

Information Priorities of American Export Marketers

by Mel Prince and Ken Laird

Southern Connecticut State University

Melvin Prince and Ken Laird are faculty members of the Marketing Department, School of Business, at Southern Connecticut State University located at 501 Crescent Street in New Haven, CT 06515. E-mail address is MelDarien@cs.com.

Executive Summary

Knowledge gaps represent serious barriers to profitable export activity. It is axiomatic that successful exploitation of export opportunities requires a firm's attention to organizational learning relevant to this aspect of marketing. Research on export information acquisition has centered on the scope of information needs and the utilization of information sources and services for operational decisions (Cui, 1992; Leonidu and Adams-Florou, 1999). The present research focuses solely on information priorities of exporters. The research opens new vistas by exploring *direct assessments by both marketers and export experts of export knowledge priorities at the organizational level* i.e. the most critical learning needs of American Exporters to upgrade their export capabilities.

Literature Review

Several articles in the literature concern export training needs of firms. These have been based on knowledge assumed to overcome identified barriers to exporting or on training requirements for tailor made programs for individual staff of export firms (Cellich and Roberts, 1993; Carrier, 1999). Other writings concern anecdotal reports of export information needs by individuals from specific organizations (see, for example, Scott 1999)

One agency analyzes export contracts as a basis of determining specific knowledge and skills for extensive and sustained education programs to develop export managers (Day 1990).

The author explains:

This analysis results in the following subject areas for [the agency's] courses: export market research (to provide the right product); export distribution and promotion (to sell such products according to customary commercial practices in the marketplace); export management accounting (to cost, price and manage for maximum profits); elements of export law (to ensure contractual relationship with buyers); export documentation and international transport (for efficient paperwork and movement of goods); export finance (to comprehend methods of payment; finance of production, management of exchange risks and credit insurance); cargo insurance (to indemnify the export company against transport risks that can be covered in the Marine insurance market); and, finally, international trade law (to understand how concepts of export law relate to transport, insurance, finance, sales, product liability and so on). These eight subjects are the vital constituent parts of export education.

Another perspective is to examine gaps in knowledge for individuals in specific job functions i.e., the skills and knowledge to bring job performance up to higher standards (Cellich and Roberts, 1993). Export knowledge is imparted as a tailor-made program involving knowledge, skills and attitude training for specific persons. Based on feedback from such a program, it is possible to obtain some insights about the export informational needs of

company staff, as a whole. Several studies have evaluated exporter information needs in the context of larger export assistance programs that have been administered including counselling services, networking events and the like (Vanderleest 1996; Moini 1998). Firms' opinions about information needs reflected areas of weakness in currently operating programs and cost factors associated with potential service products from these agencies.

Method

Telephone interviews were conducted with two samples: (1) exporters listed in the *American Export Register* (n=20), and (2) experts on exporting (n=10). *American Export Register* listed marketers were selected from the 1999 AER CD-ROM. Marketers were purposively sampled from the New York Metropolitan Area, the Midwest and the West Coast. A variety of industries were represented, including nutritional supplements, precision turning and grinding machines, electronic security systems, and microwave equipment. Marketers varied by the sales and export volumes of their companies. The export sample was comprised of governmental officials and others involved in the facilitation of export activity of US organizations.

Findings

Exporter Opinions on Priority Information Areas

Exporters singled out general information areas deemed important for their export organizations. These are: (1) export marketing strategy, (2) export operations, and (3) financing exports. The area of trading blocs is of

lesser importance.

Sub-Areas of Greatest Interest

Export marketing strategy

Distribution. Distribution channel selection is important, since it shapes all other marketing mix decisions. The choice between indirect and direct distribution modes, once made, is hard to undo. Additionally, the difficulty of such choices is compounded by uncertainties about future growth patterns of alternative channels.

Marketing strategy. Know-how for developing sound marketing strategy is essential. Serious attention must be given to production, finance and personnel as components of the overall strategy. Risk of failure is minimized when strategy accurately anticipates the required level of needed resources.

Marketing communications. Export marketers seek ways to improve utilization and control of promotional tools such as advertising, publicity, direct marketing, forums (e.g., exhibitions or fairs), and sales promotion. The marketing focus is on making effective and efficient use of the planned promotional mix.

Export operations

Documentation. Understanding documentation is a central concern, since payment is determined by the character of shipping documents associated with an international transaction. Inaccurate documentation can be costly, triggering delays, as well as excess storage and insurance

fees.

Regulations. These might include knowing requirements for packaging, product design, and safety assurance. Costs and burdens of regulation can be significant factors in export market selection and marketing approach.

Logistics. Exporters must learn ways to optimize cost effectiveness and speed of delivery for specified types of goods. Logistical choices are further complicated by cash flow and transit reliability considerations.

Financing exports

Letters of credit. When there is no advance payment, exporters must understand how to allay concerns that payment will be received. Letters of credit are important in this respect. Informed decisions must be made as to the type of credit selected and instructions for execution of the letter must be accurate and precise.

Currency risk. The volatility of rates of currency exchange between countries motivates exporters to learn about currency risk. An unfavorable trend can reduce profits or generate losses. Therefore, exporters will search for ways to reduce this serious risk factor.

Economic conditions and crises. Information on the economic realm of a foreign country is critical for setting export market priorities. Export planning requires knowledge of current and forecasted levels of affluence and spending patterns for selected products in foreign markets.

Exporter conference participation.

Virtually all exporters reported having attended a conference on exporting, in search of needed information. Their recollection of conference topics to which they were exposed is another important indicator of their informational priorities.

Conference topics attendees recalled. Salient topics included letters of credit, documentation, marketing communications, distribution, and information and advisory services.

Export Experts' Opinions on Export Information Priorities

There were several general areas that experts suggest as priorities for export marketers

Targeting country markets. Exporters are inclined to target markets with which they are familiar. Unfamiliarity may lead to passing up excellent opportunities for selected country markets. Information priorities call for knowledge of market conditions in targetable countries.

Export documentation. Improper documentation can result in non-payment or loss of goodwill over protracted payment concerns.

Legal and regulatory issues. Liabilities, stolen trademarks and patents, and market share can result from ignorance of legal and regulatory issues. The enlistment of international attorneys is an area where exporters stand to be informed.

Financial concerns. Financial problems can be mitigated by knowing details of export credit insurance, the availability credit extensions, and specialized bank products for exporters.

Cultural differences. Exporters need to know business cultures and contexts in other countries. Consumer understanding, language and tastes affect not only the success of product and packaging design, but also other modes of marketing communications.

Sub-Areas experts single out as important for export marketers.

Export Marketing Strategy is the most important general area of interest Financing Exports, Export Operations and Trading Blocs are important, but to a lesser extent.

Specific topics identified as most useful are: (a) “shipping and logistics” and (b) “laws and acts relating to exports.” “Targeting countries for export” and “developments in international areas” are topics of lesser usefulness.

CONCLUSIONS AND IMPLICATIONS

Areas of Priority Interest for an Exporting Organization

As perceived by exporters and experts on exporting, areas of highest priority in export knowledge are: overseas distribution, market and target selection, marketing mix issues, documentation and shipment information, financial arrangements and considerations, and legal is-

sues. These broadly articulated information priorities largely reflect a key sub-set of fundamental needs of export organizations identified by Day (1990)¹. Successful exporters must sell products under customary commercial practices in the marketplace. They must have a keen appreciation of market research techniques. Documentation skills are needed to promote efficiency in the transfer of goods and paperwork processing. They must consider evaluations of alternative methods of payment. Export firms must ensure that contractual relationships will be upheld.

This qualitative exploratory research has developed insights that specify priority areas of organizational learning about exports. Further research is required to test validate these findings, and to relate them to organization characteristics such as product fields, marketing orientation, international experience and other factors.

Future studies should analyze information needs of exporters according to learning orientations and the experiential learning achieved through actual export activity. Burpett and Rondinelli (2000) have found that some organizations place greater value on acquiring new knowledge, skills and enhanced capabilities in the export area—and that these firms will have a greater commitment not only to future learning, but also to continuing emphasis on export activity. While it has been argued that general needs for export information are similar across countries

¹ Areas not cited as priorities include: cargo insurance; international trade law as related to such issues as product liability and transport; finance of production, management of exchange risks and credit insurance; and export management accounting.

(Day 1990), it would be fruitful to test this hypothesis in countries with markedly different business cultures and trading histories.

REFERENCES

1. Burpitt, William J. and Dennis A. Rondinelli, 2000, Small Firm's Motivations for Exporting: To Earn and Learn? *Journal of Small Business Management*, v. 38, 1-14.
2. Cui, Geng, 1992, Export Information Search Among Small and Medium-Sized Firms: An Uncertainty Reduction Approach, unpublished doctoral dissertation, University of Connecticut.
3. Carrier, Camille, 1999, The Training and Development Needs of Owner-Managers of Small Businesses With Export Potential, *Journal of Small Business Management*, v. 37, 37-42.
4. Cellich, Claude, 1990, Export Training in the '90s, *International Trade Forum*, Issue 1, 16-20.
5. Cellich, Claude and Alan Roberts, 1993, Analyzing Export Training Needs for Company Staff. *International Trade Forum*, (Export Training Section).
6. Day, Arthur J., 1990, Developing Export Managers: Decta's Approach. *International Trade Forum*, Issue 4, 26-33.
7. Leonidu and Adams-Florou, 1999, Types and Sources of Export Information: Insights From Small Business. *International Small Business Journal*, 3, 30-49.
8. Moini, A. H., 1998, Small Firms Exporting: How Effective are Government Export Assistance Programs? *Journal of Small Business Management*, v. 36 Issue 1, 1-16.
9. Scott, Jonathan, International Trade Seminar Teaches Firms How to Export, *Memphis Business Journal*, v. 21 Issue 18, p. 10.
10. Vanderleest, Henry W., 1996, What New Exporters Think About U.S. Government Sponsored Export Promotion Services and Publications, *Multinational Business Review*, v. 4 Issue 2, 21-30.