

# MOTIVES AND MARKETING STRATEGIES OF GREEK COMPANIES EXPORTING TO SOUTH-EAST EUROPEAN MARKETS

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## Abstract

The purpose of this study is twofold. First, to conceptualize various internal, external and strategic factors explaining the motivation and the marketing strategy of Greek exporting firms based on a strategic management model. Second, to empirically test this model in the case of Greek firms exporting to South-East European (Balkan) markets. The analysis is accomplished through the observed behaviour of 41 firms listed on the Athens stock exchange involved in exporting to South-East Europe. It is based on a questionnaire which has provided several insights into export motivations and export marketing strategy elements. It uses principal component factor analysis technique in order to investigate common factors that might explain underlying beliefs about the perceived variables.

**JEL classification:** F14

**Keywords:** export marketing, export motives, Greece, South-East European markets, factor analysis

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## 1. Introduction

Exporting continues to be the major type of foreign involvement in international markets. As a result, a large body of literature has tried to identify variables that are related to exporting behaviour of firms (Aaby and Slater, 1989; Bilkey, 1978; Cavusgil and Nevin, 1981; Cavusgil and Zou 1994; Douglas and Craig, 1983; Leonidou, 1995, 1998; Leonidou and Katsikeas, 1996). These previous studies have focused on internal and external factors affecting firms' exporting behaviour. Certainly they have enhanced our understanding of the antecedents of export performance. However, theoretical and empirical knowledge of exporting remains "fragmented", "limited" and "confusing" (Zou and Stan, 1998; Czinota, 2000; Katsikeas, Leonidou, and Morgan, 2000; Morgan, Kaleka and Katsikeas, 2004; Lado *et. al.*, 2004). Therefore, there still remains a gap in both the theoretical and empirical research into the degree of involvement in the different export regions based on the company's marketing strategy. We therefore intend to complement and clarify the existing body of literature by analyzing the particular case of Greek exporters to a psychologically close market, South-East Europe (Balkans). Based on Pavord and Bogart (1975), Reid (1981), Albaum *et al.* (1998) and Morgan, Kaleka and Katsikeas (2004) we propose a framework that incorporates various internal, external and strategic factors explaining the motivations and the marketing strategy of Greek firms exporting to South-East Europe. Trade integration between Greece and South-East European countries might manifest itself in numerous ways, including rising growth rates of exports and imports. Table 1 shows the average annual growth rates of both exports and imports of Greece to and from the Balkan countries during the period 1991-2007. For comparison, we also present the corresponding figures of both total Balkan and total Greek exports and imports.

**Table 1:** Annual Growth Rates of Greek-Balkan Trade

A. Exports of Greece to:	1991-2007 (percentages)
Romania	25.7%
Bulgaria	30.3%
Albania	42.0%
FYROM	109.6%
Yugoslavia (up to 1992)	-51.3%
Slovenia	99.6%
Croatia	77.3%
Turkey	19.2%
Bosnia-Herzegovina	82.2%
Serbia-Montenegro	57.2%
Total Balkans	20.5%
Total Greek exports:	4.8%

B. Imports of Greece from:	
Romania	20.3%
Bulgaria	21.3%
Albania	33.4%
FYROM	71.4%
Yugoslavia (up to 1992)	-58.5%
Slovenia	60.5%
Croatia	45.2%
Turkey	22.7%
Bosnia-Herzegovina	110.0%
Serbia-Montenegro	626.3%
Total Balkans	17.8%
Total Greek imports	7.4%

Source: National Statistical Service of Greece

The information in Table 1 confirms that the Balkan countries represent an increasingly dynamic export market for Greek products. The average annual growth rate of Greek exports to the Balkan countries is above 20.5% over the period 1991-2007. It far outweighs the average growth rates of total Greek exports of around 4.8%. Its importance in the near future is likely to increase as Greek firms, which find it difficult or unprofitable to place their products in the competitive EU markets, will find an easy outlet in the Balkans. Imports are also accelerating fast, but not to the same degree as exports. The average growth rate of Greek imports from the Balkan countries over the period 1991-2007 is 17.8%. They are accelerating faster compared to the average growth rate of total Greek imports of around 7.4%.

In the context of our study, the case of Greek exporting firms is of particular interest since it exemplifies very well a situation in which exporters have to decide on the level of involvement and follow marketing strategies in regions perceived to be close in terms of physical distance.<sup>1</sup> Greek exporting firms would consider South Eastern Europe as physically closer than other European countries. To the best of our knowledge, a study on the variables that affect the exporting behaviour and marketing strategy of Greek manufacturing firms towards the Balkan region has not been published before<sup>2</sup>.

Section 2 of the paper offers a review of the literature and presents an analytical framework regarding export motives and marketing strategies. Section 3 presents

1. Regarding the effect of psychic distance, see Stöttinger and Schlegelmilch (1998, 2000).

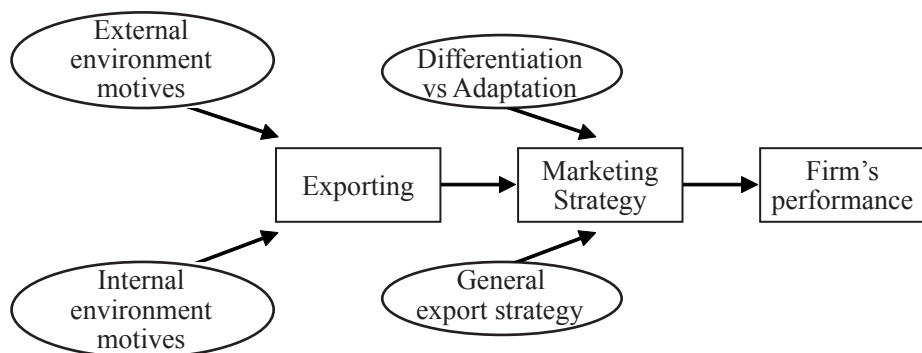
2. Most of the published research regarding Greek entrepreneurial activity in the Balkans is focused on motives and determinants of foreign direct investment and not on the motivations for exporting (see for example, Salavrakos and Petrochilos, 2003).

the paper's research methodology and empirical results, while section 4 offers some concluding remarks and makes policy proposals.

## 2. Literature review and the conceptual model

The main factors affecting export behavior are usually divided into two major groups; external and internal (Reid, 1981). The first group is related to environmental factors like tariffs and quotas, exchange rates, financing possibilities, expected profitability, government assistance, legal framework, competition (domestically and abroad) and market characteristics (e.g., size, sales' growth). The second group refers to firms' characteristics and products (e.g., competitive price and quality, cheap labour costs and cheap raw materials). This distinction is in line with the classification of firms' export motives presented by Albaum *et al.* (1998). They distinguish between motivating factors internal to the firm or stimuli originating from the external environment. Pavord and Bogart (1975), Reid (1981), Albaum *et al.* (1998), found that the primary motive for exporting was to avoid losses from a saturated home market and consequent declining domestic sales. Cavusgil and Nevin (1981) argue that a company's competitive advantage (for example competitive advantage in price or quality) might serve as a motive for exporting. On the other hand, export performance is strongly connected to the planning and execution of export marketing strategy (Cavusgil and Zou, 1994). Therefore, exporting can be conceptualized as a strategic response by management to the interplay of internal and external forces. As such, the strategy and performance of export marketing can be analyzed within the general framework of strategic management (see Figure 1).

**Figure 1:** Exporting and Marketing Strategy: A Conceptual Model



In this framework, general export strategy e.g., training, market research, market segmentation (Moen, 2000) and differentiation (Shoham, 1996; Cavusgil and Zou, 1994) define how a firm develops an advantage with respect to competitors in an industry (Porter, 1980, 1986).

As firms begin to compete in export markets, their export success depends upon their ability to develop and implement unique competitive strategies. When developing such strategies, these firms have to match their internal and location specific competitive (as explained in Porter, 1998) and comparative advantages (i.e. Ricardian) with the requirements of the external environment in which they compete (Aulakh, Kotabe and Teegeen, 2000)<sup>3</sup>. Firms following a differentiation strategy aim at creating a product or service that customers see as unique. This is usually accomplished through such means as a superior brand image, technology, customer service, communication, distribution networks, positioning or innovative products (Miller, 1988). The degree of adapted versus undifferentiated marketing strategies is a function of product, industry, market, organization and environmental characteristics (Dean, Mengüç and Myers, 2000). Firms following a differentiated strategy aim at creating a unique product or service. Miller (1988) suggests that this is usually achieved through such means as a superior brand image, technology, customer service or innovative products.

### 3. Methodology and empirical evidence

Based on the above conceptual model, we constructed a questionnaire that obtained replies from 41 Greek exporting firms listed on the Athens Stock Exchange<sup>4</sup>. The average size of all these firms is large in Greek terms (more than 100 employees). All these firms have been exporting to four South East European countries for ten years on average. They are involved in the manufacture and distribution of a wide variety of capital intensive products and services coming from a wide cross section of industries including food and beverages, clothing and textiles, plastics, paper, metals, furniture, electronics, ceramics, marble and granite, concrete, pharmaceuticals and banking. The questionnaires were replied to over a period of six months (last quarter of 2005 and first quarter of 2006). Executives who served in firms that exported products were randomly asked to review the questions and the entire questionnaire was pre-tested. After the pilot test, the questionnaire was used to personally interview respondents from 41 firms out of an original sample of 55 - accounting for an effective response rate of 74.5 percent and considered to be more than adequate (Groves, 1990). Many issues were addressed in the questionnaire, but the responses used in the present study resulted from questions that asked the respondents to indicate the importance of twelve initial motives and sixteen elements for the description of man-

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3. According to Michael Porter (1998), a competitive advantage exists when a company makes economic rents, that is, their earnings exceed their costs (including cost of capital).

4. We have chosen firms which are listed on the Athens Stock Exchange because these firms are large firms and they have more accurate data.

agement strategy. The list of twelve variables for initial motivations and sixteen variables for marketing was based upon the conceptual model and the existing literature as presented in the previous section.

The twelve variables for initial motivations or export determinants are grouped as following:

#### *A. External Environment*

1. Market size.
2. Market growth (percentage increase of sales in a period).
3. Market shares of competitors.
4. Expected profit margin.
5. Economic environment (e.g. inflation, GDP growth, interest rates).
6. Political environment (e.g. stability, social intensities, labour peace, governmental corruption).
7. Legal framework (e.g. terms of installation, tax relief, price controls, possibility of profit repatriation).

#### *B. Internal Environment*

8. Competitive advantage in quality against the domestic produced products.
9. Competitive advantage in price against the domestic produced products.
10. Marketing infrastructure (e.g. personnel, distribution system, technical service).
11. Cheap labour cost.
12. Cheap raw materials.

The sixteen marketing variables are grouped as following:

#### *A. Differentiation versus adaptation*

1. Different market segmentation and market targeting than that in Greece.
2. Different positioning than that in Greece.
3. The main products are different in quality outside Greece.
4. We don't use the same brand names in Greece and South East Europe.
5. Price policy doesn't differ outside Greece.
6. Price policy differs from country to country.
7. Communication policy differs from country to country.
8. Communication policy is the same in all countries.
9. Different distribution network characteristics in South-East Europe.

#### *B. General export strategy*

10. Top executives are not selected by the parent company.
11. We need market research.
12. Marketing strategy is planned in foreign markets (e.g. by affiliated companies).

13. Marketing strategy is planned in Greece.
14. The training of foreign staff takes place in South-East Europe.
15. The training of staff takes place in Greece.
16. Foreign executives/staff need training.

Firms were asked to respond on Likert scales ranging from “not so important” to “extremely important” for initial motivations and from “I strongly disagree” to “I strongly agree” for the several elements of marketing.<sup>5</sup> In the course of analysis of the information obtained from the study, it was noted that a high degree of correlation existed among a number of responses to some variables concerning motives and elements of export marketing. This observation provided a basis for the investigation of common factors that might explain underlying beliefs about perceived motives and marketing strategy for export to South-Eastern European markets. Table 2 shows the number of responses, average exports motive item score, standard deviation and the minimum/maximum values. In Table 3 we can see the frequencies of the responses to the question concerning the importance of certain motivations.

**Table 2:** Descriptive Statistics (Motivations)

Motivations	N	Minimum	Maximum	Mean	Std. Deviation
<b><i>A. External environment</i></b>					
1. Market size	41	1.00	9.00	5.3171	2.78782
2. Market growth	41	1.00	9.00	6.1220	2.43100
3. Market share of competitors	41	1.00	9.00	6.3902	2.02334
4. Expected profit margin	41	2.00	9.00	6.7561	1.57766
5. Economic environment	41	3.00	9.00	6.8780	1.74922
6. Political environment	41	3.00	9.00	6.8049	1.67660
7. Legal framework	41	1.00	9.00	5.7317	1.98777
<b><i>B. Internal Environment</i></b>					
8. Competitive advantage in quality	41	1.00	9.00	6.5366	2.27044
9. Competitive advantage in price	41	1.00	9.00	5.3171	2.25210
10. Marketing infrastructure	41	1.00	9.00	4.9268	2.52379
11. Cheap labor cost	41	1.00	9.00	5.8049	2.45173
12. Cheap raw materials	41	1.00	9.00	5.0976	2.47795
Valid N (listwise)	41				

5. Our initial estimations showed no differences between five point and nine point scales. Often five ordered response levels are used, although many researchers advocate using seven or nine levels. A recent empirical study of Dawes (2008) found that data from 5-level, 7-level and 10-level items showed very similar characteristics in terms of mean, variance, skewness and kurtosis after a simple transformation was applied.

**Table 3:** Frequencies of the Responses to the Question Concerning the Importnace of Certain Motivations (Percentages)

<b>Motivations</b>										
(1=not important 9= very important)	1	2	3	4	5	6	7	8	9	Mean Response
<b>A. External environment</b>										
1. Market size	4.9	22.0	9.8	4.9	7.3	7.3	14.6	12.2	17.1	5.3171
2. Market growth	7.3	0.0	9.8	4.9	19.5	9.8	12.2	14.6	22.0	6.1220
3. Market share of competitors	2.4	4.9	2.4	2.4	17.1	17.1	24.4	12.2	17.1	6.3902
4. Expected profit margin	0.0	2.4	0.0	4.9	9.8	24.4	29.3	12.2	17.1	6.7561
5. Economic environment	0.0	0.0	4.9	2.4	19.5	12.2	17.1	22.0	22.0	6.8780
6. Political environment	0.0	0.0	4.9	2.4	12.2	26.8	17.1	14.6	22.0	6.8049
7. Legal framework	4.9	2.4	7.3	7.3	17.1	24.4	17.1	14.6	4.9	5.7317
<b>B. Internal Environment</b>										
8. Competitive advantage in quality	2.4	4.9	7.3	4.9	7.3	14.6	14.6	22.0	22.0	6.5366
9. Competitive advantage in price	7.3	2.4	9.8	14.6	22.0	17.1	9.8	2.4	14.6	5.3171
10. Marketing infrastructure	14.6	4.9	14.6	7.3	12.2	14.6	14.6	9.8	7.3	4.9268
11. Cheap labor cost	4.9	9.8	4.9	9.8	12.2	17.1	7.3	19.5	14.6	5.8049
12. Cheap raw materials	7.3	9.8	14.6	9.8	14.6	12.2	14.6	2.4	14.6	5.0976

The most important export motives, according to means, were the economic and political environment, followed by the profit potential in exporting to South-East European markets. In Table 3 we see that 22% of all respondents attach the highest importance to market growth, economic environment, political environment and competitive advantage in quality. To identify an underlying structure for the initial motivations given in the Tables above and to see whether certain factors measure a specific export motivation concept, a factor analysis of all export motivations was performed.<sup>6</sup> An advantage of factor analysis is the reduction of the number of variables, by combining two or more variables into a single factor. Another advantage is the identification of groups of inter-related variables, to see how they are related to each other. The observed variables are modeled as linear combinations of the factors, plus “error” terms. According to Rummel (2002), factor analysis can be applied in order to explore a content area, structure a domain, map unknown concepts, classify or reduce data, illuminate causal nexuses, screen or transform data, define relationships, test hypotheses, formulate theories, control variables, or make inferences.

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6. Factor analysis is a statistical data reduction technique used to uncover the latent structure (dimensions) of a set of variables. Factor analysis explains the variability among observed random variables in terms of fewer unobserved random variables called factors. It originated in psychometrics, and is used in behavioural sciences, social sciences, marketing, product management, operations research, and other applied sciences.



The factor analysis in this study resulted in five factors that explained 76.6% of the total variance, as we can see in Table 4. All five factors have eigenvalues exceeding 1 (Figure 2).

**Table 4:** Factor Analysis (Rotated Component Matrix)

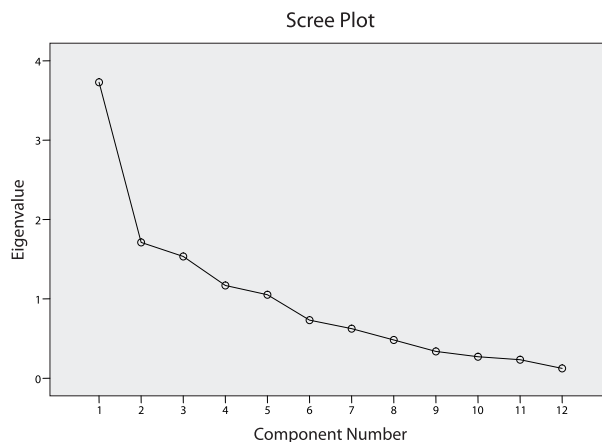
Motivations	Component				
	1	2	3	4	5
<b>A. External environment</b>					
1. Market size	<b>.876</b>	.048	-.073	-.112	-.056
2. Market growth	<b>.826</b>	.194	.105	.047	.186
3. Market share of competitors	.077	<b>.787</b>	-.047	.316	-.069
4. Expected profit margin	.470	<b>.766</b>	.103	-.001	-.023
5. Economic environment	.025	<b>.800</b>	.306	.031	.269
6. Political environment	-.109	.313	<b>.585</b>	.147	.235
7. Legal framework	.123	.067	.180	.056	<b>.864</b>
<b>B. Internal Environment</b>					
8. Competitive advantage in quality	.077	.060	<b>.855</b>	-.167	.172
9. Competitive advantage in price	.372	.006	<b>.705</b>	.361	-.296
10. Marketing infrastructure	<b>.572</b>	.148	.371	.306	.257
11. Cheap labor cost	.274	.033	-.350	<b>.666</b>	.429
12. Cheap raw materials	-.141	.265	.212	<b>.831</b>	-.041
<b>Cronbach's Alpha</b>	.617	.771	.445	.388	Neg.
<b>% of Variance explained</b>	18.908	17.382	16.911	12.721	10.718
<b>Cumulative %</b>	18.908	36.290	53.202	65.923	76.641

Extraction Method: Principal Component Analysis

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 13 iterations

**Figure 2:** Scree Plot: Eigen Values for Factor Analysis on Initial Motivations



When judging the factor loadings for their relevance to the explanatory capabilities of a certain factor, Kline (1994) suggests that a factor loading above 0.6 is high, a factor loading above 0.3 is moderately high and factor loadings under 0.3 can be ignored. This means that a factor correlates with the export motivation measures which have factor loadings above or near 0.6. In each of the five factors identified in the factor analysis there is at least one factor loading exceeding 0.6. In the rotated component matrix of the factor analysis, which is given in Table 4, the factor loadings that are important for each factor appear in bold letters. When analyzing the component matrix in Table 4, it can be seen that in factor 1 there are loadings that are higher than the other factors. The two higher loadings of factor 1 are above 0.800. "Market size" is loaded with 0.876 while "Market growth" is loaded with 0.826. "Marketing infrastructure" has loading equal to 0.572. Furthermore, export motivations of "Economic environment", "Market share of competitors" and "Expected profits" have a higher factor loadings for factor 2, compared to factor 1, 3, 4 or 5. Therefore, in the analysis of the five different factors, the three motives are excluded from factor 1 and included in factor 2. Regarding factor 3, it is clear which export motives are important for this factor, namely "Competitive advantage in quality", "Competitive advantage in price" and "Political environment". For factor 4 export motives "Cheap raw materials" and "Cheap labor cost" are evidently the most important ones, while for factor 5 "Legal frame" is important. This means that the variance of 18.9% which is explained by factor 1 correlates with export motives 1,2 and 10, the variance of 17.4%, which is explained by factor 2 correlates with export motivations 3,4 and 5, the variance of 16.9% which is explained by factor 3 correlates with export motivations 6,8 and 9, the variance of 12.7% explained by factor 3 correlates with variable 11 and 12 and finally the variance of 10.718 correlates with "Legal framework" variable. This factor analysis resulted in five factors which together explained 76.6% of the variance, with the first two factors already explaining 36.3%. Looking at the variables that are included in factor 1, these seem to involve a wide range of export motivations that are focused on both the external environment (market size, market characteristics) and the internal environment (marketing infrastructure) of the examined firms. Perceived significance of marketing emphasizes the importance of the firm's marketing efforts in their export success.

All motives that are important for factor 2 focus on the external environment (economic environment, market share of competitors and expected profits), while export motives related to factor 3 focus on competitive advantage of the company in price and quality of the produced products or services as well as political environment. Factor 4 is connected with the cheap production costs (cheap labor cost, cheap raw materials) and factor 5 has a significant loading only for legal framework. To assess the reliability of the explanatory power of these factors, the Cronbach's alpha for each factor was calculated based on the export motivations that are included in each

factor. The Cronbach's alpha is 0.617 for factor 1, 0.771 for factor 2, 0.445 for factor 3, 0.388 for factor 4 and negative for factor 5. In many studies a Cronbach's alpha more than 0.5 is used to indicate that the measurement is reliable (Rummel, 2002). For the five factor analyses this means that factor 1 and factor 2 are valid measures for the variance in this study. This indicates that the six export motives included in factor 1 and 2 are a reliable measurement when one wants to assess the most important motivations of a Greek firm exporting to South-East Europe.

**Table 5:** Descriptive Statistics (Elements of Marketing Strategy)

Elements of marketing strategy	N	Minimum	Maximum	Mean	Std. Deviation
<b>A. Differentiation versus adaptation</b>					
1. Different market segmentation and market targeting than that in Greece	41	1	5	3.292683	1.167131
2. Different positioning than that in Greece	41	1	5	3.439024	1.096558
3. The main products are different in quality outside Greece	41	1	4	1.804878	0.813004
4. We don't use the same brand names in Greece and South East Europe countries.	41	1	5	2.170732	1.159794
5. Price policy doesn't differ outside Greece	41	1	3	1.634146	0.766684
6. Price policy differs from country to country	41	1	5	3.341463	1.296336
7. Communication policy differs from country to country	41	1	5	3.097561	1.090983
8. Communication policy is the same in all countries	41	1	5	2.317073	0.933783
9. Different distribution network characteristics in South-East Europe	41	1	5	3.073171	1.08144
<b>B. General export strategy</b>					
10. Top executives are not selected by the parent company	41	1	4	1.658537	0.883452
11. We need market research	41	2	5	4.243902	0.994497
12. Marketing strategy is planned in foreign markets (e.g. by affiliated companies)	41	1	5	2.829268	1.11585
13. Marketing strategy is planned in Greece	41	1	5	3.121951	1.208204
14. The training of foreign staff takes place in South-East Europe countries	41	1	5	2.609756	0.945464
15. Training of staff takes place in Greece	41	1	5	3.121951	0.92723
16. Foreign executives/staff need training	41	1	5	4.170732	1.046481

In the second part of the analysis we present the results of the given answers in the key elements of these firms' marketing strategy. A five-point scale, with 1 for "strong disagreement" and 5 for "strong agreement" with each variable, was the response vehicle for each marketing variable. This provided also 41 individual responses that spanned sixteen variables for marketing and thus entered into the factor solution. The sixteen variables for export marketing were not designed to be industry-specific. The

responses to the various questions were analyzed with respect to the frequency of response and the mean response. Table 5 shows the minimum, maximum, mean and the standard deviation values of these responses.

In Table 6 we can see the frequencies of the responses to the question concerning the agreement with certain marketing elements, recalling that the responses were valued on a scale from 1 to 5, with strong agreement taking the higher value.

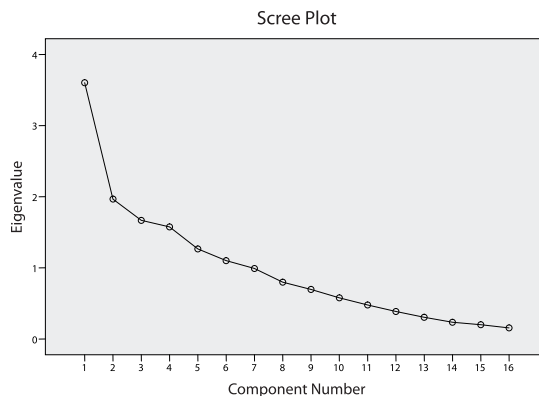
**Table 6:** Frequencies of the Responses to the Question Concerning the Importance of Certain Marketing Elements (Percentages)

Elements of marketing strategy (1=I strongly disagree 5= I strongly agree)	1	2	3	4	5	Mean response
<b>A. Differentiation versus adaptation</b>						
1. Different market segmentation and market targeting than that in Greece	7.32	21.95	17.07	41.46	12.20	3.29
2. Different positioning than that in Greece	4.88	14.63	29.27	34.15	17.07	3.44
3. The main products are different in quality outside Greece	41.46	39.02	17.07	2.44	0	1.80
4. We don't use the same brand names in Greece and South East Europe countries.	36.59	26.83	24.39	7.32	4.88	2.17
5. Price policy doesn't differ outside Greece	53.66	29.27	17.07	0.00	0.00	1.63
6. Price policy differs from country to country	12.20	17.07	12.20	41.46	17.07	3.34
7. Communication policy differs from country to country	7.32	21.95	34.15	26.83	9.76	3.10
8. Communication policy is the same in all countries	9.76	65.85	12.20	7.32	4.88	2.32
9. Different distribution network characteristics in South-East Europe	7.32	19.51	43.90	17.07	12.20	3.07
<b>B. General export strategy</b>						
10. Top executives are not selected by the parent company	56.10	26.83	12.20	4.88	0	1.66
11. We need market research	0	7.32	17.07	19.51	56.10	4.24
12. Marketing strategy is planned in foreign markets (eg by affiliated companies)	12.20	26.83	34.15	19.51	7.32	2.83
13. Marketing strategy is planned in Greece	12.20	17.07	29.27	29.27	12.20	3.12
14. The training of foreign staff takes place in South-East Europe countries	7.32	46.34	26.83	17.07	2.44	2.61
15. Training of staff takes place in Greece	2.44	24.39	36.59	31.71	4.88	3.12
16. Foreign executives/staff need training	2.44	4.88	7.07	24.39	51.22	4.17

As Tables 5 and 6, indicate some respondents were prepared to award any extreme value for the perceived high agreement to the various examined marketing elements. We observe an absolute disagreement regarding the non existence of executives' selection by the parent company and the non differentiation of price policy above 50% of the respondents. The variable "price policy differs from country to country" is marked with 4 (partly agreement) by 41.46% of the people asked, confirming that

there is a price differentiation policy. Furthermore, there exists an absolute agreement as regards the usefulness of foreign executives' special training and the usefulness of market research, with a frequency of answers that exceeds 50% of the respondents. These two variables assemble the largest means (4.24 and 4.17 respectively). There is also a disagreement for 46.34% of the respondents as regards the training of foreign executives abroad and agreement for 31.7% as regards the training of executives in Greece. This means that education of firms' foreign executives/staff takes place more in Greece than abroad. Other answers show that there is a relative differentiation in positioning, in price policy, in the market targeting and market segmentation as well as in the communication policy. The mean answer in these variables was 3.44, 3.34, 3.29 and 3.10 respectively. With regard to communication policy, the element "Communication policy is the same in all countries" takes value 2 (disagreement for 65.85% of the respondents), which confirms the differentiation in the communication policy. The answers above give the perception that Greek export companies follow a differentiated marketing strategy depending on the conditions that prevail in the target-market. Regarding the product policy answers, we can see that firms do not differentiate their products' quality abroad (mean= 1.80), while they change brand names (mean= 2.17) and base their distribution in roughly similar networks to those existing in Greece (mean=3.07). Concerning the place of marketing strategy planning, there is a neutrality (mean= 3.12). This neutrality is verified by an opposite variable ("marketing strategy is planned in foreign markets" with mean= 2.87). The interrelationship among the responses leads to the need for a more complex analysis. A principal component factor analysis was undertaken to explore the relationship among the perceived responses and determine if an underlying structure existed. An eigenvalue criterion of 1 or greater was established as a criterion to determine the factors to be rotated and to aid the identification of clusters of related responses (Figure 3).

**Figure 3:** Scree Plot: Eigen Values for Factor Analysis on Export Marketing Elements



Orthogonal rotation (Varimax) with Kaizer normalization resulted in the factor loadings reported in Table 7. The rotation was converged in 11 iterations, where the original orders of the responses have been rearranged to reflect the order of the factor structure. As we can see from Figure 3, six factors with eigenvalues greater than one were extracted, explaining 69.8 % of the total variance.

**Table 7:** Factor Analysis (Rotated Component Matrix)

Elements of marketing strategy	Component					
	1	2	3	4	5	6
<b>A. Differentiation versus adaptation</b>						
1. Different market segmentation and market targeting than that in Greece	.857	.041	.284	.007	.009	-.073
2. Different positioning than that in Greece	.699	-.161	.163	.120	-.162	-.159
3. The main products are different in quality outside Greece	-.241	.008	-.085	.482	.210	.468
4. We don't use the same brand names in Greece and Southeast Europe countries.	.021	-.039	.047	.865	-.032	-.084
5. Price policy doesn't differ outside Greece	-.057	-.016	-.129	.008	-.872	.088
6. Price policy differs from country to country	.187	.029	.090	.552	.534	.143
7. Communication policy differs from country to country	.491	-.104	.683	.030	-.035	.239
8. Communication policy is the same in all countries	-.113	-.026	-.894	-.013	-.150	.000
9. Different distribution network characteristics in South-East Europe	.744	.306	-.069	-.187	.118	.132
<b>B. General export strategy</b>						
10. Top executives are not selected by the parent company	-.056	.629	.078	-.132	.238	.405
11. We need market research	.684	-.047	.179	.089	.263	.069
12. Marketing strategy is planned in foreign markets (e.g. by affiliated companies)	.366	.457	-.152	.402	-.218	-.133
13. Marketing strategy is planned in Greece	.027	.074	.025	-.125	-.159	.814
14. The training of foreign staff takes place in Southeast Europe	-.031	.866	-.023	.047	-.075	-.132
15. The training of staff takes place in Greece	.076	-.364	.273	.231	.118	.558
16. Foreign executives/staff need training	.596	-.307	-.273	.079	.476	.040
<b>Cronbach's Alpha</b>	.684	.085	.418	.484	0.186	.107
<b>% of Variance</b>	19.341	10.773	10.144	9.997	9.9996	9.615
<b>Cumulative %</b>	19.341	30.114	40.259	50.256	60.251	69.866

Each one of the reliable components includes at least one variable with factor loading that exceeds 0.6. In order to evaluate the reliability of explaining power of these factors, we calculated the Cronbach's alpha value for each component. The value of Cronbach's alpha is 0.684 for factor 1, 0.085 for factor 2, 0.418 for factor 3, 0.484 for factor 4, 0.186 for factor 5 and 0.107 for factor 6. In this case, a Cronbach's alpha roughly equal to or larger than 0.5 is used to show the reliability of components.

Therefore, components 1, 3 and 4 are the most reliable. Component 1 relates the importance of differentiation in market segmentation and market targeting, distribution networks and positioning with the importance of market research and staff training (export strategy). The factor loadings are 0.857, 0.744, 0.699, 0.596 and 0.684 respectively. These variables have higher factor loadings in the first factor than in the other five. Component 1 measures a perceived dimension of differentiation in the processes of market entry and planning of marketing strategy for the South-East European markets. It combines elements of strategic planning (training of executives, market research) with elements of marketing mix (distribution networks and positioning). The explaining power of this factor reaches 19.34% of total variance. As regards component 3, there is only one variable, “communication policy differs from country to country”, which has a factor loading 0.683, explaining 10.14% of the total variance. Component 4 relates the attributed importance in the differentiation of products’ brand names and the price policy in the various target-markets with factor loadings 0.865 and 0.552 respectively. Thus, this component reveals the differentiation as regards the promotion and price policy which constitute elements of marketing mix (the 4Ps of marketing mix: price, promotion, product, place/distribution). This component explains 9.99% of the total variance. It is evident from the above that Greek firms engaged in South-East Europe apply differentiated marketing strategy combined with elements of the general export strategy such as market research and training. In other words, they adapt some of the main elements of marketing strategy to the local markets’ needs. Factor analysis shows that the larger amount of differentiation can be analyzed in the light of three basic factors: (a) differentiation in the processes of market entry and planning of marketing strategy, (b) differentiation as regards the product promotion and price policy and (c) differentiation in the communication policy.

Before concluding this section we should stress that our study suffers from a number of limitations. One is related to the relatively small and specialized sample size: the scope of this research is focused on listed (on the Athens stock exchange) exporters to South-East Europe. In addition, only a number of export initial incentives and export marketing elements have been explored and hence the effect of other variables not included was not measured or considered. We should also take into account the possibility that respondents may have been more likely to attribute their export performance to their own efforts rather than the efforts of their local representatives or alternatively external, environmental factors e.g. general economic and political conditions. Finally the lack of uniformity in the region of the Balkans in terms of the level of development and the socioeconomic and political environment of the region’s countries adds to the difficulty of achieving reliable findings with the factor analysis technique, especially concerning differentiated marketing strategies.

#### 4. Conclusions and policy implications

A considerable number of academic papers are focused on exporting, one of the most common entry modes to the international markets. As a result, export marketing strategies and export behaviour motives have been a primary area of interest. Our paper has made two contributions. It proposed a framework that incorporates various internal, external and strategic factors explaining the motivation and the marketing strategy of exporting firms. In particular, we conceptualized Greek exports to a geographically and psychologically close market to Greece, South-East Europe, within the framework of a model of strategic management. Under this framework exporting behaviour is affected by external factors, such as market size and characteristics, expected profits, competition, economic stability, as well as by internal factors, namely marketing infrastructure (personnel, technical support etc). As firms begin to compete in export markets, their export success depends upon their ability to develop and implement unique competitive strategies. This can be achieved through differentiated marketing strategy as regards price, promotion, product, placement/distribution with elements of the general export strategy such as market research and training.

Our study differs from most published research dealing with export behavior in a number of aspects. First, it looks at the export behavior of active Greek exporters listed on the Athens stock exchange with their major exports to the South-East Europe, which is a geographically and psychologically close market to Greece. Second, it analyses the behavior of exporting firms in their initial export incentives and some basic elements of marketing strategy. Finally, we use factor analysis technique for both parts of the analysis. An avenue of future research could be related to the validation of our results through data collection concerning Greek firms exporting principally to other world markets. Furthermore the results of our study suggest that in order to increase exports, Greek policy makers should continue to support economic restructuring and stability in the Balkans. Additionally, they should assist Greek firms by various measures to build marketing infrastructure, research and training of personnel.

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