

Working Paper 01-26  
Business Economics Series 09  
May 2001

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## EXPLAINING EXPORT REGIONAL INVOLVEMENT THROUGH MARKETING STRATEGY: THE CASE OF SPANISH COMPANIES EXPORTING TO LATIN AMERICA

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### Abstract

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This study aims to develop a model that explains the degree of involvement in the different export regions based on the company's marketing strategy.

Of particular interest is the case of Spanish exporting companies. First of all, export propensity has been steadily growing over time from a 33% of total sales in 1992 to a 41% in 1998. Nevertheless, only 34% of those companies could be considered as active exporters, i.e., companies that will continue exporting in the long run as part of their strategy. Second, Spanish exporting companies have to determine their level of involvement between regions with very different physical and psychological distance (Dow, 2000). This paper focuses on the effect of marketing strategies in reducing such perceived differences (Evans et al., 2000). In particular, the case of Latin America as an export region psychologically close to Spanish exporting companies and the second destinations of their exports provide an additional interest.

Methodologically speaking, the analysis of the level of involvement of an exporting company in the different export regions is based on a Seemingly Unrelated Regression Model (SURE). The data were collected from a sample size of 2.264 Spanish exporting companies.

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**Keywords:** International management, Market selection, International marketing, Exporting companies

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## INTRODUCTION

Exporting represents one of the most common entry modes to the international markets. As a consequence, exporting and export behavior have been a primary area of interest in the marketing international field and the focus of a large amount of literature (Aaby and Slater, 1989; Bilkey, 1978; Cavusgil and Nevin, 1981; Douglas and Craig, 1992; Leonidou, 1995, 1998; Leonidou and Katsikeas, 1996). Despite such a large body of research, “the determinants of export performance are still characterized by a fragmented collection of confusing findings” (Zou and Stan, 1998, p.333).

In terms of the possible explanatory variables of export involvement, Katsikeas et al . (2000) considered two main groups: background variables, i.e., managerial, organizational, and environmental forces; and intervening variables, i.e., variables that directly affect export performance, such as the company’s marketing strategy.

The perceived psychic distance between LA and Spain play an important role guiding country selection decisions during the internationalization process of Spanish firms. In a recent article Dow (2000) finds that psychic distance, as the set of factors that difficult the effective flow of information between a firm and its foreign markets, have a significant influence on export market selection.

This study pursues to complement and to clarify the existing body of literature analyzing the particular case of Spanish exporters in Latin America (LA), which is the second destination of their exports.

With this purpose in mind, we have taken Dow (2000), Aaby and Slater (1989) and Katsikeas, Leonidou and Morgan (2000) articles as the conceptual starting point for our empirical research. Accordingly, we have developed a model that explains the degree of

involvement in the different export regions based on the company export product, pricing, distribution, and promotion strategy.

## **THEORETICAL BACKGROUND**

June and Collins-Dodd (2000) argue that exporting research has been conducted around three paradigms: the resource based paradigm, the contingency paradigm and the relational paradigm. The resource-based paradigm suggests that firm-level activities are determinants of firm's export propensity. The empirical research has examined the influence of firm size, firm experience, firm competencies and marketing strategies on export performance.

An important conclusion reached by reviewers of this work is that the empirical findings regarding the effect of marketing strategy and other variables on export propensity and performance have been inconsistent and fragmented (Aaby and Slater 1989; Cavusgil and Zou 1994; Styles and Ambler 1994; Zou and Stan 1998).

A second approach, the contingency paradigm, considers that variables such as industry and market conditions are expected to mediate the influence of the various firm characteristics, strategies, and/or competencies on export performance (Cavusgil and Zou 1994; Reid 1987; Yeoh and Jeong 1995). No one strategy can be appropriate in all contexts. The effects of various firm characteristics on export performance are dependent on the specific situation of the firm.

Third, the relational paradigm, focused on the network of business interactions and views export expansion as the sequential development of relationships with others firms (Styles and Ambler 1994).

In this work, we apply the contingency framework because all Spanish exporters to LA, and exporters to other regions, face a similar business environment and similar cultural distances

to those export markets. In addition, we use the paradigm to explore the influence of firm size, firm experience, firm competencies and marketing strategies on the degree of involvement in the different export regions.

## **Organizational Factors**

### *Firm Size*

Differences in the size of firms have been proposed as a significant variable affecting directly or indirectly export behavior and performance (Aaby and Slater, 1989). The basic assumption has often been that some important inputs needed for exporting are indivisible and that economies of scale favor larger firms.

According to the recent reviews on export performance literature in general (Zou and Stan, 1998; Aaby and Slater, 1989) and firm size and export performance relationship in particular (Bonaccorsi, 1992), firm size has mixed effects on performance. These authors conclude that the relationship between firm size and performance is still a controversial issue. In his review, Moini (1995) found that no definitive conclusions could be drawn from past research on the connection between firm size and export performance.

Although the empirical findings are not conclusive, some studies indicate that firm size is important (Moen, 1999). The results of a meta-analysis conducted by Chetty and Hamilton (1993) found a medium positive impact of firm size on export performance. The firm size measurement used varies in the studies reviewed and it appears to be relevant. Most positive effects are found when size is measured by sales turnover, while negative relationships appear when number of employees is the chosen measurement (Zou and Stan, 1998). This emphasizes the need to carefully choose the type of firm size measurement to use in research.

### *Export Experience*

In the relevant literature, there is no consensus on the influence of firm export experience on export performance. Many previous studies (e.g., Cavusgil and Zou, 1994; Dominguez and Sequeira, 1993; Dean et al, 2000) found a positive relationship between firm competency (years engaged in exporting) and performance whereas Cooper and Kleinschmidt (1985) and Naidu and Prasad (1994) found export experience to be negatively related to export performance.

#### *Firm export motivation*

Prior studies report that motivation to exporting measured by proactiveness vs. reactivity is a consistent predictor of good export performance (see the recent review by Dean et al, 2000). Exporting researchers have analyzed the level to which firms take the initiative and actively solicit export sales as an indicator of proactiveness (June and Collins-Dodd, 2000).

Moreover, Johnston and Czinkota (1982), Katsikeas and Piercy (1993) and June and Collins-Dodd (2000) have used the proactive and reactive categorizations of motivations to exporting to discern the strategic orientation of the firm. According to Johnston and Czinkota (1982), the proactive exporter performs better in terms of sales volume, follows more cohesive export marketing strategies, and is more likely to be service oriented than are reactive firms.

June and Collins-Dodd (2000) concluded that most export-successful firms are those that adopt more proactive approaches in terms of firm's sales-seeking activities and degree of information-seeking activities.

#### **Marketing Strategy Factors**

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. In this framework, the strategies of cost leadership and differentiation 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 strategies of cost leadership and/or differentiation, these firms have to match their internal and location-specific competitive and comparative advantages with the requirements of the external environment in which they compete (Aulakh, Kotabe and Teegen, 2000). 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 or innovative products (Miller, 1988). A cost-leadership strategy involves giving consumers value comparable to that of other products at a lower cost (Porter, 1986). This strategy can provide above average returns because firms following cost leadership can lower prices to match those of competitors and still earn profits (Miller, 1988).

Export marketing strategy is the means by which a firm responds to the interplay of internal and external forces to meet the objectives of the export venture (Cavusgil and Zou, 1994). Export marketing strategy variables refer essentially to the company export product, pricing, distribution and promotion strategy and are key to exporting success (Katsikeas, Leonidou and Morgan, 2000). In international marketing, an important consideration is whether the marketing strategy should be standardized or adapted to the foreign market characteristics (Cavusgil and Zou, 1994, Shoham, 1996). The degree of marketing adaptation versus standardization is a function of product, industry, market, organization, and environmental characteristics (Dean, Mengüç and Myers, 2000).

Several studies have examined the relationship between export performance and marketing strategy, and with few exceptions, found a positive association. Strong links were reported for product adaptation and product quality (Shoham, 1996; Dominguez and Squeira, 1993; Louter, Ourwerkerk and Bakker, 1991), pricing strategy (Shoham, 1996, Samiee and Anckar, 1998, Styles and Ambler, 1994), dealer support (Cavusgil and Zou, 1994) salesforce

management adaptation, (Shoham, 1996) and promotion and advertising (Styles and Ambler, 1994; Shoham, 1996).

In terms of the product variable, firms with a high proportion of exports are willing to adapt their products for exporting (Dominguez and Sequeira, 1992). Even more, Cavusgil and Kipalani (1993), and Christensen et al. (1987) conclude that product adaptation enhances performance in initial market entry and subsequent penetration success. Inexperienced exporters may find it simpler to export standardized products (Kirpalani and Macintosh, 1980). In summary, the empirical evidence suggests that product adaptation enhances performance.

Adapting price seems to have an effect on performance only when it is higher than domestic price, harming performance when it is lower than domestic price (Koh and Robicheaux, 1988). Cooper and Kleinschmidt (1985) also found that price-oriented strategies were more prevalent among firms selling to near neighboring countries and were associated with lower export propensity and growth. Stronger price pressures in international markets results mostly in downward price adaptation, thus hurting performance. In contrast, Shoham (1995) reports a positive relationship between price adaptation and profitability. Thus, the various elements of pricing (currency, payment method, and security) should be standardized across international markets.

Sales and distribution strategies, including strategic partnerships and the use of intermediaries have been found in previous research to be related to export success (Aaby and Slater, 1989; Cavusgil and Zou, 1994; June and Collins-Dodd, 2000). Successful exporters stress the importance of ongoing distribution arrangements and frequent visits to foreign representatives (Beamish, Craig and McLellan, 1993). Nevertheless, distribution decisions are highly context dependent and may not be easily adaptable (Shoham, 1999). In fact,

Shoham found a negative relationship between distribution adaptation (mainly salesforce management) and export performance.

Finally, the relationship between promotion adaptation and performance has been considered positive in most cases (Shoham, 1996), for the exception of Cavusgil and Zou (1994). Amine and Cavusgil (1986) define the role of personal contacts as crucial in the field of export promotion and advertising. In their study, although exporters used local media, trade and point-of-sale advertising and promotional methods, these were judged as secondary. Personal contacts in the form of trade shows are of especially importance when there is a large psychological distance between markets (Dow, 2000).

## **METHODOLOGY AND SAMPLE**

### **Sources of Data**

The primary source of data for the analysis is a survey of Spanish exporting companies conducted by the Spanish Chamber of Commerce (Instituto Español de Comercio Exterior) in 1998. The survey's population included all Spanish exporting manufacturing and agricultural companies (13.601 enterprises). It was stratified according to industry and company size to ensure adequate representation. Therefore, a stratified random sample procedure was used. The sample size of 2.264 companies allowed for a 95,5% significance level, a 2,1% error level in the entire sample and a 10% error level by segments. Data were collected through in-depth personal interviews with export managers conducted by a professional market research firm. The response rate was close to 100%.

We have to take into consideration that the population was defined using companies that had declared to be an exporter. Hence, there could be a selection bias since we do not have information about all firms that potentially could be exporters. By accepting such a problem, the resulting inference would be conditioned by it.



Surveyed firms represented all the main manufacturing and agricultural industries. *Food, beverages and tobacco, Textile products* and *Metallic products* were the most active industries in terms of exporting activity. Additionally, 83.39 % of the firms surveyed could be considered small and medium-sized with less than 200 workers. The primary export destination was the European Union with 94% of firms exporting to that regional market. Latin America followed it: 43 % of the Spanish exporting firms, i.e., 475 of the firms surveyed, had chosen Latin America as an export market. Other destinations in order of importance were: Asian-Pacific (37 %), Rest of Europe (35 %), U.S.-Canada (34%).

The survey included information on performance – sales, profitability, growth -, organizational structure –departments, employment, outsourcing, training-, innovation activity and marketing policy. This study will specifically work with variables related to marketing policy.

### **Methodology**

Our quantitative analysis shares many settings of estimation models such as capital asset pricing or demand systems. In the case of those models, it is possible to apply a simultaneous estimation process to a group of related variables. In terms of our research, our initial assumption is that firms produce and sell their products to different geographical regions using different marketing policies. Therefore, we will apply that same methodology to be able to estimate simultaneous equations that explain degree of involvement in the different regional markets depending on firm characteristics, strategic behavior and marketing plans.

The procedure applied is called Seemingly Unrelated Regressions Model (SURE) and it consists in having a common multiple equation structure, which we could write as:

$$\begin{aligned}
 y_1 &= X_1 \mathbf{b}_1 + \mathbf{e}_1 \\
 y_2 &= X_2 \mathbf{b}_2 + \mathbf{e}_2 \\
 &\cdot \\
 &\cdot \\
 y_m &= X_m \mathbf{b}_m + \mathbf{e}_m
 \end{aligned}$$

There are  $m$  equations and  $T$  observations in the data sample. The error term is normally distributed with 0 mean and  $\sigma$  variance and also the disturbances are uncorrelated across observations.

Seemingly unrelated regression models are so called because they appear to be joint estimates of several regression models, each with its own error term. The regressions are related because the contemporaneous errors associated with the dependent variables may be correlated. Each equation is, by itself, a classical regression. Therefore, the parameters could be estimated consistently, if not efficiently, by ordinary least squares. Nevertheless, the efficient estimator is generalized least squares, which applies to the stacked model. In fact, the greater the correlation of the disturbances and the less correlation there is between the X matrices, the greater the efficiency gain accruing generalized least squares.

We apply this estimation procedure to explain why companies have a particular level of involvement in the different regional markets. The explanatory variables are: motivation to export, company size, experience in foreign markets, type of competitive strategy, and components of the marketing strategy.

### **Definitions of Variables**

The variables representing the various constructs of the conceptual framework are defined as follows:

### Export performance

Katsikeas, Leonidou and Morgan (2000), Aaby and Slater (1989), Casvugil and Zou, (1994), Zou, Taylor and Osland (1998), Styles (1998) viewed and measured export performance in a variety of ways. According to the literature review of export performance measures conducted by Katsikeas et al (2000), sales-related measures and profit-related measures at the corporate level have been most often used to represent export performance. In our case, export performance was calculated as the total export volume to Latin America (LA) expressed in logarithms. It indicates the extent to which the firm is involved in LA as an export destination.

Measures of firm size include the log of number of employees. Firm experience was measured by years engaged in exporting. Finally, we also controlled for the existence of an export department.

### Firm export motivation

We adopted the classification of firm's export motives presented by Albaum, G., Strandskov, J., and Duerr, E. (1994), which has been used in subsequent researches (Moen, 1999). Therefore, we distinguished between motivating factors that are internal to the firm, vs. stimuli originating from the external environment. Planning is a dummy variable equal to 1 if exporting is motivated via internal strategic planning, and zero if exporting is motivated from external demand cycles, orders, etc.

### Marketing strategies

We used items to reflect various relevant characteristics of the marketing-mix variables.

#### *Product/service:*

- Product differences in quality, design and service.
- Pre and post-sale service infrastructure.

#### *Pricing:*

Price differential in foreign markets relative to domestic price levels:

- Higher price
- Lower price
- Equal price
- Depending on the country

*Promotion:*

We use several measures of promotion:

- Log of Expenditures in Advertising
- Existence of promotion campaigns in foreign markets
- Frequency of promotional campaigns
- Promotional Tools: fairs, direct mailings, trade promotions.

*Distribution/Place:*

To analyze the distribution policy we classify their channel networks. We differentiate among proprietary networks, non-proprietary networks, and partnered networks. This information was available at the firm level.

## **RESULTS**

We provide estimates of the influence of company characteristics and marketing policies on the amount of exports by destination of Spanish firms. Tables 1 to 6 show the model's coefficients. Our estimation technique provides a significant level of  $R^2$  from .20 to .33 depending on the equation.

In this context, one added value of our methodology is that a simultaneous equation model provides a more suitable inference of the results. In fact, the comparison of such results with those that could be obtained using an OLS method proves that we should not consider export

destination decisions as independent of exporting performance. Export performance and export destinations are somehow dependent on each other.

**(Insert Table 1)**

Table 2 provides results that support the fact that large firms are more engaged in export activity. Results prove that size is significantly related with performance. These results are perhaps due to the amount of resources necessary to carry out a successful international operation. Additionally, we observe that the existence of an export department contributes to increase the export activity and, usually, large firms will be more capable of sustaining such department.

On the other hand, exporting experience seems to affect positively a higher involvement in all destinations except for Latin America and other minor destinations (that we call “Rest of the world”). This result could be explained by the fact that the Latin American market for Spanish firms is culturally closer and does not constitute a problem in terms of lack of knowledge and high perception of risk.

In terms of the proactiveness or motivation of the company towards exporting, i.e. considering exporting as a sustainable source of revenue that is part of the company’s strategic plan. We have used two different variables to measure motivation or internal commitment to exporting: first the existence or not of a formal exporting department and the inclusion or not of exporting in the company’s strategic planning. As we already mentioned before, the existence of an exporting department significantly explains a higher level of involvement in all regional markets except Latin America. This result supports the fact that Latin America as a market destination does not demand the same type of capabilities for an Spanish exporting company as would any other foreign market destination.

**(Insert Table 2)**

Table 3 to Table 6 include the result coefficients for each element of the marketing strategy. Results show that marketing strategy has an important impact on export involvement. It confirms our main hypothesis of the existence of a significant interaction between a company's decision about which destination to choose for its exports and the marketing strategy followed.

In terms of product strategy, differences in the amount of services accompanying a product (augmented product) is highly discriminating of export involvement for the U.S. and Canada. On the other hand, quality and design seem to be somewhat significant for the rest of the regions. The existence of pre and post-sale service infrastructures is significant for exports to Latin America and the Rest of Europe (non-European Union).

**(Insert Table 3)**

With respect to the price strategy, results show that relative prices are only effective in order to increase exports directed to the European Union. The direction of effects is as expected, export involvement is highest when a company is able to offer prices that are higher or, at least, equal to the prices in the domestic market. Nevertheless, we get a positive coefficient for every type of price structure, which proves that there is price heterogeneity within the European Community.

**(Insert Table 4)**

Table 5 includes the effect coefficients for the different variables that characterize promotional strategy. The need for aggressive advertising campaigns has a negative influence on export activity directed to most of the regions, being especially significant for the Rest of Europe, U.S and Canada. A possible reason for these results could be the difficulty of sustaining the huge costs of such type of promotional activity. In terms of

advertising frequency, only in the case of exports directed to the European Community the effect of higher frequency of campaigns is positive, while in the U.S and Canada, Asia and Pacific and the Rest of World, the impact on exports is non-significant. Media clutter and cost could again be a possible explanation of these results.

On the other hand, the expenditure in advertising has the expected effect on the export activity. We find that advertising expenditure has a major impact in the case of exports directed to Europe (European Union and non-European Union), Latin America, and the Rest of World. On the contrary, fairs and trade promotions do not have a positive effect on involvement for exporters to the European Union, but they do for exports directed to the other destinations. They are especially important for exports directed to the U.S. and Canada, Latin America and the Rest of Europe.

**(Insert Table 5)**

Finally, in terms of distribution channels, exports to the European Union benefit a lot from having developed a comprehensive distribution network, both proprietary and non-proprietary. For the rest of destinations that positive effect does not hold.

**(Insert Table 6)**

## **CONCLUSIONS**

A large number of studies have attempted to identify variables that are correlated with exporting performance. These previous studies have certainly enhanced the understanding of the antecedents of export performance. However, the knowledge is still far from being comprehensive. As derived from the review studies by Aaby and Slater (1989) and Zou and

Stan (1998), a pattern of inconsistent and conflicting empirical findings still exists in the literature for the majority of export determinants in terms of the identification of their relative importance.

Therefore, there still remains a gap in the empirical research of the degree of involvement in the different export regions based on the company's marketing strategy. In that sense, we made two contributions. First, we proposed a framework that incorporates various company and strategic factors explaining the involvement of exporting firms. In particular, we examined the effect of the competitive strategy (price-based or differentiation-based), the marketing plan and important company characteristics such as experience, size and motivation to export. Second, we developed a model that simultaneously estimates the explanatory value of those variables in terms of the involvement decisions made for six different regional markets.

Our findings confirm the importance of company size and exporting proactiveness in conditioning high export involvement in each regional market. Nevertheless, exporting experience, although significant in most of the cases, was not important in explaining involvement in Latin America. The fact that the Latin American region is seen as psychologically close to Spain reduces the perceived risk of failure, and gives incentives to companies with a limited exposure to foreign markets to start trading with that area.

In terms of competitive strategies, involvement is determined by different strategies depending on the region. Companies highly involved in exporting to Latin America usually follow a low price strategy (confirming Aulakh, Kotabe and Teegen (2000) findings), whereas companies with a high involvement level in the United States usually follow a differentiation strategy based on the augmented product (higher service, more add-ons).

Finally, there is a very important distinction in the value of the components of the communication strategy. In the case of more distant markets such as the U.S. or Latin



America, trade shows are of really high importance. Nevertheless, in closer markets such as the European Union, high advertising expenditure is most significant.

These findings have important implications for both practice and theory. The first finding relates to the impossibility of a standardized global strategy if a company wants to achieve a high involvement level in each regional market. The type of competitive strategy that works best, and the marketing plan that follows, are different depending on the physical and psychological distance between those markets.

Second, a minimum firm size and proactiveness to export is necessary to succeed in international markets. In fact, it could be considered a necessary prerequisite for involvement in any regional market. Companies that do not comply with these requisites would have limited internationalization results.

Finally, managers should be very careful in deciding about how to invest their communication budget. Trade shows are not necessary in every case. If a company is targeting physically close markets, trade shows will not be so beneficial, due to the fact that there are other more cost-effective ways to get in contact with possible customers and distributors in those markets. Nevertheless, a certain investment in advertising in order to build brand equity and reduce the perceived risk of a new product is significant in every case.

This study has a number of limitations. The first shortcoming is the source of data. The survey developed by the Spanish Chamber of Commerce is extremely rich in terms of items measured and number of observations collected. Nevertheless, it is a survey developed for descriptive purposes and not for exploratory analysis. Therefore, there could be several problems in terms of measurement inadequacy of our variables. That could be the reason why some marketing variables that have been traditionally found significant such as distribution agreements (Aaby and Slater, 1989; Cavusgil and Zou, 1994; June and Collins-Dodd, 2000) were not found significant in our model. Second, we are not taking situational

variables, such as industry type or country-of-origin effect, into consideration and that could limit the validity of our findings out of its current context. Finally, although we assume that physical and psychological distance to the different regional markets could be a very important source of explanation of our findings, they were not measured as such in our analysis.

Therefore, a first avenue of future research is validating our results through data collection in other countries and industries. Second, the development of our own survey system would provide richer information in terms of the different options when making marketing plan decisions for international markets, and improve our understanding of the phenomena. Finally, further research can provide important insights by incorporating measurements of the physical and psychological distance between markets to our framework.

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**Table 1. SURE Results**

<b>Equation</b>	<b>Obs</b>	<b>Parms</b>	<b>RMSE</b>	<b>"R-sq"</b>	<b>F</b>	<b>P</b>
Latin America	1056	24	3.850889	0.2570	15.51952	0.0000
European Union	1056	24	2.460703	0.3290	22.00092	0.0000
Rest of Europe	1056	24	3.632945	0.2422	14.34032	0.0000
USA and Canada	1056	24	3.710322	0.2199	12.65087	0.0000
Asian Pacific	1056	24	3.80895	0.2287	13.30247	0.0000
Rest of the World	1056	24	3.904929	0.2003	11.23872	0.0000



**Table 2. Internal Variables**

	<b>Latin America</b>	<b>European Union</b>	<b>Rest of Europe</b>	<b>USA and Canada</b>	<b>Asia and Pacific</b>	<b>Rest of the World</b>
<b>Employment</b>	0.690 (7.157)	0.832 (13.509)	0.549 (6.035)	0.364 (3.921)	0.402 (4.216)	0.709 (7.253)
<b>Experience</b>	-0.001 (0.290)	0.020 (7.450)	0.020 (4.854)	0.038 (9.392)	0.026 (5.338)	-0.007 (1.613)
<b>Dept. Export</b>	0.515 (1.849)	0.476 (2.672)	0.575 (2.187)	0.719 (2.678)	0.957 (3.472)	0.785 (2.778)
<b>Planning</b>	0.488 (1.673)	0.276 (1.482)	0.378 (1.376)	0.189 (0.673)	0.508 (1.761)	-0.112 (0.371)

**Table 3. Product Policy**

	<b>Latin America</b>	<b>European Union</b>	<b>Rest of Europe</b>	<b>USA and Canada</b>	<b>Asia and Pacific</b>	<b>Rest of the World</b>
<b>Quality</b>	0.134 (0.213)	0.618 (1.515)	1.083 (1.838)	-0.563 (0.933)	-0.054 (0.087)	1.280 (2.012)
<b>Services</b>	0.017 (0.029)	0.426 (1.048)	-0.694 (1.182)	1.518 (2.526)	0.237 (0.384)	-0.557 (0.879)
<b>Design</b>	-0.259 (0.567)	0.359 (1.209)	-1.123 (2.613)	-0.723 (1.642)	-0.109 (0.242)	-0.923 (1.988)
<b>Infrastructure</b>	0.753 (2.827)	0.132 (0.760)	0.481 (1.918)	-0.165 (0.642)	-0.349 (1.321)	0.317 (1.173)

**Table 4. Price Policy**

<b>Differences if</b>	<b>Latin America</b>	<b>European Union</b>	<b>Rest of Europe</b>	<b>USA and Canada</b>	<b>Asia and Pacific</b>	<b>Rest of the World</b>
<b>Price is higher</b>	0.824 (0.884)	2.942(4.903)	-1.111 (1.264)	-1.315 (1.464)	-0.598 (0.649)	-2.525 (2.672)
<b>Price is lower</b>	1.353 (1.412)	2.854 (4.626)	-0.081 (0.089)	-0.810 (0.878)	-0.252 (0.266)	-1.373 (1.413)
<b>Price is equal</b>	0.393 (0.418)	3.108 (5.132)	-0.916 (1.032)	-1.352 (1.461)	-0.968 (1.040)	-2.564 (2.688)
<b>Depending on country</b>	1.050 (1.117)	2.820 (4.657)	-0.356 (0.401)	-1.247 (1.376)	0.018 (0.019)	-0.999 (1.048)

**Table 5. Promotion Policy**

	<b>Latin America</b>	<b>European Union</b>	<b>Rest of Europe</b>	<b>USA and Canada</b>	<b>Asia and Pacific</b>	<b>Rest of the World</b>
<b>Foreign advertising campaign</b>	-0.895 (1.296)	-0.285 (0.641)	-1.089 (1.671)	-1.071 (1.607)	0.113 (0.165)	-0.601 (0.858)
<b>Frequency campaign</b>	-1.285 (0.802)	3.993 (3.829)	-1.067 (0.714)	-2.716 (1.786)	-3.039 (1.967)	-2.659 (1.645)
<b>Fairs</b>	1.140 (2.275)	0.246 (0.757)	1.412 (2.985)	1.399 (2.892)	1.024 (2.062)	1.122 (2.207)
<b>Promotions</b>	1.127 (2.187)	0.098 (0.296)	1.584 (3.257)	1.060 (2.132)	0.258 (0.505)	-0.858 (1.642)
<b>Media Advertising</b>	0.429 (1.207)	-0.175 (0.762)	0.425 (1.268)	0.834 (2.435)	-0.058 (0.165)	0.280 (0.778)
<b>Direct Advertising</b>	-0.493 (1.416)	-0.030 (0.134)	-0.146 (0.445)	0.035 (0.105)	0.527 (1.525)	-0.119 (0.338)
<b>Advertising expenditure</b>	0.197 (3.313)	0.087 (2.269)	0.161 (2.861)	0.140 (2.433)	0.155 (2.616)	0.168 (2.782)

**Table 6. Place Policy**

	<b>Latin America</b>	<b>European Union</b>	<b>Rest of Europe</b>	<b>USA and Canada</b>	<b>Asia and Pacific</b>	<b>Rest of the World</b>
<b>Own network</b>						
• <b>Subsidiary</b>	-1.193 (0.824)	4.637 (5.013)	-0.707 (0.517)	-3.018 (2.163)	-2.548 (1.779)	-2.180 (1.485)
• <b>Represent</b>	-2.802 (2.008)	4.231 (4.746)	-1.124 (0.854)	-3.395 (2.526)	-3.020 (2.189)	-1.034 (0.731)
• <b>Agent</b>	-2.747 (1.982)	4.342 (4.903)	-1.348 (1.031)	-3.196 (2.393)	-2.349 (1.714)	-1.522 (1.085)
• <b>Mail</b>	-1.999 (1.428)	4.083 (4.565)	-1.033 (0.782)	-3.086 (2.289)	-2.964 (2.141)	-1.170 (0.825)
<b>Not own network</b>	-1.463 (1.074)	4.050 (4.650)	-1.011 (0.786)	-3.005 (2.288)	-2.912 (2.161)	-1.547 (1.115)
<b>Sharing network</b>	-1.883 (1.298)	4.133 (4.459)	-1.641 (1.199)	-2.591 (1.855)	-2.701 (1.883)	-2.240 (1.525)