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Marketing mix and brand sales in global markets: Examining the contingent role of country-market characteristics

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Abstract

Marketing products globally is challenging due to the diverse nature of markets. We use market heterogeneity, unbranded competition, resource and infrastructure availability, and sociopolitical governance as country-market characteristics that distinguish between developed and emerging countries. We investigate their moderating role on the relationship between elements of the marketing mix and brand sales. We provide evidence, from a hierarchical linear model and a panel data set of brands from 14 emerging and developed markets that account for 62% of the global GDP, that country-market characteristics moderate the relationship between the complete set of marketing mix elements and brand sales performance asymmetrically. While distribution and price have the largest impact in emerging

and developed countries, respectively, product innovation and advertising have significantly larger impacts in emerging markets relative to developed countries. These finding highlights the importance of contingency view of marketing strategy in global markets.

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1. A notable exception is the study by [Lages et al. \(2008\)](#). As shown in [Table 1a](#), our study in addition to all the marketing mix elements in that study also has display. Moreover, this study has panel data and includes both developed and emerging market countries.
2. While [Sheth \(2011\)](#) lists five traits that distinguish developed from emerging markets, we focus on four of them. We do so, because we find that two of the factors, namely, the availability of resources and the development of infrastructure in countries are highly related so we combine these dimensions for conceptual parsimony and empirical reasons.
3. <http://data.worldbank.org/data-catalog/GDP-ranking-table> and <http://data.worldbank.org/data-catalog/GDP-PPP-based-table>. PPP data was not available for Argentina and GDP\$ was used instead.
4. It is important to note that as the size of the population that lives below the internationally recognized poverty level (\$2 a day) and the percent of population employed in agriculture sector increases, the income and the net worth divide in a country will be more severe. In other words, fewer numbers of people will disproportionately earn higher incomes and have much greater net worths compared with the “bottom-of-the-pyramid.” Therefore these proxies capture the potential asymmetry in incomes and net worths that [Sheth \(2011\)](#) discusses.
5. We acknowledge that the impact of better design and implementation of marketing strategy may be stronger/weaker in some product categories than others depending on consumption cycles associated with the product. We thank one of the anonymous reviewers for pointing out this issue.
6. We do not include GDP per capita as an indicator in these dimensions as it is an aggregate indicator that does not allow us to capture the difference

between emerging and developed markets discussed by [Sheth \(2011\)](#).

7. We follow the procedure by [Cameron and Trivedi \(2009\)](#) to compute the elasticities. Thus we use the fully specified model in calculation of the elasticities.

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