

THE IMPACT OF MARKETING CAPABILITIES AND STRATEGIES ON INTERNATIONAL BRANDING

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Abstract

Brands play a key role in the success of organizations and the distinction of offers in a competitive world facing today's businesses. Hence, promotion of brands is essential, especially for organizations seeking internationalization. The present study mainly addresses investigating the effect of marketing capabilities and strategies on international branding. The present descriptive study is an applied research in terms of the purpose. The statistical population of the research is 260 employees of the Snowa Company among them, 155 employees were selected according to Cochran's formula and using simple random sampling method. The data collection tool was a standard questionnaire. The main method of data analysis is the structural equation modeling using PLS software. Finally, all five hypotheses are confirmed according to the obtained results. Therefore, it can be said that marketing capabilities and strategies simultaneously have had positive effects on international branding. Also, as the three

components of marketing capabilities, the innovation orientation, customer orientation, and competitor orientation have the greatest impact, respectively. The components of marketing strategies (product marketing strategy and store marketing strategy) have had a nearly equal impact. Finally, applied suggestions are presented in this regard.

Keywords: Marketing capabilities, marketing strategies, international branding, innovation orientation, customer orientation, competitor orientation

INTRODUCTION

The development of strong brands has become a marketing priority for many organizations today and this is because of its several benefits to the organization. Strong brands help companies gain strong market position (Aaker, 1991); also, a strong brand causes less vulnerability against competitors, more margins, broad intermediaries for collaboration and support, and creating brand development opportunities (Delgado and Munaera, 2005). Brands are often the starting point for differentiating between competitive offers in consumer marketing; so that, it can be critical to the success of organizations. Hence, it is very important to manage the brands strategically. Brand is the core asset of the company. Brand equity represents the price difference, a strong brand attracted in its selling compared to a medium brand (Aaker, 1996).

However, production, sale and eventually marketing are still the main concern of many Iranian companies, and less attention is paid to branding and brand management. Most of the brands that exist in the Iranian market lack branding and strong brand elements. This makes a weaker position of domestic brands than foreign brands in domestic markets. However, the situation is usually tightened up when companies want to attend in foreign markets, and marketing and brand-building activities are far more complex overseas. Domestic companies are often seeking marketing and sales through political-economic affairs, especially through business chambers, in the context of international marketing. This will eventually lead to the short-term and weak presence of the Iranian goods in the international markets. So, it is essential for the Iranian companies to conduct studies, planning and investment in marketing and international branding in order presence in international markets.

Snowa Company is one of the companies that has been entered to national markets along with other national products and well positioned to compete with its competitors and well-known brands by producing durable products. Therefore, the company's products should attain its position beyond the Iranian market and international market and Branding is important in this

regard. Meanwhile, two important principles should be considered for branding. First, use the marketing capabilities of the company, and second, creating appropriate strategies for the international market.

Marketing capabilities are coherent processes designed to use company's collective knowledge, skills and resources to produce and deliver products and services, consistent with market requirements and competitive requirements. As research show, marketing capabilities have a significant impact on the organization's performance (Mu, 2016). The marketing strategy can be considered as a way to realize the marketing mission of the organization, such that, the organization can identify the external factors (opportunities and threats) and internal factors (strengths and weaknesses) of marketing as well as internal strengths and external opportunities to operate properly, eliminate internal weaknesses, and avoid external threats (Pappas, 2016).

Hence, the present study addresses this issue that how and to what extent marketing capabilities and strategies can affect the international branding of Snowa Co.? What is the priority of the constituent components impact of these two basic factors and what are the strategies for developing international branding using these factors? The results of this study could help progress of the international strategy of the company and other companies that have chosen such a strategy.

LITERATURE REVIEW

Theoretical background

Branding

Brand, indeed causes distinguishing a vendor or manufacturer from other vendors or builders, and today, the brand name of a product or service is so important that it is even more important than a product or service itself. So that, according to Roberto Guizta, the former Managing Director of Coca-Cola, "Our factories and facilities can be destroyed by fire today, however it's hard to destroy the company's brand name". For this reason, the brand is worth more than other capital assets today (Taghipourian et al., 2009).

Brand creates corporate value in two ways: First, it attracts new customers with awareness and discernment. However, thereafter, attains second position compared to the new customers and it gain more meaning, relating new customers, continuing relationship with the brand. The Brand is a mechanism in which the buyer and seller have long been interacting with each other and has a strong role in creating this relationship; hence, the brand is a kind of defense tool in marketing to maintain current customers and also, an invasive tool for attracting

new customers. The importance of defensive marketing is highlighted in attracting and retaining new customers in minor services (Sweeni & Seait, 2008).

The brand nature is actually the spirit and the artificial heart of the brand. The brand nature is usually three to five words or phrases that cover the main nature or brand position and brand values. The brand nature is a description that defines a brand and directs brand goals. The branding process has developed as a tool by which a company can differentiate its goods and services from its competitors' goods and services (Cowley, 1991). Primarily, branding was performed as a promise of coordination and quality for customers (Aaker, 1996). However, brands are now known for the fact that they offer customers a single set of perceived benefits, cannot be found in other products (Randall, 1997). These perceived benefits essentially make the customers' purchases decision easier, and they also create the basis for customer loyalty (Chernatany and Ridey, 2000). Accordingly, brand identity and nature is the same essence of the brand. The most significant and unique brand features appear in brand identity. According to Professor John Capferrer, "having an identity means the being, as you really are, following a steady, but individualized plan." The brand nature determines subjectivity, aspirations, goals, values, and brand identifications symptoms.

Marketing capabilities

Marketing capabilities is an integrate process in which companies use tangible and intangible resources to be aware of the specific needs of customers, achieve a relative differentiation of products in order to competitive advantage and finally, to achieve a superior brand quality (Song, 1994). Marketing capabilities include three main capabilities: customer orientation, competitor orientation and innovation orientation.

1. Customer Orientation: the customer orientation concept means that the seller helps his customers make decision to buy without pressure, through meeting their needs, thereby increasing customer satisfaction, identifying the unaware needs of customers, innovation in old services, and continuous and systematic measurements of customer satisfaction (Theodosiou et al., 2012).
2. Competitor Orientation: The Competitor Orientation focuses on the in-depth assessments of the selected competitors. Under this type of business orientation, the business unit focuses on competing goals, strategies, activities, offers, resources, and capabilities, as well as the dissemination of information gained from this assessment. This variable is measured by the following measures: identification of strengths and weakness, information sharing by employees throughout the organization, continuous collection of information about competitors' activities, identifying competitors' goals,

identifying competitors' strategies, and identifying strengths and weaknesses of competitors (Theodosiou et al., 2012).

3. Innovation Orientation: The tendency to innovate is a philosophy that promotes the openness of new ideas and reflects the desire of a company to change through the adoption and implementation of new technologies, resources, skills, and administrative systems. This variable is measured based on the employees' sense of freedom of proposing the innovative design, and the efforts of managers to create an innovative plan (Theodosiou et al., 2012).

Given that the competition in today's market is one of the most important principles that companies must accept for their survival and a company that fails to gain its position in a competitive market goes down slowly, then, companies have always been pursuing strategies to compete in line with their goals that leads them to the goals. Choosing a strategy alone cannot cause achieving the goal of the organization unless other resources and mechanisms are accompanied by it (Pappas, 2016).

In organizations and companies that use e-commerce and Internet websites to present their products, it is necessary to choose their own strategies that describe the product as well as how it is offered to customers (Ballestar et al., 2016)

So, about the products that are sold online, marketing strategies require a different strategy that provides the right mechanisms and requirements for online shopping that finally can guarantee the company's success (Pays, 2016).

Marketing Strategy

The marketing strategy can be considered as a way to realize the marketing mission of the organization, such that, the organization identifies the external factors (opportunities and threats) and internal factors (strengths and weaknesses) of marketing and identifies the internal strengths and external opportunities to use it properly, eliminate internal weaknesses and avoid external threats (Hajipur et al., 2013). The intended marketing strategies in this research include product marketing strategies and store marketing strategies.

Product Marketing Strategy: this strategy is defined as identifying product market and production based on marketing external (opportunities and threats) as well as internal (strengths and weaknesses) factors.

Store marketing strategy: Identifying the market and how to supply products according to place and time based on marketing external (opportunities and threats) and internal (strengths and weaknesses) factors.

Research background

Nematian and Darmi (2017) examined the relationship between marketing capabilities and international marketing performance of small and medium enterprises in Abadan. According to the results obtained from the research, there is a significant relationship between the entrepreneurship perspective and international marketing awareness, and there is a significant relationship between international awareness with brand orientation, innovation orientation, marketing communication orientation, and also on the other hand, there is a significant relationship between brand orientation, innovation orientation, marketing communication orientation and international marketing performance.

In their study, Doroudi and Rabie (2017) examined the relationship between environmental/organizational factors with strategic orientations, marketing capabilities and organizational performance. According to their results, there is not a significant relationship between market fluctuations and competitor orientation, intensity of competition and cost orientation, and market fluctuations and innovation orientation; however, the relationship between other variables has been confirmed. Also, the relationship between strategic orientations and marketing capabilities and the relationship between marketing capabilities and organizational performance is significant. Finally, suggestions and practices are presented according to the results.

Glism and Dansi (2018) examined the relationship between marketing capability and business performance in their research. According to the results of their research, marketing capabilities have a direct relationship with the company's performance. The structural equation modeling was also used to test model. The results of the model analysis also showed that the model, used in this research, has a high degree of reliability.

Morgan (2017) investigated the impact of competitive intelligence on marketing capabilities. According to results of statistical analysis, the main hypothesis of the research, based on that, competitive intelligence has a positive and significant effect on marketing capabilities in the insurance industry, was confirmed. All components defined for competitive intelligence including market intelligence, intelligence compared to competitors as well as technological and social intelligence have a positive and significant impact on marketing capabilities in the insurance industry.

Griffith et al. (2017) investigated the impact of marketing capabilities with the intermediation effect of company's intangible capital, on the performance of all organizational environments. According to the results, obtained from a sample of 239 entries in Japan and the United States, human capital and relational capital affects marketing capabilities, and marketing capability has also affected performance throughout the company's environment. .

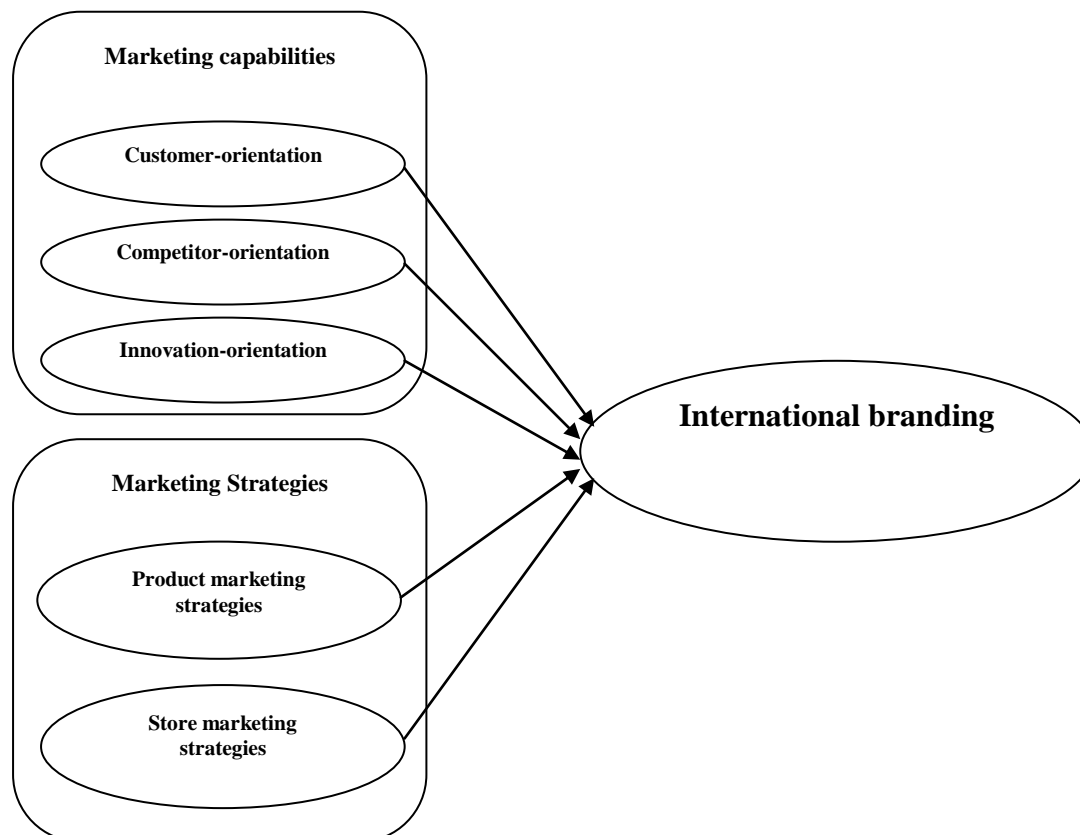
Mu (2016) presented an article entitled "the impact of marketing capability, adaptability, and organizational performance on new product development." According to their results, marketing capability is positively related to the NPD performance.

Pappas (2016) investigated the relationship between marketing strategy, risk and trust in consumer online shopping behavior. According to their findings, marketing strategies are related to the risks involved in online shopping, and also, trust is also related with the extant risks and can play a role in reducing risk.

The conceptual model

The conceptual model of research is presented as Fig. 1 in order to achieve the desired goals of research and according to theoretical and experimental background. Based on this, three components of marketing capabilities (customer orientation, competitor orientation and innovation orientation) and two components of marketing strategies (product marketing strategies and store marketing strategies) constitute independent research variables that their direct and simultaneous impact on the dependent variable of research (international branding) should be analyzed. These predicted relationships are presented in the form of 5 hypotheses.

Figure 1. The research conceptual model



The hypotheses

The hypotheses in this research include:

1. Customer Orientation has a positive impact on international branding.
2. Competitor Orientation has a positive impact on international branding.
3. Innovation Orientation has a positive impact on international branding.
4. Product marketing strategies have a positive impact on international branding.
5. Store marketing strategies have a positive impact on international branding.

RESEARCH METHODOLOGY

The present study is an applied research in terms of the purpose and a descriptive-survey in terms of the method and nature of research because the required data has been collected through a questionnaire. The reasoning is inductive because the variables exist and the overall decision making is conducted based on variables and criteris. The data approach is also of a cross-sectional type.

The statistical population of the research is consisted of 260 employees of the Snowa Company, among them, 155 individuals are selected as sample using Cochran's formula. The questionnaire is distributed through the simple random sampling method.

Library and field methods such as questionnaires have been used in the present study. The questionnaire used in this research is of closed type and questions are presented with specific answers to respondents. Given that all variables have the alpha value greater than 0.7, then, all variables are reliable. The Smart PLS and SPSS software also used in this research. Descriptive and inferential statistics of structural equations were also uses in this study to analyze the data.

FINDINGS

The majority of respondents are men with 73 percent of sample; while women constitute 28 percent of respondents. Also, 43% of respondents were under 30 years, 28% of respondents were between 31 and 40, 25% between 41 to 50, and 4% of respondents were more than 50 years old. 18% of respondents had diplomas and associate degree, 42% had bachelor's degrees, 34% had master's degrees and 6% had doctoral degrees.

Describing the studied variables

Table 1 describes the variables of the research using existing indices.

Table 1: studied variables descriptive indices

variable	No.	Mean	SD	Min	Max
Customer Orientation	155	3.56	1.11	1.00	5.00
Competitor Orientation	155	3.32	1.20	1.00	5.00
Innovation orientation	155	3.81	1.19	1.00	5.00
Product Marketing Strategy	155	3.52	1.14	1.00	5.00
Online stores marketing strategy	155	3.35	1.15	1.00	5.00
International branding	155	3.54	1.15	1.00	5.00

Data Normality Test

The Kolmogorov-Smirnov test was used to test the data. The results of this test are provided in Table 2.

Table 2: The results of the Kolmogorov-Smirnov distribution test

variable	Sig. Level	statistics	Test result
Customer Orientation	0.000	1.22	Not normal
Competitor Orientation	0.000	1.02	Not normal
Innovation orientation	0.000	1.04	Not normal
Product Marketing Strategy	0.000	1.31	Not normal
Online stores marketing strategy	0.000	1.66	Not normal
International branding	0.000	1.54	Not normal

Validity and reliability of the data collection tool

Table 3 shows the test validity and reliability. The results show that all variables have a satisfactory reliability.

Table 3: research variables fitting Indices

variable	No. of Questions	Alpha	CR	AVE
Customer Orientation	7	0.72	0.84	0.64
Competitor Orientation	3	0.77	0.76	0.52
Innovation orientation	3	0.79	0.78	0.55
Product Marketing Strategy	3	0.72	0.84	0.64
Online stores marketing strategy	6	0.75	0.86	0.67
International branding	5	0.79	0.84	0.56

The desirability of the values of these three indices indicates the existence of convergent validity in the utilized tests.

Quality of the measurement model (Cv Com)

Table 4: the results of the measurement model quality test

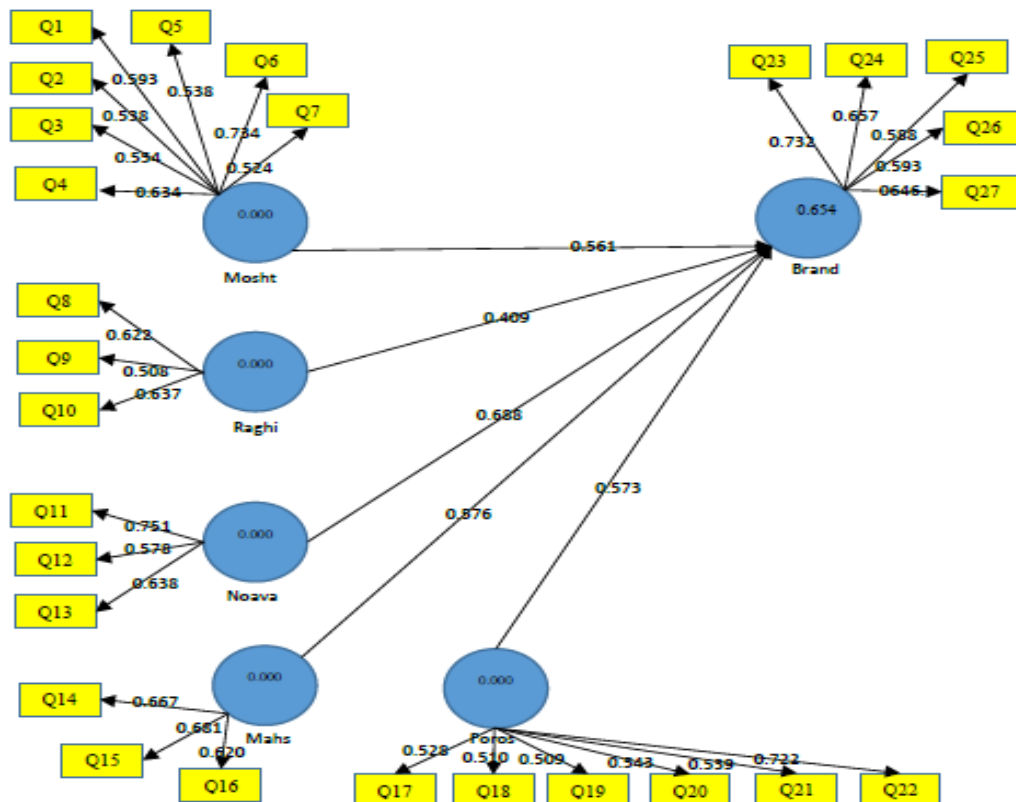
Title in the model	CV Com	Title in the model	CV Com
Customer Orientation	0.57	Product Marketing Strategy	0.54
Competitor Orientation	0.48	Online stores marketing strategy	0.65
Innovation orientation	0.50	International branding	0.58

As can be observed, this index is positive for all the variables of the research, and the total mean of this index is 0.58, which indicates the desired quality of the measured models.

The model estimation

Examining predicted relationships in research hypotheses has been done using structural equation modeling through PLS software. The results of this test are presented in Fig. 2. The impact coefficient between the variables is observed in the standard state in figure 2.

Figure 2: Research model with standardized coefficients



According to the results of the analysis of the research hypotheses testing, all five hypotheses have been approved and all five studied variables have a significant positive impact on international marketing. The effect of each of these factors is presented in Table 5.

Table 5: Summary of hypotheses testing results

Hypothesis	Path coefficient	Sig.	Result
1. The customer orientation dimension of marketing capabilities affects international branding.	0.561	12.38	confirmed
2. The competitor orientation dimension of marketing capabilities affects international branding	0.409	4.92	confirmed
3. The innovation orientation dimension of marketing capabilities affects international branding	0.688	14.49	confirmed
4. Product marketing strategy affects international branding.	0.576	8.39	confirmed
5. Online store marketing strategy affects international branding.	0.573	8.52	confirmed

DISCUSSIONS AND CONCLUSION

Brands have a key role in the success of organizations and distinguishing the product and service offers in a competitive world facing today's businesses. Hence, brand promotion is vital, especially for organizations that adopted internationalization strategy. The present research is originally looking for investigating the impact of marketing capabilities and marketing strategies on international branding. The study of the effect of the three components of marketing capabilities (customer orientation, competitor orientation and innovation orientation) has formed the first three research hypotheses. The study of the impact of product marketing strategies and store marketing strategies on international branding has also formed the fourth and fifth research hypotheses. The effect of all five studied variables on international branding was confirmed according the results of the analysis of the data, which was done using the structural equation modeling method.

According to the results of the first hypothesis, the customer orientation dimension of marketing capabilities affects international branding. The results show a positive impact and it should be noted that with a unit increase (decrease) in a customer orientation, the Snowa international branding will increase by 56%. A successful brand is always respected and emphasized by customer in the first place. This can be understood looking at the timing of successful international brands. For instance, Walmart chain stores could present itself on the

international level as a successful and customer-oriented brand with the motto of "customer owns store". In the present research, Snowa Iranian brand should initially focus on customer orientation and create international customer relationship management mechanisms at the international level. The results of the research hypothesis are in line with the results of Karimian (2014) based on that 'customer-orientation can help to create branding, as well as other internal research such as Kheiri and Roshani (2013), Hajipour et al (2013), Hamidizadeh et al. (2012) and Feyz et al. (2012) that have noted the role of a customer orientation role. On the one hand, foreign research such as Silvia et al (2016), Mu (2016), and Sechmeman et al. (2014) are also consistent with the results of this hypothesis.

Accordingly, it is suggested that the Snowa Co. develops appropriate communication tools with the client by strengthening appropriate mechanisms for customer relationship management; also, it should try to preserve customer loyalty, using experienced and skillful personnel in line with acquiring satisfaction.

The results of the second hypothesis also showed that the competitor orientation dimension of marketing capabilities affects international branding; such that the results show a positive impact and it should be noted that the international branding of Snowa increases (decreases) by 40% with a unit of increase (decrease) of competitor orientation. Emphasizing competitors and observing competitors' steps in the market level and aligning actions in this regard and fighting competitors can improve the company performance in various aspects. One of these aspects is branding, which should lead internationalization by appropriate practices. The results of this hypothesis is in line with the results such as Karimian (2014), Khayiri and Roshani (2013), Hajipur et al (2013), Feyz et al. (2012), Silvia et al. (2016), Mu (2016) and Sechmeman et al.).

Accordingly, it is suggested that the company monitor the competitors' actions forming a team, to identify the strengths and weaknesses of competitors and its opportunities and threats, to create appropriate strategies.

According to the results of the third hypothesis, the innovation orientation dimension of the marketing capabilities affects international branding; such that the results show a positive impact and it should be noted that the Snowa international branding will increase by 68% with a unit of increase (decrease) in innovation orientation. Perhaps it can be said that aligning new technologies and one step further is the most important principle in today's changing and technology-based world. A brand that fails to align with the innovations of similar products will be doomed to get out of the competition. Nokia's cell phone in the past years is as an obvious example in this regard, which led to bankruptcy due to lack of compliance with emerging technologies. The results of this hypothesis are in line with the studies such as Karimian (2014),

Khayri and Roshani (2013), Hajipur et al (2013), Feyz et al. (2012), Silvia et al. (2016), Mu (2016) and Sachmemam et al.).

Accordingly, it is suggested that Snowa Co. help to increase the creativity of managers and employees using incentive methods, and also help to promote creativity in the staff by holding success courses. It can also help employees' new thoughts by making the required tools available.

According to the results of the fourth hypothesis, product marketing strategy affects international branding. Such that the results show a positive impact and it should be noted that the Snowa international Branding will increase by 57% by a unit increase (decrease) in product marketing strategy. Organizational strategies, and especially marketing strategies, can bring a not-so-famous brand to a well-known brand or result a brand is outdated. Therefore, the role of the company's marketing strategies can be seen in line with the goals of the company, and it can be an effective step in branding if successful. The results of this hypothesis are consistent with the studies of Ameri Siahoui et al (2014), Hajipur et al (2013) and Pappas (2016).

Accordingly, it is suggested that Snowa Co. develops appropriate strategy by imitating large brands and localizing it, emphasizing its strengths and opportunities. This requires the use of strong market forces and successful and elite market strategists.

Finally, According to the results of the fifth hypothesis, online stores marketing strategy affects international branding; such that the results show a positive impact and it should be noted that the Snowa international Branding will increase by 56% by a unit increase (decrease) in online stores marketing strategy. In a world where information technology plays the primary role in the market scene, a company seeking international brand needs to associate its strategies with online and IT-based strategies. The results of this hypothesis are consistent with the results of Pappas (2016) research.

Accordingly, it is suggested that Snowa Co. identify its products through worldwide reputable online stores like Amazon, by improving product quality and contracting with international and regional store brands, which requires perseverance and spending on infrastructure and investment.

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