Inward Export Performance and Export Marketing Strategy in Service Industry: Review and a Conceptual Framework

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Abstract: The globalization of the marketplace in recent years has made it vital for firms to look for opportunities beyond domestic markets, not only for growth but also to survive. Despite the remarkable growth of service exports and the contributions of the service sector to the global economy, there is scant knowledge about what drives export performance of service sector, especially in inward export. Inward export is a form of export in which foreign consumers move to the service provider’s country. A large portion of researches mainly emphasise on outward export of service and little attention has been given to inward export of services. Therefore, this study attempts to review the relationship between standardization/adaptation of export marketing strategy and export performance focusing on inward export in services. This study contributes to the understanding towards adaptation and standardization export marketing strategy and its relationship with inward export performance of service sector industry.

Key words: Export performance • Export marketing strategy • Standardization marketing strategy • Adaptation marketing strategy • Inward export • Service sector • Higher education marketing

INTRODUCTION

Export performance has become a great concern to academicians and policy-makers for several reasons. Among others, export is a source of demand with valuable impact on gross domestic product (GDP), employment and trade balance. On top of this, the export sectors are among the most dynamic sector within an economy that offers an impetus for innovation and technological advancement [1]. In the context of developed countries, the service sector contributes considerably large share to their economy [2]. While in many developing countries, service sector has shown significant growth.

In line with the increasing importance of services sector, exports of services have also grown rapidly in the recent decades. However, literature on export performance of services sector is still lacking [3], thus has limits our understanding about this subject. This is because most of the researches on this subject are focuses on the export performance in the manufacturing industries [3-8].

Exporting services are different from exporting goods or products. [9] stated that services are considered to be international either they are exported abroad or the consumers move to the service provider’s country. Regarding this, [10] have defined inward export as activities related to foreign consumers travelling to the country where the firm is located. This is opposite to outward export, where providers move to consumers abroad [9]. However, as compared to outward export, not many studies were conducted on inward export.

Many scholars have studies export marketing strategy, particularly with respect to its relationship with outward export performance [11, 12]. However, less focus is given to the export marketing strategy in service industry specifically, in inward export. Only few literatures in the international services and services marketing have investigated inward export [13]. Furthermore, focus of the researches are mainly on the relationship between 4Ps marketing strategies and export performance, in the manufacturing sector [14-16].

According to Resource Based View (RBV) firms use internal capabilities and resources to obtain competitive advantage [17, 18]. In the field of marketing, this means all capabilities and resources will be used to sustain customer value [19, 20]. This specific capabilities and resources could increase firm’s export performance.

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Furthermore, the Contingency Theory (CT) [21, 22] argued that strategies need to be designed according to the specific environment and service type [19]. In this paper, CT is used to explain export strategies that could enhance inward export performance.

This paper intends to address the above issue by reviewing the literatures on the relationship between global standardization and adaptation export marketing strategy for inward export performance in the service industry using education services as a reference. This paper argues that inward export marketing strategies for services should be different from outward export marketing strategies for goods or products. This paper offers an opportunity to advance our understanding on the similarities and differences between inward and outward export marketing strategies.

This is a review paper, where the related research articles were gathered from different databases including Science Direct, Scopus, Emerald and books. In addition, we also manually searched library archives for the relevant articles. In the reviewing process, publications from various journals such as Journal of World Business, Journal of International Marketing, The Journal of Marketing, Journal of service research and many more have been reviewed. The following keywords, as well as their combinations were used in searching the database: Export performance, Export marketing strategy, Standardization marketing strategy, Adaptation marketing strategy, Inward export, Service sector and higher education marketing.

**Literature Review:** Inward exports is one of the methods to bring foreign customers to the domestic market [23]. Examples of inward exports services can be found in education, health and entertainment industries. For instance, hosting international students is an approach to internationalization of higher education. Higher education inward approach allows interaction between local and foreign students in a new social setting, which enhance international cooperation, national security and economic competitiveness [24]. While, the investment by foreign student in domestic higher education institutions (HEI) could indirectly affects the economic growth of the country through spill-over impact [25-27]. Studies showed that inward exporting services of higher education could increase the host nation’s position in trade and the balance of payments [28].

Inward export is different from outward export, which focuses on export of products or services to abroad. Table 1 provides the differences between inward and outward export. Some elements are essential for both inward and outward export performance and some are different. For example, interpersonal skills, professional reputation and cultural intelligence they are more important for inward export than outward export.

<table>
<thead>
<tr>
<th>Inward</th>
<th>Outward</th>
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<tbody>
<tr>
<td>Consumers travel to the domestic market of the firm [13].</td>
<td>Firms move abroad and operate in the host market where the consumers are located [9].</td>
</tr>
<tr>
<td>Movement of foreign consumers to the service provider’s country occurs.</td>
<td>Movement of service providers to consumers abroad happens.</td>
</tr>
<tr>
<td>There is consumer mobility to a new country that is usually unknown.</td>
<td>There is service provider mobility to the consumer’s market.</td>
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<td>There is high face-to-face contact between service providers and foreign customers. Good interpersonal skills, relational competence of staff, high levels of customer service and process quality are important performance drivers [13, 23, 29].</td>
<td>There is more intangible service. High levels of technical skills among staff, international experience and intellectual property of the organisations are important drivers [13, 29].</td>
</tr>
<tr>
<td>People-related factors are very critical.</td>
<td>People-related factors are important.</td>
</tr>
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<td>The standard of high staff delivery is vital.</td>
<td>The standard of staff delivery is vital.</td>
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<tr>
<td>Country image and firm reputation enhance the performance of educational service [13].</td>
<td>Professional reputation is significant [13, 29].</td>
</tr>
<tr>
<td>Cultural differences result in difference led to miscommunication, misunderstanding and consumer dissatisfaction [30-32].</td>
<td>The effect of cultural differences is probably less on consumer satisfaction [13].</td>
</tr>
<tr>
<td>Cultural intelligence is essential.</td>
<td>Cultural familiarity is required.</td>
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<tr>
<td>Direct communication skills is vital.</td>
<td>Indirect communication skills is useful.</td>
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<tr>
<td>Visa, immigration requirements, currency and language are major issues especially in exporting education [13].</td>
<td>Infrastructure restrictions, government and service quality are problem [33-36].</td>
</tr>
<tr>
<td>Most of the barriers are in the domestic market.</td>
<td>Most of the barriers are in the host market.</td>
</tr>
<tr>
<td>There are 7ps marketing mix adaptation/standardization/ domestic country strategy.</td>
<td>There are 4ps and 7ps marketing mix adaptation/ standardization strategy.</td>
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<td>Educational institutions promote their services by agents, trade shows, sending ambassadors and relationships with foreign contacts. [13]. Universities adopt a range of national and international marketing campaigns and strategies for instance, international agents who to recruit students [37].</td>
<td>Promotion mix consist of advertising, personal selling, sales promotion and public relations [38].</td>
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</table>
Export Marketing Strategy: Standardization Vs Adaptation: Adaptation strategy refers to the strategies that firms practice according to their customer’s preference. On the other hand, standardization strategy is a strategy where firm follows one standard for all customers across the globe. Adaptation or standardization level of export marketing strategy is confusing and inconsistent [3]. As in the case of outward export, adaptation and standardization strategies can also be applied in inward exports but in reverse. Previous studies, however, do not separated service export marketing in terms of inward and outward export. For example, [39] examined the influence of cultural difference on standardization/adaptation marketing strategy in service industry. However, their study did not investigate marketing strategy in the context of inward/outward export. Subsequently, how standardization or adaptation strategies defined in inward term was not discussed properly.

Due to the nature of the services, which is intangibility, perishability, heterogeneity and inseparability, the original 4Ps export marketing mix may not incorporate well with the service industry [40, 41]. [42, 43] that studied the 4Ps marketing mix in attracting international students, found product and price are the most important marketing strategies. [44], however, has identified seven distinctive factors in business schools’ marketing activities. Some of the factors are commonly found in the traditional marketing mix [45]. In addition, he also discovered four additional elements; program, prominence, prospectus and premiums. A research by [44] indicates that in the case of inward export of education, 7Ps are essential to be examined instead of the traditional 4Ps.

Literature on international marketing strategy generally offers three points of view in relation to the debate on standardization versus adaptation; complete adaptation, complete standardization and a mix of both [46-48]. The levels of combination between standardization and adaptation depend on the characteristics of products, market, industry, environment and organization [49, 50]. In other words, a balance between a complete standardization and adaptation is based on the internal factors of the organization and the external environment [51].

Meanwhile, out of the 7Ps of marketing mix, product’s dimension is the critical factor that could positively affect the performance of exports [14, 15]. Adaptation strategy has been widely recommended for product. Researchers argued that effective adaptation of the products’ brand names and packaging can improve export performance [3, 52]. However, empirical studies showed a mixed results on the relationship between product adaptation strategy and export performance [53-55]. [56], for example, found no significant effect in the product adaptation strategy in various markets. While, for inward export performance of education services, [57] found that the curriculum must be suitably settled and adapted to meet the student’s needs.

For pricing strategy of exporting product, choice whether to adapt or differentiate should be based on the foreign market, market conditions and the level of competition [58]. Sousa and Novello [59] demonstrated that difference in the environment positively affects the price adaptation. [60] argued that adaptation strategy ensures responsiveness towards changes in market conditions and competitive situations. Sousa and Bradley [61] showed that smaller level of adaptation of price could contribute to higher export performance. In contrast, some argued that adapting price could bring a negative outcome [62, 63]. Therefore, export managers need to pay specific attention to price adaptation, which may influence export performance. Pricing the product, however, is rather easier than pricing services [3]. This is because, due to the intangibility of services, price could also be perceived as quality indicator [64].

Strategy for export promotions could be standardized or adapted. The plan for an adapted promotion strategy should take into consideration the differences that exist between countries such as culture, the level of economic/industrial development, the lifecycle of products and the legal limitations [65]. The execution of suitable promotion program could lead to successful export performances [66]. [14] and [50] stated that promotion adaptation is strongly and positively correlated to export performance. While, Helm and Gritsch [56] showed that the adaptation of the promotional tools is necessary for emerging markets. In contrast, Chung [67] found that culture is not the main influence on product, price, process and place. Instead, he found that culture’s main impact is on promotional efforts. Promotional programs may also have different appeals across markets [68]. However, in the inward service industry, where customers are come from various countries, it is difficult for the firms to decide the international advertising plans that appropriate for their market.

Place or distribution is one of the components of the 7Ps. However, not many researches were conducted on this element, especially in relation to the debate between adaptation and standardization [69]. Strategies for
internationalization, particularly on the choice of distribution system, was not fully examined in the literature of international management. The distribution channel, however, has been associated with export performance in several literature [54, 70]. Subsequently, the choice of distribution channel is critical [68]. According to [71], distribution channel must be adapted to fit the characteristics of the customers, culture and the competition in the export markets. [72] found strong relationship between distribution adaptation and export performance. However, [50] found inconclusive relationship. Meanwhile, in the case of inward exports for services, the relationship between standardization and adaptation of distribution strategy and export performance is still not evaluated properly.

Service employees are referred as those who produce and deliver services [73]. Due to the high degree of interaction between the service personnel and clients for firms that involved in high contact services, relationships need to be gradually cultivated and strengthened over time [19]. This valuable relational asset can affect export performance [19]. In inward export for education, cultural differences between consumers (students) and their service providers [74] or other consumers (other relevant parties) were frequently mentioned by the interviewees; which included issues such as misunderstandings, unacceptable behaviour and dissatisfaction [23]. Generally, HEI will try to solve this problem through staff and student cross-cultural training [23]. However, personnel adaptation to customers’ languages and cultures that are different from own can make the work more challenging in inward exports compared to outward exports.

Process quality is one of the possible determinants of export performance in service sector, which builds competitive advantage [19]. Inseparability and Intangibility of consumption and production of services require the contribution of customers in service delivery and direct interaction between the service employee and the customer. [75] asserted that customers seem to judge the service contents and delivery based on the interaction with one or a few individuals whom represent the service. The service providers should know how the services are generated and delivered to the consumers [76]. In education service, from registration to graduation, all administrative functions mostly need face to face relationship [44]. Accordingly, adaptation or standardization process quality in inward export services can act in the same way that helps firms to have better export performance.

[77] argued that working environment is related to customer satisfaction and purchasing behaviour [76]. [41] stated that the physical environment and method used to interact with customers play an important role in making a particular identity and determining the nature of customer experiences in high-contact services. Therefore, service firms have to recognize that the environment is a vital component for maximizing service marketing [41]. Universities have several tangible features such as teaching materials, appearance of the buildings and lecture facilities [44]. This paper argues that the standardization/adaptation tangible components of a place can affect inward export performance.

[78] discussed that the degree of adaptation/standardization is different among various countries. Furthermore, huge costs of adaptation doesn’t allow adaptation is used widely. Therefore, both adaptation/standardization should be used together [78, 79]. The degree of adaptation/standardization can be different in inward exports. It is significant to note that a majority of studies conducted in this topic have one main weakness: previous studies mainly focused on outward export marketing strategies. To some extent, they have ignored the importance of differentiating inward and outward export marketing strategies. This study is intended to specify the differences between inward/outward marketing strategies.

**Proposed Framework:** The integration of RBV and CT could enhance the applicability of RBV by considering contingency of these resources and the environment. This integration is necessary since the strategy of export marketing cannot be used for all environments [80], especially if dealing with inward export that have different characteristics from outward export. Combining RBV and CT also offers solution to the questions raised in contextual determinants that reinforce or weaken a strategic attempt on export performance. In this regard, there is a need to evaluate and understand the export marketing strategies for inward export performance. Global standardization can enhance the product image, while the adaptation of the strategies can meet the clients’ needs and increase exports. However, in the case of inward exports, the degree of adaptation and standardization export marketing is not clear.

This paper argues that the marketing strategies for inward export, on top of adaptation and standardization, should also be classified according to the exporter territorial, which consist of elements such as domestic cultures, traditions and conditions. This paper would like
to name this category as domestic marketing strategies. Domestic country may need to use country-specific resources such as image of the country to attract customers to the country. For example, institutions show the traditional life, nature etc. of a region to promote the service and to attract customers. Based on this, for inward export of service industry, the 7Ps marketing mix strategies have different strategic elements, where each of them can be set and communicated through adaptation, standardization or domestic marketing strategy. It is important for managers to decide which strategic element should be standardized across nations and adapted to foreign customers. The propose framework is presented in Figure 1.

![Proposed Framework](image)

**Fig. 1: Proposed Framework**

**DISCUSSION AND CONCLUSION**

This paper reviews previous studies related to the adaptation/standardization export marketing strategy and export performance. The focus of this paper is on inward export of service industry, which involves the movement of foreign consumers to the local market where the services are offered, for example, in higher education services. The intangible, perishable, inseparable and heterogeneous characteristics of higher education services cause specific problems in exporting them [81, 82]. Therefore, the focus of internationalization for this type of services should be on inward [10] which is contradictory to the outward emphasis. This is in line with the view that service sector could possess various patterns of export performance based on nature and from where the services are consumed and produced [19].

Adaptation and standardization marketing of inward export services is argumentative. In case of outward, firms that export their service to other countries can adapt their activities according to the foreign market culture [83, 84]. However, when consumers move to the service home country, they face new and uncertain environment, which may cause conflicts due to the cultural differences and communication errors [13, 85]. Therefore, to enhance export performance it is vital for service firms to follow an inward export strategy. Regarding this, future studies should analyses issues and challenges related to export performance and export marketing strategies in inward export services such as education, healthcare and entertainment services.

**REFERENCES**

2. World Trade Organization. 2015.


