SPRINGER NATURE Link

Log in

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

Article Published: 22 January 2015

Volume 46, pages 596–619 (2015) Cite this article



Journal of International Business Studies

S Cem Bahadir[1], Sundar G Bharadwaj[2] & Rajendra K Srivastava[3]

7321 Accesses **71** Citations **3** Altmetric Explore all metrics

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.

This is a preview of subscription content, log in via an institution to check access.

Access this article

Log in via an institution

Subscribe and save

Springer+ from €37.37 /Month

- Starting from 10 chapters or articles per month
- Access and download chapters and articles from more than 300k books and 2,500 journals
- Cancel anytime

View plans

Buy Now

Buy article PDF 39,95 €

Price includes VAT (Poland)

Instant access to the full article PDF.

Institutional subscriptions

Explore related subjects

Discover the latest articles, books and news in related subjects, suggested using machine learning.

Economy-wide Country Studies | Emerging Markets and Globalization | Market Psychology | Market Structure and Economic Design | Consumer Behavior | Marketing | Macromarketing Systems and Ethical Practices

Notes

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.

References

Aaker, D. A., & Day, G. 1986. The perils of high-growth markets. Strategic Management Journal, 7 (5): 409–421.

Acemoglu, D., & Robinson, J. 2012. Why nations fail. New York: Crown Business.

Acemoglu, D., & Scott, A. 1994. Consumer confidence and rational expectations: Are agents' beliefs consistent with the theory? The Economic Journal, 104 (422): 1–19.

Alba, J., Lynch, J., Weitz, B., Janiszewski, C., Lutz, R., Sawyer, A., & Wood, S. 1997. Interactive home shopping: Consumer, retailer, and manufacturer incentives to participate in electronic markets. Journal of Marketing, 61 (3): 38–53.

Bahadir, S. C., Bharadwaj, S. G., & Parzen, M. 2009. A meta-analysis of the determinants of organic sales growth. International Journal of Research in Marketing, 26 (4): 263–275.

Barrios, S., Gorg, H., & Strobl, E. 2005. Foreign direct investment, competition and industrial development in the host country. European Economic Review, 49 (7): 1761–1784.

Bezawada, R., Balachander, S., Kannan, P. K., & Shankar, V. 2009. Cross-category

effects of aisle and display placements: A spatial modeling approach and insights. Journal of Marketing, 73 (3): 99–117.

Bijmolt, T., Van Heerde, H. J., & Pieters, R. 2005. New empirical generalizations on the determinants of price elasticity. Journal of Marketing Research, 42 (2): 141–156.

Boulding, W., & Staelin, R. 1995. Identifying generalizable effects of strategic actions on firm performance: The case of demand-side returns to R&D spending. Marketing Science, 14 (3): G222–G236.

Brekke, K. R., Holmas, T. H., & Straume, O. R. 2013. Margins and market shares: Pharmacy incentives for generic substitution. European Economic Review, 61 (1): 116–131.

Brewer, T. L. 1993. Government policies, market imperfections, and foreign direct investment. Journal of International Business Studies, 24 (1): 101–120.

Burgess, S. M., & Steenkamp, J.-B. E. M. 2006. Marketing renaissance: How research in emerging markets advances marketing science and practice. International Journal of Research in Marketing, 23 (4): 337–356.

Calantone, R. J., Cavusgil, S. T., Schmidt, J. B., & Shin, G.-C. 2004. Internationalization and the dynamics of product adaptation: An empirical investigation. Journal of Product Innovation Management, 21 (3): 185–198.

Cameron, A. C., & Trivedi, P. K. 2009. Microeconometrics using Stata. College Station, TX: Stata Press.

Cavusgil, S. T., & Zou, S. 1994. Marketing strategy-performance relationship: An investigation of the empirical link in export market ventures. Journal of

Marketing, 58 (1): 1–21.

Cavusgil, S. T., Zou, S., & Naidu, G. M. 1993. Product and promotion adaptation in export ventures: An empirical investigation. Journal of International Business Studies, 24 (3): 479–506.

Chandrasekaran, D., & Tellis, G. 2008. Global takeoff of new products: Culture, wealth, or vanishing differences? Marketing Science, 27 (5): 844–860.

Chandy, R., & Tellis, G. 2000. The incumbent's curse? Incumbency, size, and radical product innovation. Journal of Marketing, 64 (3): 1–17.

Child, J. 1972. Organizational structure, environment and performance: The role of strategic choice. Sociology, 6 (1): 1–22.

Chintagunta, P., & Desiraju, R. 2005. Strategic pricing and detailing behavior in international markets. Marketing Science, 24 (1): 67–80.

Cotsomitis, J. A., & Kwan, A. C. 2006. Can consumer confidence forecast household spending? Evidence from the European commission business and consumer surveys. Southern Economic Journal, 72 (3): 597–610.

Dekimpe, M. G., Parker, P. M., & Sarvary, M. 2000. Global diffusion of technological innovations: A coupled-hazard approach. Journal of Marketing Research, 37 (1): 47–59.

Deleersnyder, B., Dekimpe, M. G., Steenkamp, J.-B. E. M., & Leeflang, P. S. H. 2009. The role of natural culture in advertising's sensitivity to business cycles: An investigation across continents. Journal of Marketing Research, 46 (5): 623–636.

Douglas, S., & Wind, Y. 1987. The myth of globalization. Columbia Journal of World Business, 22 (4): 19–29.

Dow, D. 2006. Adaptation and performance in foreign markets: Evidence of systematic under-adaptation. Journal of International Business Studies, 37 (2): 212–226.

Dunn, L. F., & Mirzaie, I. A. 2009. Turns in consumer confidence: An information advantage linked to manufacturing. Economic Inquiry, 44 (2): 343–351.

Economist. 2010. The world turned upside down. Economist, 395 (8678): 3–6.

Erdem, T., Zhao, Y., & Valenzuela, A. 2004. Performance of store brands: A cross-country analysis of consumer store-brand preferences, perceptions, and risk. Journal of Marketing Research, 41 (1): 86–100.

Esfahani, H. S., & Ramirez, M. T. 2003. Institutions, infrastructure, and economic growth. Journal of Development Economics, 70 (2): 443–477.

Everdingen, Y., Fok, D., & Stremersch, S. 2009. Modeling global spillover of new product takeoff. Journal of Marketing Research, 46 (5): 637–652.

Farley, J. U., Hayes, A. F., & Kopalle, P. K. 2004. Choosing and upgrading financial services dealers in the US and UK. International Journal of Research in Marketing, 21 (4): 359–375.

Fleisher, B., Li, H., & Zhao, M. Q. 2010. Human capital, economic growth, and regional inequality in China. Journal of Development Economics, 92 (2): 215–231.

Globerman, S., & Shapiro, D. 2003. Governance infrastructure and US foreign

direct investment. Journal of International Business Studies, 34 (1): 19–39.

Golder, P., & Tellis, G. J. 2004. Growing, growing, gone: Cascades, diffusion, and turning points in the product life cycle. Marketing Science, 23 (2): 207–218.

Grewal, R., Comer, J. M., & Mehta, R. 2001. An investigation into the antecedents of organizational participation in business-to-business electronic markets. Journal of Marketing, 65 (3): 17–33.

Griffith, D. A., Cavusgil, S. T., & Xu, S. 2008. Emerging themes in international business research. Journal of International Business Studies, 39 (7): 1220–1235.

Grossman, G., & Shapiro, C. 1988. Foreign counterfeiting of status goods. Quarterly Journal of Economics, 103 (1): 79–100.

Hsieh, M.-H., Pan, S.-L., & Setiono, R. 2004. Product-, corporate-, and country-image dimensions and purchase behavior: A multicountry analysis. Journal of the Academy of Marketing Science, 32 (3): 251–270.

Hultman, M., Katsikeas, C. S., & Robson, M. J. 2011. Export promotion strategy and performance: The role of international experience. Journal of International Marketing, 19 (4): 17–39.

Hultman, M., Robson, M. J., & Katsikeas, C. S. 2009. Export product strategy fit and performance: An empirical investigation. Journal of International Marketing, 17 (4): 1–23.

Isobe, T., Makino, S., & Montgomery, D. B. 2000. Resource-commitment, entry timing, and market performance of foreign direct investments in emerging economies: The case of Japanese international joint ventures in China. Academy of Management Journal, 43 (3): 468–484.

Jain, S. 1989. Standardization of international marketing strategy: Some research hypotheses. Journal of Marketing, 53 (1): 70–79.

Janiszewski, C., Noel, H., & Sawyer, A. G. 2003. A meta-analysis of the spacing in verbal learning: Implications for research on advertising repetition and consumer memory. Journal of Consumer Research, 30 (1): 138–149.

Johnson, D. S., & Bharadwaj, S. G. 2005. Digitization of selling activity and sales force performance: An empirical investigation. Journal of the Academy of Marketing Science, 33 (1): 3–18.

Katsikeas, D., Samiee, S., & Theodosiou, M. 2006. Strategy fit and performance consequences of international marketing standardization. Strategic Management Journal, 27 (9): 867–890.

Kogut, B. 1984. Normative observations on the international value-added chain and strategic groups. Journal of International Business Studies, 15 (2): 151–167.

Lages, L. F., Jap, S. D., & Griffith, D. A. 2008. The role of past performance in export ventures: A short-term reactive approach. Journal of International Business Studies, 39 (2): 304–325.

Lamey, L., Deleersnyder, B., Steenkamp, J.-B. E. M., & Dekimpe, M. G. 2012. The effect of business-cycle fluctuations on private-label share: What has marketing got to do with it? Journal of Marketing, 76 (1): 1–19.

Leeflang, P., & Parreño-Selva, J. 2012. Cross-category demand effects of price promotions. Journal of the Academy of Marketing Science, 40 (4): 572–586.

Levine, R. 1997. Financial development and economic growth: Views and agenda. Journal of Economic Literature, 35 (2): 688–726.

Levitt, T. 1983. The globalization of markets. Harvard Business Review, 61 (3): 92–101.

Loree, D. W., & Guisinger, S. E. 1995. Policy and non-policy determinants of US equity foreign direct investment. Journal of International Business Studies, 26 (2): 281–299.

MacInnis, D., Moorman, C., & Jaworski, B. 1991. Enhancing and measuring consumers' motivation, opportunity and ability to process brand information. Journal of Consumer Research, 55 (10): 32–53.

Merton, R. 1957. Social theory and social structure. Glencoe, IL: Free Press.

Miller, D., & Friesen, P. 1983. Strategy-making and environment: The third link. Strategic Management Journal, 4 (3): 221–235.

Minbaeva, D., Torben Pedersen, B., Björkman, I., & Fey, C. F. 2013. A retrospective on: MNC knowledge transfer, subsidiary absorptive capacity, and HRM. Journal of International Business Studies, 45 (1): 52–62.

Mitra, D., & Golder, P. 2002. Whose culture matters? Near-market knowledge and its impact on foreign market entry timing. Journal of Marketing Research, 39 (3): 350–365.

Morris, M. H., Davis, D. L., & Allen, J. W. 1994. Fostering corporate entrepreneurship: Cross-cultural comparisons of the importance of individualism versus collectivism. Journal of International Business Studies, 25 (1): 65–89.

Pauwels, K. 2004. How dynamic consumer response, competitor response, company support, and company inertia shape long-term marketing effectiveness. Marketing Science, 23 (4): 596–610.

Peterson, M. F., Arregle, J.-L., & Martin, X. 2012. Multilevel models in international business research. Journal of International Business Studies, 43 (5): 451–457.

Prahalad, C. K. 2009. The fortune at the bottom of the pyramid: Eradicating poverty through profits. Philadelphia, PA: Wharton School Publishing.

Raudenbush, S. W., & Bryk, A. S. 2002. Hierarchical linear models: Applications and data analysis methods. Thousand Oaks, CA: Sage Publications.

Riefler, P., Diamantopoulos, A., & Siguaw, J. A. 2012. Cosmopolitan consumers as a target group for segmentation. Journal of International Business Studies, 43 (3): 285–305.

Roth, M. S. 1992. Depth versus breadth strategies for global brand image management. Journal of Advertising, 21 (2): 25–36.

Roth, M. S. 1995. The effects of culture and socioeconomics on the performance of global brand image strategies. Journal of Marketing Research, 32 (2): 163–175.

Röller, L.-H., & Waverman, L. 2001. Telecommunications infrastructure and economic development: A simultaneous approach. American Economic Review, 91 (4): 909–924.

Rusell, G., & Petersen, A. 2000. Analysis of cross category dependence in market basket selection. Journal of Retailing, 76 (3): 367–392.

Sethuraman, R., Tellis, G. J., & Briesch, R. A. 2011. How well does advertising work? Generalizations from meta-analysis of brand advertising elasticities. Journal of Marketing Research, 48 (3): 457–471.

Sheth, J. N. 2011. Impact of emerging markets on marketing: Rethinking existing perspectives and practices. Journal of Marketing, 75 (4): 166–182.

Shoham, A. 1999. Bounded rationality, planning, standardization of international strategy, and export performance: A structural model examination. Journal of International Marketing, 7 (2): 24–50.

Sorescu, A., & Spanjol, J. 2008. Innovation’s effect on firm value and risk: Insights from consumer packaged goods. Journal of Marketing, 72 (2): 114–132.

Steenkamp, J.-B. E. M., & Geyskens, I. 2006. How country characteristics affect the perceived value of web sites. Journal of Marketing, 70 (3): 136–150.

Stevens, G. V. G. 2000. Politics, economics and investment: Explaining plants and equipment spending by US direct investors in Argentina, Brazil, and Mexico. Journal of International Money and Finance, 19 (2): 115–135.

Szymanski, D. M., Bharadwaj, S. G., & Varadarajan, P. R. 1993. Standardization vs adaptation of international marketing strategy: An empirical investigation. Journal of Marketing, 57 (4): 1–17.

Talukdar, D., Sudhir, K., & Ainslie, A. 2002. Investigating new product diffusion across product countries. Marketing Science, 21 (1): 97–114.

Tellis, G. J., Stremersch, S., & Yin, E. 2003. The international takeoff of new products: The role of economics, culture, and country innovativeness. Marketing Science, 22 (2): 188–208.

Townsend, J. D., Yeniyurt, S., & Talay, M. B. 2009. Getting to global: An evolutionary perspective of brand expansion in international markets. Journal of International Business Studies, 40 (4): 539–558.

Van Heerde, H. J., Gijsenberg, M. J., Dekimpe, M. G., & Steenkamp, J.-B. E. M. 2013. Price and advertising effectiveness over the business cycle. Journal of Marketing Research, 50 (2): 177–193.

Viswanathan, M., Rosa, J. A., & Ruth, J. A. 2010. Exchanges in marketing systems: The case of subsistence consumer-merchants in Chennai, India. Journal of Marketing, 74 (3): 1–17.

Wan, W. P., Yiu, D. W., Hoskisson, R. E., & Kim, H. 2008. The performance implications of relationship banking during macroeconomic expansion and contraction: A study of Japanese banks' social relationships and overseas expansion. Journal of International Business Studies, 39 (3): 406–427.

Wessel, D., & Greenberg, S. 2011. Big US firms shift hiring abroad. Wall Street Journal, 257 (90): B1–B2.

Acknowledgements

We thank Kendall Roth, Satish Jayachandran, and Subhash Sharma for their helpful comments on earlier versions of this article.

Author information

Authors and Affiliations

Faculty of Business, Ozyegin University, Istanbul, Turkey

S Cem Bahadir

Terry School of Business, University of Georgia, Athens, USA
Sundar G Bharadwaj

Lee Kong Chian School of Business, Singapore Management University, Singapore
Rajendra K Srivastava

Additional information

Accepted by Daniel Bello, Area Editor, 26 October 2014. This article has been with the authors for four revisions.

Rights and permissions

Reprints and permissions

About this article

Cite this article

Bahadir, S., Bharadwaj, S. & Srivastava, R. Marketing mix and brand sales in global markets: Examining the contingent role of country-market characteristics. *J Int Bus Stud* **46**, 596–619 (2015). https://doi.org/10.1057/jibs.2014.69

Received	Revised	Accepted
27 August 2012	20 October 2014	26 October 2014
Published	Issue date	
22 January 2015	01 June 2015	
DOI		
https://doi.org/10.1057/jibs.2014.69		

Keywords

marketing strategy | branding and brand management | emerging markets/countries/economies | brand sales | performance | hierarchical linear modeling (e.g., multilevel analysis, RCM, etc.)

marketing mix elasticity

Search

Search by keyword or author

Navigation

Find a journal

Publish with us

Track your research