Operational Model of Export Marketing Strategy and Performance
 Source: Cavusgil and Zou (1994, p. 12)

The results of Cavusgil and Zou's (1994) investigation show that export marketing performance is influenced by a cautious allocations of resources, commitment to export venture, previous experience, product adaptation, and channel support (*Id.*, p. 13).

Later, Leonidou *et al.* (2002) in a meta-analysis done on the theme of the marketing determinants of export performance, draw some conclusions about the importance of export targeting, product, pricing, distribution, and promotion influence on performance. From this, the authors conclude, "that the implementation of a well-designed export marketing strategy can indeed determine export success, since the overwhelming majority of the marketing strategy variables were significantly associated with overall export performance." (*Id.*, p 64).

There are also studies like Lages and Montgomery's (2004) one, that defend that export performance should be seen as an antecedent of marketing

adaptation. In a research conducted on Portuguese's SMB, the authors found that the degree of adaptation of product, price, distribution, and promotion depends on the past performance. In addition, they concluded that, for the sample in study, if a firm has a better performance, management tend to a standardisation of pricing and distribution strategies, contrarily to what happens in export-committed firms.

2.6. Conclusion

The definition, operationalization, and measurement of export performance was, is, and will be a non-consensual issue, for both researchers and managers. Until a consensus is reached, there will always be room for different opinions, a significant part of them created by the need of adapting the theory with the reality in study.

As it can be concluded, if one wants to understand the theme of export performance, one should be open to the fact that it is a multifaceted and multidimensional concept, idiosyncratic to the firm(s) in study and its (/theirs) settings. Furthermore, this topic should cover managers' (CEO, CMO, export manager, and so forth) intakes, due to its intrinsic subjective nature.

Finally, export performance has a huge importance for international marketing either if it is considered an antecedent of export marketing strategy adaptation, or an influencing force. If it is an antecedent, poor performance leads to alterations on the marketing-mix of the exporting firm. If it is an influencing force, the proper implementation of well-designed and fit marketing strategies can boost export performance.

Study Source	Main considerations	Measures	Unit of analysis	Firm size	Key informant	Context of the study
<ul style="list-style-type: none"> ○ Cavusgil and Zou (1994) Marketing strategy-performance relationship: an investigation of the empirical link in export market ventures. <i>The Journal of Marketing</i>, 58 (January): 1–21. 	<p>“[T]he extent to which a firm’s objectives, both economic and strategic, with respect to exporting a product into a foreign market, are achieved through planning and execution of marketing strategy” (Cavusgil and Zou, 1994, p. 4)</p>	<ul style="list-style-type: none"> • Firm characteristics • Product characteristics • Industry characteristics • Export market characteristics • it influences the export marketing strategy 	Export venture-level	Small, Medium, Large	Export marketing managers	United States (Illinois, Indiana, Michigan, Ohio, and Wisconsin)
<ul style="list-style-type: none"> ○ Shoham (1998) Export Performance: A Conceptualization and Empirical Assessment. <i>Journal of International Marketing</i>, 6(3): 59–81. 	<p>“[E]xport performance is conceptualized as a composite outcome of a firm's international sales” (Shoham, 1998, p.62)</p>	<ul style="list-style-type: none"> • Export sales • Export profitability, • Performance change 	Firm-level	Small, Medium, Large	Export Manager	Israel
<ul style="list-style-type: none"> ○ Zou <i>et al.</i> (1998) The EXPERF Scale: A Cross-National Generalized Export Performance Measure. <i>Journal of International Marketing</i>, 6(3): 37–59. 	<p>The authors present export performance as a concern of both governments and firms.</p>	<ul style="list-style-type: none"> • Financial export performance • Strategic export performance • Satisfaction with export venture 	Export venture-level	Small, Medium, Large	Chief Executive Office, president, vice-president for international operations	United States and Japan
<ul style="list-style-type: none"> ○ Lages and Lages (2004) The STEP Scale: A Measure of Short-Term Export Performance. <i>Journal of International Marketing</i>, 12(1): 36–56. 	<p>The authors empathise the extant difficulty concerning conceptualise, define and apply the concept of export performance. The authors focus on short-term performance.</p>	<ul style="list-style-type: none"> • Satisfaction with short-term performance improvement • Short-term exporting intensity improvement • Expected short-term 	Export venture-level	Small, Medium, Large	President, Marketing director, Managing director, and Exporting	Portugal and United Kingdom

		performance improvement			director	
<ul style="list-style-type: none"> ○ Lages <i>et al.</i> (2005) Bringing export performance metrics into annual reports: the APEV scale and the PERFEX scorecard. <i>Journal of International Marketing</i>, 13(3): 79–104. 	<p>This research recreates the efforts done by the authors to create a scale that could be included in a scorecard, in order to make clear the export performance</p>	<ul style="list-style-type: none"> • Annual export venture financial performance • Annual export venture strategic performance • Annual export venture achievement • Export venture’s contribution to annual exporting operations • Satisfaction with annual export venture overall performance 	Export venture-level	Small, Medium, Large	President, Marketing director, Managing director, and Exporting director	United Kingdom
<ul style="list-style-type: none"> ○ Diamantopoulos and Kakkos (2007) Managerial Assessments of Export Performance: Conceptual Framework. <i>Journal of International Marketing</i>, 15(3): 1–31. 	<p>Export Performance is defined as Diamantopoulos (1998, p. 3) did “[r]eflecting the <i>outcomes</i> of export behaviour under different firm-specific and environment-specific circumstances”.</p> <p>The purpose of creating this composite index was to allow making valid inter-firm comparisons when having multiple exports objectives.</p>	Index of assessed export performance	Firm-level	Not clear	Not clear	United Kingdom

Table 6: Summary of the relevant measures used in the literature review

Source: Author

2.7. Research Questions

In order to better understand the theme of export performance, the extant controversy around it, and how could it be assessed a model will be applied to a Portuguese cork firm, but also, answers will be sought after the following questions:

5. In which way does the model explain how the considered factors influence export performance?
6. What are the key factors that Portuguese managers perceive as the ones that bring success to their export ventures?
7. In which way can export performance be assessed in the cork industry in Portugal?
8. What have been the main motivations to export to emergent economies?

Thus, to answer the previous questions, it will be implemented some qualitative methods of data research, namely semi-structured interviews to the Director of Marketing and Communication of Amorim Group and to two Area Sales Managers of the company responsible for the Eastern Europe and Asia market.

2.8. Model of analysis

This study aims to understand which factors influence a firm's export performance, more precisely, which variables contribute to a better performance, in the concrete case of the exports of the largest cork stoppers manufacturing firm in Portugal, Amorim & Irmãos. Having said that, the

relationship between Portugal and some emergent economies will be explored, namely Russia, India and China.

The main study taken into consideration in order to develop this model is the one presented by Cavusgil and Zou (1994), which is shown in figures 1 and 2 (pp. 38 and 39, respectively). Bearing in mind Cavusgil and Zou research, as well as the literature review presented in the previous chapter, the model presented in figure 3 (p. 48) can be designed. It is a fusion of the models presented by Cavusgil and Zou (1994), Katsikeas *et al.* (1996), Stoian *et al.* (2011), and Zou *et al.* (1998), where the influence of internal factors to the firm, as well as external ones influence the marketing strategy and the export performance.

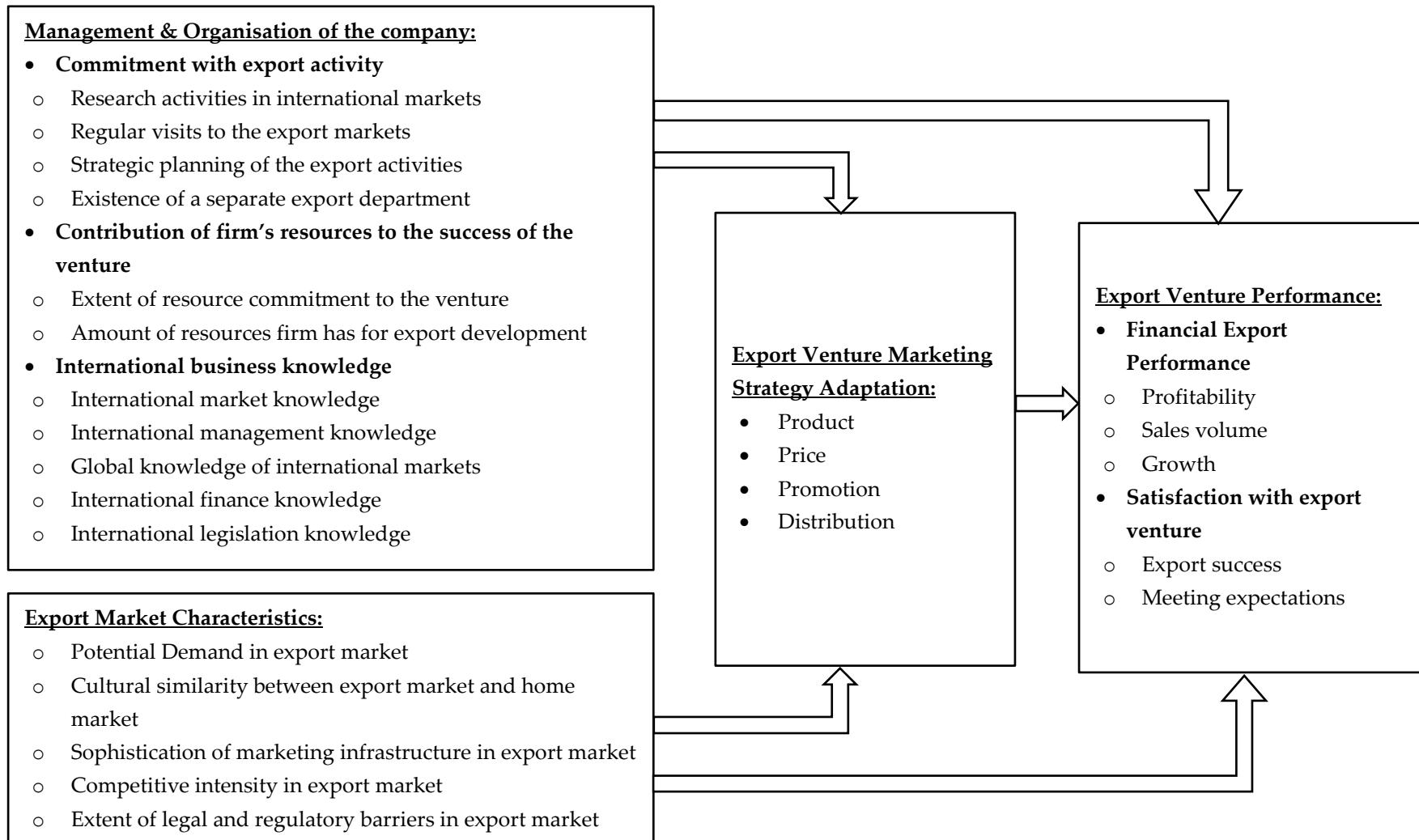


Figure 3: Conceptual model of assessment of export venture performance (developed model)

Source: Author, adapted from: Cavusgil and Zou (1994), Katsikeas *et al.* (1996), Stoian *et al.* (2011), and Zou *et al.* (1998).

The framework above presented can be examined dividing it in three levels/layers. Firstly, “Management & Organisation of the company” and “Export Market Characteristics”, where some aspects can be found that may influence the position of the firm on the standardisation-adaptation continuum. This leads to the second layer of the model, which is the “Export Venture Marketing Strategy Adaptation”. Finally, it brings us to the final tier, the “Export Venture Performance”, that will be helpful when assessing how well a firm is acting in the international field.

On the construct “Management & Organisation of the company”, the considered indicators were: the commitment of the management towards the export activity, the contribution of firm’s resources to the success of the venture, and the management’s international business knowledge.

Concerning the “Export Market Characteristics”, the following items have been chosen: the cultural similarities between Portugal and the export destinations, the competitive intensity in export market, the demand potential, and so forth.

Regarding “Export venture marketing strategy adaptation”, here one has the influence of previous indicators in the higher or lower degree of adaptation of the marketing-mix of the target-market.

Finally, the three dimensions above considered will affect the “Export venture performance”, which is going to be assessed using the construct of satisfaction with export venture performance, and the financial export performance.

The main goal of this work is only to apply this model to the export of cork stoppers to a single foreign market (Russia, India, and China), while conducting a study in the cork industry.

CHAPTER 3. METHODOLOGY OF INVESTIGATION

3.1. Case Study

The theme of export performance is, in line with what has been presented, one of the most studied thematic on the field of International Marketing and International Business. Therefore, there are practical motivations that support the development of a qualitative study, since this field presents rather complex problems and issues to be addressed, as well as the fact in this field there is a lack of theoretical understanding (Wright, 2007). Moreover, Eisenhardt and Graebner (2007, p. 26) argue that the qualitative approach "offer insight into complex social processes that quantitative data cannot easily reveal."

Studies concerning Portuguese exports are also common, for example, studies like Lages and Lages (2004) Lages and Montgomery (2005) and, Lages *et al.* (2008b).

Despite all these facts, two main issues have not yet received a scientific attention: the cork industry, and the potential of the emergent economies as an export target.

As Malhotra and Birks (2006) define, a case study is "[a] detailed study based upon the observation of the intrinsic details of individuals, groups of individuals and organisations". In this case, this method of research can be very useful when investigating the structure of an industry in a certain region, despite being used in other fields like medicine, political science, psychology, and so forth (Yin, 2009). Furthermore, it gives a deep understanding of a real-life phenomenon comprising its context, when the limits amid phenomenon

and context are not clear, it means that case studies are used when analysing contemporary events when it does not require control of behavioural events (*ibid.*).

The methodology adopted is “the *representative* or *typical*² case (...) [where] the objective is to capture the circumstances and conditions of an everyday or commonplace situation” and “[t]he lessons from these cases are assumed to be informative about the experiences of the (...) institution” (*ibid.* p. 48). Bryman names it as *exemplifying*³ case, because it “will provide a suitable context for certain research questions to be answered” (Bryman, 2012, p. 70).

Case studies are preferred when compared to other research methods because they have the competence of dealing with a wide range of evidence sources (from documents, to observations, interviews, and so forth, covering both qualitative and quantitative data), which gives the in-depth knowledge of certain situation/phenomenon (Yin, 2009).

In this particular case, semi-structured interviews have been used, because the use of this kind of interview reduces the risk of bias on the interviewee’s answers, since it does not convey possible alternatives to them. The interviews have been developed and applied in Portuguese, and then translated into English.

3.2. Data Collection

This research will involve two separate stages of data collection.

Firstly, data will be collected from the studied company, Amorim & Irmãos, through the semi-structured interviews conducted to the Chief of Marketing

² Italics on the original.

³ Italics on the original.

and Communication and to two Area Sales Managers of the company, in charge of the Eastern Europe and Asia markets.

Secondly, the data gathered through the interviews will be “confronted” to some secondary data (official documents, and website information).

3.2.1. Primary Data

As it was previously said, the primary data was collected using the method of interviewing the people from the company who is involved with the exporting activity.

The interviewees were Mr Carlos de Jesus, Chief of Marketing and Communication, that was questioned about the impact of the export marketing strategy on the export venture performance. Two Area Sales Manager for Eastern Europe & Asia were also interviewed, in order to get information on the influence of the export market characteristics and management & organisation of the company on the export performance, as well as some details concerning the product adaptation and pricing. Thus, Mr José Remoaldo interview gave a better perspective about the export to India and China, and Mr Hugo Mesquita gave a better perspective of the exports involving Russia and China.

3.2.2. Secondary Data

The secondary data used in this research was gathered from official documents provided by the company (some of that not available for the public) and website information.

The websites consulted were APCOR (<http://www.apcor.pt/>) and Amorim Group (<http://www.amorim.pt/> and <http://www.amorimcork.com/>) for gathering specific information on the sector and the company. INE (<http://www.ine.pt/>), International Trade Centre ([33](http://www.</p></div><div data-bbox=)

[www.intracen.org /](http://www.intracen.org/)) were consulted, for statistical data on cork export. Finally, The Hofstede Centre (<http://geert-hofstede.com/>) for information of national and organisational of the cultures of the countries involved in this research.

CHAPTER 4. CASE STUDY: The exports of cork stoppers from Portugal to emergent economies

4.1. Introduction

The purpose of this chapter is to analyse the exports of cork stoppers from Portugal to emergent economies, namely Russia, India and China, bearing in mind previous studies on export performance that have been developed involving different industries and different countries. It is intended to understand, not only the individual circumstances of the industry, but also of the countries involved, as well as understand how previous knowledge can be applied to this concrete case.

The commercial relationship between Portugal and Russia, India, and China was chosen, not because they represent a significant part of the actual exports of the firm, but mainly because of the potential market they represent, by being countries with a higher population, and increasing levels of consumption, mainly India, which is a market that remains slightly unknown.

4.2. Amorim & Irmãos Presentation

Amorim & Irmãos is a business unit from Corticeira Amorim SGPS, representing approximately 60% of its total exports. Amorim & Irmãos detains 25% of the global market share of cork stoppers.

Concerning the group's presence in the emergent economies, it has nine main agents in Russia, two main agents in India, and three companies and eight main agents in China (Corticeira Amorim Annual Report, 2012).

Amorim & Irmãos, S.G.P.S., S.A. comprises eleven manufacturing plants and twenty-five distribution units, one of the latter being in Beijing, China (*Ibid.*).

4.3. The State of the Art of Portugal cork exports

Portugal is the world leader in cork exports. Having an annual cork production of 100.000 tonnes (APCOR, 2013), Portugal is responsible for 49,6% of the world's total production. In 2012, Portugal achieved a country share of exports of 64,7%, followed by Spain, whose share was of 16%. The following graphic (figure 4) shows the evolution of cork exports and its comparison among other countries and the world values in thousands of Euro.

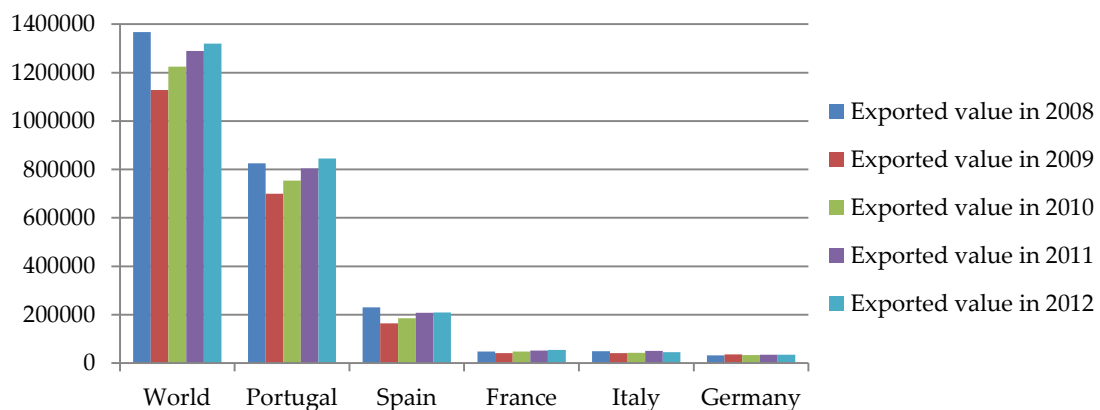


Figure 4: Evolution of cork exports from 2008 until 2012 - Portugal vs. world vs. other countries (unit: Euro thousand)

Source: International Trade Centre (ITC) calculations based on UN COMTRADE statistics., 2013

Concerning the structure of cork exports in Portugal per product type, it can be concluded that cork stoppers represented approximately 68% of cork exports back in 2012, which reflects its importance in Portuguese economy.

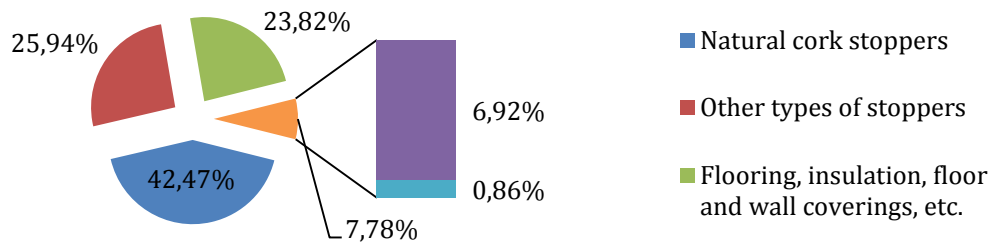


Figure 5: Structure of cork exports in Portugal per product type
 Source: INE and APCOR, 2013

4.3.1. Exports Destinations

Concerning the main destinations of the cork exports, the main target of Portuguese exports is the European continent, namely countries like France, the USA, Spain, Italy and Germany.

In recent years an increasing importance of the emergent economies has been noticed. As such, it can be found that Russia and China have a representativeness of 23,0% and 3,0%, respectively, in the cork exports in relation to total Portuguese exports (INE, 2012). It can also be noticed that only the exports to Russia faced a strong boost, while in India and China it can be ascertained a slight decrease (*cf.* Figure 6).

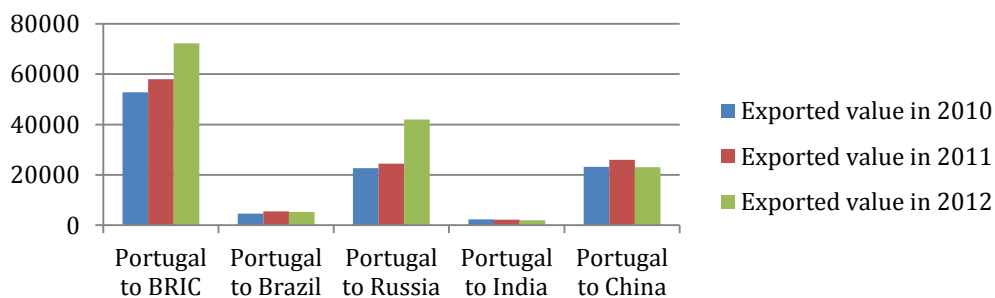


Figure 6: Cork exports from Portugal to the BRIC from 2010 until 2012
 Source: ITC calculations based on UN COMTRADE statistics, 2013

4.3.2. Amorim’s cork stoppers - past, present, and future

As seen previously in figure 5, cork stoppers are the most exported product from Portugal to other countries.

According to Corticeira Amorim annual report (2013), a sales growth of 4,0% was registered. This was due to an increase of cork stoppers' technical features, a better perception of Amorim's stoppers as the best cork sealant. The growth of the consumption of wine in reference markets like the USA, an effort of the promotion of the qualities of cork, and the perception of this material as a green one, i.e., as a highly sustainable material, also contributed to that increase.

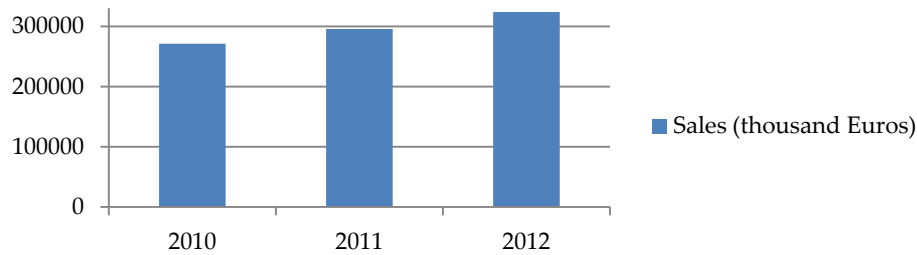


Figure 7: Cork stoppers sales evolution from 2010 until 2012
Source: Corticeira Amorim Annual Report, 2013

According to Wine and Spirits Record (IWSR) forecasts, until 2015 the region of Asia-Pacific will face the highest rate of growth of wine consumption. Furthermore, concerning the global wine market, it is expected that it will continue to grow, mainly markets like the USA, Asia (namely India and China) as well as Brazil, which are targets that should be taken into consideration.

Therefore, it is proved the importance of the emergent economies for this research.

4.4. Analysis of management & organisational level

Management and organisational support are crucial for the success of the export activity. Having a good support and understanding from the higher ranks of the organisation might dictate whether an export venture is fruitful or not. This way, by scrutinising the commitment from the management to the export venture; the international business knowledge the managers in

command have; and how much of the firm's resources are destined to the export activity; we can assess how it influences the adaptation of the marketing strategy and the export venture performance.

This analysis of the management & organisational contributions will rely on the semi-structured interviews conducted to Mr Carlos de Jesus, Director of Marketing and Communication, Mr José Remoaldo, Area Sales Manager for Eastern Europe & Asia, and Mr Hugo Mesquita, Area Sales Manager for Eastern Europe & Asia.

4.4.1. Commitment with export activity and contribution of firm's resources to the success of the venture

Amorim & Irmãos is a company that exports 95% of its production (AICEP – Portugal Global). Therefore, its whole strategy is designed for export activity. Also, the management gives full support to export development.

The company has an independent export department responsible for a tight and meticulous planning and control efforts developed for each export venture. Moreover, the venture planning is done well in advance, involving all sorts of data from the company's database, market research, future perspectives for the target market (that are assessed through visits), in order to reach the most advanced level of market knowledge.

When interviewing both Mr Hugo Mesquita and Mr José António Remoaldo, it was easily concluded that there are great efforts in order to achieve wide market knowledge, even when the market is still very young, which is the case of the Indian market.

“Our market knowledge is due to 40 years of presence in those markets, plus the use of databases, sectorial studies, studies promoted by organisations, and other sources.”

Mr Hugo Mesquita, Area and Sales Manager for Eastern Europe & Asia,
Mozelos, 15th of January 2014

In India's case, there is data on alcoholic beverages consumption, but the Indian population does not have yet relevant levels of alcohol consumptions. According to Mr Remoaldo, it is due to its cultural and economic background.

Another way to increase the market knowledge is to do *in loco* market research, by visiting regularly those countries.

Regarding the commitment with export activity and contribution of firm's resources to the success of the venture, Amorim & Irmãos tend to keep their strategy of allocating enough resources in order to bring return and growth.

Russia, India, and China are considered markets to invest in as a whole, but when analysing country by country, some adjustments are made, in order to reach each target/country needs.

“Concerning the Indian market, it is a culturally young market in terms of alcohol consumption. Wine and alcohol beverages are only consumed in social events and specials occasions.

Regarding spirits (their own production and whisky), Indians use aluminium caps. They use cork stoppers for of high range wines, which are considered a luxury product, especially if it is imported.”

Mr Remoaldo, Area and Sales Manager for Eastern Europe & Asia,
Mozelos, 15th of January 2014

4.4.2. International business knowledge

One of the most important aspects when considering a company, which relies on exports, is the international business knowledge of the senior managers of the company.

In Amorim & Irmãos, experience on international markets is a well-known practice. Concerning the Area Sales Managers interviewed, both have 20 years or more of experience in the markets of Eastern Europe, Asia, and USA, which gave them a wide perspective on international market and management. This knowledge is shared with the other company's managers, so that all can have

the same base of knowledge and be specialised in the markets where they operate.

Concerning the specifics of legal knowledge:

“We all share common macro knowledge, but the specifics of each countries are delegated to our legal department and to some experts from those countries.”

Mr Mesquita, Area and Sales Manager for Eastern Europe & Asia,
Mozelos, 15th of January 2014

“The local legislation on those [Russia, India, and China] countries, especially in India, change a lot, therefore the knowledge is not always extensive.”

Mr Remoaldo, Area and Sales Manager for Eastern Europe & Asia,
Mozelos, 15th of January 2014

4.5. Analysis of export market characteristics

The export market characteristics were resumed by Mr Carlos de Jesus:

“The BRIC market is a strategic and important target market due to the decrease of wine consumption in the traditional markets (Portugal, Spain, Italy, etc.), and its consequent growth in other countries like USA and China. It has grown 1,2%, except for India, due to cultural reasons, and also because the country does not have a well-developed distribution network.”

Mr Carlos de Jesus, Director of Marketing and Communication,
Mozelos, 15th of January 2014

Therefore, we can see Russia, India and China as a **potential market** because these markets are believed to be fundamental to ensure the future growth of the world’s economy. According to OIV, China is already the 5thlargest wine producer in the world. This leads to some relocation, which is not exempt of geographical and physical barriers, implying alterations on the marketing strategy, on the product itself, and so forth.

Contrarily to China, Brazil and Russian Federation have met a decrease of their growth rate of wine production. Concerning India, it has a residual production, which might will be surpassed when the culture of alcohol consumption rise and when they develop a distribution network.

Regarding the **cultural similarities** between Portugal and Russia, India and China, they are very different countries. As Mr Remoaldo said:

“The BRIC countries are emergent and important markets where the company must focus, but also that are countries in which the way of doing business is very different from the one used in the Western countries, which demand a high degree of adaptation.”

Mr Remoaldo, Area and Sales Manager for Eastern Europe & Asia (mainly India),

Mozelos, 15th of January 2014

For a better comprehension of the cultural realities, a brief explanation of the concepts given by The Hofstede Centre (2013) is presented.

Power distance is defined as the extent to which the less powerful members of institutions and organisations within a country expect and accept that power is distributed unequally.

The fundamental issue addressed by this dimension [individualism] is the degree of interdependence a society maintains among its members. It has to do with whether people’s self-image is defined in terms of “I” or “We”.

[Concerning masculinity/femininity] [t]he fundamental issue here is what motivates people, wanting to be the best (masculine) or liking what you do (feminine).

[Uncertain avoidance is][t]he extent to which the members of a culture feel threatened by ambiguous or unknown situations and have created beliefs and institutions that try to avoid these.

[Long term orientation is] the extent to which a society shows a pragmatic future-oriented perspective rather than a conventional historical short-term point of view.

Portugal can be compared to Russia, India, and China, using the tools provided by The Hofstede Centre. These tools compare both countries in terms

of power distance (PDI), individualism (IDV), masculinity/femininity (MAS), uncertain avoidance (UAI), and long-term orientation (LTO).

When comparing Portugal to the above-mentioned countries individually, the results are the following:

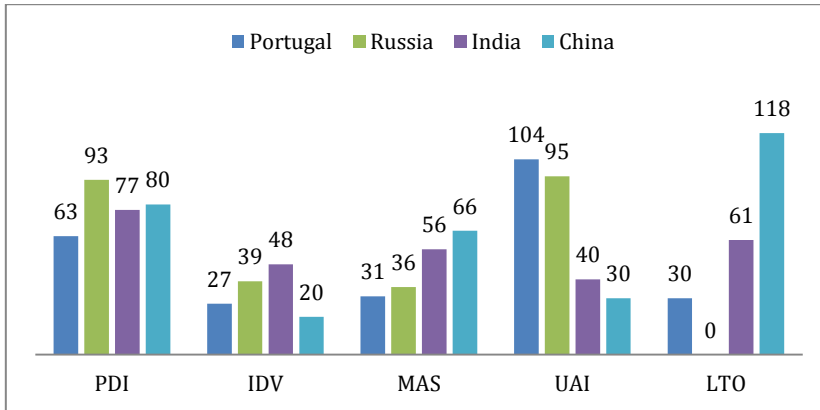


Figure 8: Comparison between Portugal and Russia, India and China of Hofstede 5 dimensions

Source: The Hofstede Centre

It means that, concerning PDI, all the BRIC countries show relatively high power distance values, which mean that there is a generalized acceptance of the unequal distribution of power, as well as there is high levels of dependence on institutions (family, government, and so forth), which is highly noted in Russia, followed by China.

Regarding IDV, India presents the highest score, while China and Portugal present the lowest. It represents that India has collectivistic traits in its roots, having a strong sense of belonging to a group. Russia presents similar values. China and Portugal are the most individual countries, relying on themselves and direct family only.

When observing the results of MAS, we see China and India with the highest scores, which means that they are masculine societies, where men tend to be assertive, focused on material success, and tough. Portugal and Russia have the lowest scores, which determine a society where quality of life is an indicator of success.

The UAI results show that Portugal and Russia have the highest scores, which mean that the population feels threatened by ambiguous situations, and consequently present high levels of bureaucracy. With the lowest scores, we have India and China, which are societies comfortable with ambiguity.

Finally, there is LTO, with China having the highest score, where values like persistence and perseverance are important. China is followed by India and then Portugal. There is not any score of this dimension for Russia.

To sum up, confronting this data with the scores gathered by Hofstede and Hofstede (2005), it can be concluded that there are dissimilarities between Portugal and the considered countries, despite in some cases they are not very accentuated (e.g.: Portugal and Russia, concerning UAI, are similar, i.e., in both countries, ambiguity is not well tolerated). This favours a glocal approach from the company, concerning its communication.

“In my opinion, the great problem of the Indian market is that the consumptions levels of wine and the products that derivate from it (bottles, stoppers, etc.) are very low, which can be explained to cultural issues, as well as the fact, that India is one of the poorest countries.

Indians are people with high degree of adaptation, and that understand very well foreign cultures (they are the best in IT, cars, pharmaceuticals).”

Mr Remoaldo, Area and Sales Manager for Eastern Europe & Asia (mainly India),

Mozelos, 15th of January 2014

In relation to the **sophistication of the marketing infrastructures**, as it was above mentioned, they are well developed in China (the company even has a subsidiary) and are well developed in Russia (nine main agents in Russia). India is the less developed market, having only two main agents.

Concerning the **competitive intensity** in those markets, the company faces the same competitors as in other markets, which are aluminium caps and synthetic stoppers.

“There are some competitors, mainly aluminium and synthetic stoppers, who rely on oil and, consequently, have global market knowledge, but the acceptance is not the best.”

Mr Mesquita, Area and Sales Manager for Eastern Europe & Asia,

Mozelos, 15th of January 2014

Regarding the **legal and regulatory barriers**, a great effort must be done in order to reduce the trade barriers, and, as it was said, homogenise the legislation.

Other small adaptations may be done due to the country weather conditions and the country infrastructures.

4.6. Analysis of export venture marketing strategy adaptation

In this section, it will be analysed the four Ps that constitute the marketing-mix: product, price, promotion, and distributions. It also will be verified how the management & organisational support and the export market characteristics influence the marketing strategy, and whether it will influence the export venture performance.

4.6.1. Product

In fact, the international business knowledge affects the marketing strategy in a way that it gives the management more or less sensibility to know the target market, and to which extent the four variables should or should not be adapted.

Regarding the product, all the interviewees were unanimous that there a high degree of standardisation:

“Concerning the marketing strategy, when we speak of the product, there are no major changes, because the standards of quality of the product are dictated by the big players. Consequently, in 2000 there has been a great effort in order to homogenise the production conditions - SYSTECODE - and it was created a set good practices that the manufactures should adopt. It has reinforced in 2010, and it is a benchmark for both the producer and the buyer. As a result more than 200 companies are certified.”

Mr Carlos de Jesus, Director of Marketing and Communication,
Mozelos, 15th of January 2014

Mr Mesquita noted that despite cork stoppers are a standard product, it may vary whether it is for wine, spirits or sparkling wine.

“The majority of the adaptations concern the service. Concerning the product, they regard the packaging, and mainly product treatment, due to the temperature and humidity variation, but also due to precarious conditions of the storage process.”

Mr Remoaldo, Area and Sales Manager for Eastern Europe & Asia (mainly India),
Mozelos, 15th of January 2014

4.6.2. Price

The price is dictated by the excellence of the product, for instance, a bottle of an alcoholic beverage with a cork stopper in India is seen as a luxury product. The market competitiveness is also other of the factors that influence the price of the cork stoppers, since the price easily adapts to the competitors level. Nevertheless, in general:

“The degree of price competitiveness is medium because there are some competitors, mainly aluminium and synthetic stoppers, who rely on oil and, consequently, have global market knowledge, but the acceptance is not the best.”

Mr Mesquita, Area and Sales Manager for Eastern Europe & Asia,
Mozelos, 15th of January 2014

4.6.3. Promotion

In what respects the promotion, Amorim & Irmãos adopt a glocal position. They transmit their main values, but give each country a high degree of autonomy when creating their communications campaigns. Furthermore, the headquarters provides total support to the foreign distributor/subsidiary promotional actions once they are aligned with the shared values and objectives of the company. As Mr Mesquita says:

“We try to find a perfect match between message and receptor.”

Mr Mesquita, Area and Sales Manager for Eastern Europe & Asia,
Mozelos, 15th of January 2014

The Director of Marketing and Communication resumed their communication strategy the following way:

“Regarding the communication, there is a great challenge when we speak of the BRIC, which is the **multicultural marketing**. Brand management, companies, and so forth, must do an effort and implement this kind of marketing. With **multicultural marketing**, it is intended that there is a high degree of control on the production and that it is given a great autonomy to the local distributors/agents/subsidiaries, in order to adapt the best way possible the communication to the local markets. For instance, we had the Intercork project - the international promotion of cork - in which the main values were transmitted to all the target countries, but the execution of the communication strategy was local, for instance, the campaign in China was different from the one in Russia.”

Mr Carlos de Jesus, Director of Marketing and Communication,
Mozelos, 15th of January 2014

This way, not only the subsidiaries and agents have the control of their promotional strategy, as well as they have the support of Amorim & Irmãos, but also from APCOR (Associação Portuguesa de Cortiça), who creates worldwide programmes like Intercork. Intercork’s goal is to publicise and encourage the growth of Portuguese cork exports (cork stoppers and cork as a building material and ornamental material). Furthermore:

“The campaign uses different tools of communication such as public relations and advertising, but also directional marketing and social networks and internet.”

Mr Carlos de Jesus, Director of Marketing and Communication,
Mozelos, 15th of January 2014

In addition, Intercork is starting its second round of communication, having as main target countries like China, Russia, Brazil, and USA.

Promotion is one of the aspects in which Amorim & Irmãos, as a business unit of Corticeira Amorim SGPS, invests. In addition to the reimbursement of 80% by EU funds, the private sector is responsible for the remaining 20%, and from this amount the Corticeira Amorim SGPS assumes half its funding, a clear practical demonstration of its status as a world leader in the sector.

4.6.4. Distribution

“The success of the company lies on the high degree of verticalisation, and subsequently, on a tight control of its distribution network. The company has a distribution network 100% owned or controlled through joint ventures. This control of the distribution network creates added value and increases the returns of the investment done.”

Mr Carlos de Jesus, Director of Marketing and Communication,
Mozelos, 15th of January 2014

Amorim & Irmãos is widely spread around the countries in study (except for India), as it was already said.

One of the biggest concerns of the company is to give full support to their agents/distributors/subsidiaries/sales force.

“They have both a theoretical and practical training, where the agents visit the facilities and learn all the productive process.”

Mr Remoaldo, Area and Sales Manager for Eastern Europe & Asia (mainly India),
Mozelos, 15th of January 2014

4.7. Analysis of export venture performance

In this part, the financial export performance will be analysed, as well as the management satisfaction with the export venture.

4.7.1. Financial export performance

Concerning the perceptions on the financial performance of the export venture, both Area Sales Managers interviewed agree that the export venture for those countries is profitable, having obtained good results. Nevertheless, India is seen as a future investment that might bring high levels of return, when the cultural conditions change.

When asked about the sales volume, if considered the study regards emergent economies, and weighting its representativeness of the client portfolio of Amorim & Irmãos, the respondents considered that the export venture generated a considerable amount of sales, with exception of India.

Concerning the growth achieved by the venture, the opinions are slightly divided.

“One can consider that since 1989, the export venture to the Eastern countries have achieved a considerable growth.”

Mr Remoaldo, Area and Sales Manager for Eastern Europe & Asia (mainly India),
Mozelos, 15th of January 2014

“We consider that it has an average growth, because these are markets that need time to grow.”

Mr Mesquita, Area and Sales Manager for Eastern Europe & Asia,
Mozelos, 15th of January 2014

“In relation to the growth of the venture, it is one of the main issues, because these markets are believed to be fundamental to ensure the future growth of the world’s economy. Despite only recently having been being recognised as a future important player, Corticeira Amorim has already had its presence there for about 30 years, accordingly to its strategy of the vision for the future. The only of these markets that is not “mature” enough is India, due to the cultural barriers.”

Mr Carlos de Jesus, Director of Marketing and Communication,
Mozelos, 15th of January 2014

To sum up, Mr Remoaldo has a vision that takes into consideration the past, while Mr Mesquita and Mr Carlos de Jesus share a more future-oriented vision.

4.7.2. Satisfaction with export venture

With regard to the satisfaction with the export venture, it will be examined how the managers perceive both the export success and whether the venture performance met their expectations.

In this case, all the interviewees passed the same general message that if one bares in mind the specifics of the countries, the results are worth, but all of them said that if their superior where asked the same questions, he will always demand better results.

This way, all three considered the export venture averagely satisfactory, having always the opportunity of being better.

When asked about its success, the answers were the same.

When speaking about the expectations, the answers were slightly different, because, despite some expectations where met there where factors that influence that result.

“The export venture has met the expectations, bearing in mind the specifics of these countries.”

Mr Mesquita, Area and Sales Manager for Eastern Europe & Asia,
Mozelos, 15th of January 2014

“The expectations are always higher than the reality, but we have to consider that there are entry barriers, competitors, culture, which implies a strategy re-adaptation)”

Mr Remoaldo, Area and Sales Manager for Eastern Europe & Asia (mainly India),
Mozelos, 15th of January 2014

4.8. Case Study Conclusions

As it could be seen the emergent economies are a target of utmost importance for any company who wants to be successful in the exports business. Not only have they concentrated 3 billion of world’s populations, as well as they are the biggest emergent markets, having contributed to the majority of world’s GDP. Another important fact is that the consumption rate of these countries is growing exponentially.

It was also concluded that India is still a complicated market, where marketing and business strategies must be carefully planned.

With this case study, we ascertain the influence that the **management and organisational aspects of the company** have, not only on the export marketing strategy adaptation, but also directly on the export venture performance. If the concept is decomposed, one can conclude that the firm’s commitment to the export activity, which in this case is almost 100%, is one of the crucial factors to the success of the exports. In addition, the international business knowledge, which was very high, due to the experience and practices of shared knowledge adopted by the firm also influence the export venture favourable outcome, as well as the degree of adaptation/standardisation of the export marketing strategy. Furthermore, it is concluded that a large investment of resources in the export activity, which is result of careful planning and high levels of control of

the export activity, will lead to the creation of a better marketing strategy and increase the performance of the venture.

When analysing the **export market characteristics**, one might see that there are some points that influence more directly the export venture performance rather than the marketing strategy adaptation. Evaluating item by item, the potential demand of the export market may influence the distribution network and as the same time as influences the outcome of the export venture. The cultural dissimilarity between Portugal and Russia, India and China, as well as that sophistication of the marketing infrastructures are some of the most important factors that highly influence both the marketing strategy and the export performance.

The competitive intensity influences the marketing strategy, on the variable price, and, in the venture performance, in all the financial achievement. Finally, the extent legal and regulatory barriers influence both marketing strategy and export performance.

Regarding the **export venture marketing strategy adaptation**, as abovementioned, it is influenced by the management and organisational aspects of the company and the export market characteristics. This leads towards a standardisation of the product (slight changes are only made if the climate or storage conditions demand it). The price is dictated by the market intensity. The promotion is completely adapted to the local market demands and the distribution is highly supervised by the headquarters, which is proud of the company's high degree of verticalisation and almost full control of the distribution network.

All of the previous factors influence the **export venture performance**, which was assessed through managers' perceptions on the financial performance and satisfaction with the venture.

To sum up, one might conclude that the model presented in figure 3 (p.48) can be an example of a way of assessing the export performance in the cork stoppers industry, when we observe the exports from Portugal to Russia, India and China.

CHAPTER 5. FINDINGS

According to Wilson and Purushothaman (2003), the BRIC economies - which Russia, India and China are part of - will become relevant players in the world economy, having high GDP growth. This will increase their internal consumption as well as the external one, which can be seen as an opportunity for other economies, like the Portuguese one, which relies on exports to balance their finances. Simultaneously, a social phenomenon should happen – the rise of middle class. This rise will cause a need for affirmation, which is reached through the utilisation of premium/luxury products, like those that have cork in its constitution, like alcoholic beverages with a cork stopper, for instance.

The findings of this research will be analysed separately in two groups: theoretical findings and managerial and political ones.

According to documents provided by Amorim & Irmãos, after two year of small decrease (2008-2009), the market recognition of the cork stoppers have been gaining market share since 2010. This way, it is not only proved the importance of cork exports, as well as a future rise of its quantity in emergent markets like Russia, India, and China.

5.1. Theoretical findings

This study does not have the ambition of being the most innovative research in the field of International Marketing. Nevertheless, it is in a way pioneer one, because it not only analyse the reality of only one industry – the cork industry – as well as it studies the impact of export performance in the emergent economies, which, accordingly to Sousa *et al.* (2008) is a branch of knowledge which is not very much studied.

With this research, it is proposed that the application of the developed model is quite useful for a company whose goal is to internationalise/who are in an early stage of the process of internationalisation, and for those who are already in the market, but whose performance does not fulfil expectations. Further empirical studies based on this model can provide with conformity that if it is equally useful for not only in LSE, but also for SME.

Furthermore, it was verified that export marketing strategy is linked to export venture performance, as well as a strategic planning and market knowledge.

5.2. Managerial findings and political implications

This research would like to shed light on the topic of the performance of cork exports, which is an industrial sector that has not been very much explored yet, and on which Portugal can rely to the success of its exports.

Managers, not only from the cork industry, might find this investigation interesting and useful because the constructs defined for the cork stoppers exports might as well be “exported” for other industries, like textile industry, the shoes industry, and so forth.

The managers interviewed highlighted the importance of the need of a high level of adaptation of the communication strategy, instead of product adaptation. Furthermore, all of them sustained it should be the subsidiary/distributor that should develop the communication locally.

Other of the implications that should be taken from this research are the political implications, because if the government and associations like AICEP – Portugal Global join efforts in order to promote the image of our country and

our products (like APCOR campaign), it would not only be useful for cork industry, but also for all the sectors of activity.

5.3. Limitations and directions for further research

Limitations

As some of the main limitations of this study, it can be pointed that it is a very restricted research, having as a main focus the exports of a single business unit – cork stoppers – and consider only one company, which is the largest one in Portugal. These facts may create some bias on the study.

Other limitations that arise are the ones intrinsic to the methodology adopted. Being a case study there is some concern because they provide little basis for generalisation and replication of the study.

Another limitation was lack of set practices and established theories in the subject area, so the conceptual framework was built through the combination of different parts from different theories.

Some might say that the unit of analyse used, single venture, is not the adequate. It could be used a portfolio of exports, all of firm's export, and so forth.

Another limitation that might be pointed out is the type of measures used: objective vs. subjective, and some kind of inclination from the part of the researched towards the use of subjective measures.

Hints for further research

First of all, a study involving all cork stoppers exporters in Portugal should be conducted, including SMEs, and also to open the object of study to the sector of cork, and do not restrict it to cork stoppers.

Some quantitative analysis and longitudinal studies should be done, in order to verify whether the results gathered through qualitative research on a narrow scope study, match those from a wider scope and quantitative source.

A useful direction for further research is to use more objective data in order to grant a stronger reliability and validity to the research.

It also might be useful to explore better the relationship between the export market characteristics and the export performance.

Other interesting variable that might be added to the model developed for this study could be adding the perspectives of the customers.

CHAPTER 6. CONCLUSION

This research has explored different factors that influence the export venture performance. For that was analysed the impact of internal variables of the firm and the environment influence in both export marketing strategy and directly in export performance, and then if tried to verify if there was any impact of the export marketing strategy on the performance of the venture.

The results showed that a firm perform better internationally when it has full commitment and support from the top managers and when the people in charge of the export activity have high level of international business knowledge, as well as a full understanding of the export market characteristics. This also affects how adapted the four Ps will be, bearing in mind that the one most adapted is the promotion one.

To sum up, a good investment in market research will provide not only a better performance, but also a better adaptation of the marketing strategy.

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Appendices

Appendix I - Semi-structured interview guide I

Interviewees: Mr Hugo Mesquita and Mr José António Remoaldo - Area and Sales Managers for Eastern Europe & Asia

1. Which is the company's degree of commitment with the export activity?
 - Planning
 - Visits to target markets
 - Market research
2. Which is the management's level of international business?
 - Market knowledge
 - Financial and legal knowledge
3. How committed is the company in export activity in term of resources?
4. How well do you know your target markets characteristics?
 - Cultural (dis)similarity
 - Competition
 - Legal and regulatory barriers
 - Potential demand
5. Is there any need for product adaptation in the target markets?
6. How is set the price?
7. What is your perspective of the financial export performance?
 - Profit
 - Sales Volume
 - Growth
8. How satisfied are you with the export venture?
 - Success
 - Meeting expectations

Appendix II - Semi-structured interview guide II

Interviewee: Mr Carlos de Jesus - Director of Marketing and Communication

1. What is the key success factor for the export activity?
2. What is the importance of markets like Russia, India, and China?
3. Which is the degree of product adaptation when entering the export market, and after it?
4. How is the promotion done?
5. How is the relationship with the distributors/subsidiaries?
6. What is your perspective of the financial export performance?
 - Profit
 - Sales Volume
 - Growth
7. How satisfied are you with the export venture?
 - Success
 - Meeting expectations