



## Evaluating factors affecting on the choice of export target markets in PakNam Company

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**ABSTRACT:** The present study has been carried out to investigate influential factors to select of export target markets in Paknam Corporation. The research method was descriptive correlation, and the statistical population and the statistical sample involved all managers and experts of Paknam Corporation (n = 75). The questionnaire was used for collecting the data. In order to evaluate the questionnaire reliability, the Cronbach's alpha method was employed. The Reliability Coefficient for questionnaire was = 0.85. The validity of the questionnaire was considered as content validity and was investigated by collecting specialists' comments. For analysing the data, descriptive statistics on indicators such as average and standard deviation as well as SPSS and Excell software. The results showed that the priority of select of export target markets in Paknam Corporation is legal, market potential, superstructures, culture, political, and economical factors.

**Keywords:** Market, Target Market, Export Target Markets, Paknam Corporation.

### I. INTRODUCTION

Growing dependencies of companies on international business and intensified competition has led to selected issues of international market will become to one of the most important decisions in international strategy (Anderson, 8002). Making decision regard to choosing target country for developing activities is very important and made mistakes in choosing target country, seeks a long-term consequences which endanger resources and successful future of the company (Malvtra, 8002). Identifying target markets is very important and worthy of attention for many reasons. Choosing target markets is one of the most important decisions of organizations that can play a significant role in the success or failure of them (Anderson, 8002). Today, the supply of goods in foreign markets is in competition conditions and power to choosing consumers is high, recognition of foreign target markets and effectively choosing it have a high importance (Night, 8002). Lack of identifying the best products of target markets, have resulted in economic losses to exporters. As a result, the deliberate choice of target markets can increase product profitability (Daljyk, 8002). Despite the extensive researches which have been carried out in the field of export target markets and factors involved in their selection, but there is no choice of a single template and variables of this study to companies and organizations rely on them in order to the correct and measured choice of export target markets. In addition, in the detergent industry there is no certain research in this area. In this context, there is a scientific vacuum. In the present study, six effective dimensions in selecting export target markets will be discussed by using Wood and Robertson's model which is one of the most comprehensive models of choosing export market targeting. These dimensions include political factors, market potential, economic factors, cultural factors, infrastructure factors, and legal factors. The purpose of this study is identifying priority of factors affecting on export target markets for PakNam Company. Therefore, this study wants to answer the question that, which are the priority of affecting factors in selection export target markets in PakNam Company?

### II. RESEARCH METHODS

In terms of aim we can divide research methods into historical, descriptive and experimental methods. In terms of nature and methods also research is divided into three categories: fundamental, theoretical and practical. Descriptive methods, real and regular studies are the characteristics of a situation or an issue and researcher will explore ideas, thoughts, perceptions without "what is" in people preferences. In other words, the researchers in these studies tries to report intervene and subjective induction and gets actual results of its position. The purpose of using this method is to describe record and analyze and interpret the existing condition (Naderi, 313).

The method used in this research is descriptive. Description research includes the methods that aim to describe the conditions or studied phenomena. Performance of descriptive study can be for better understanding the existing conditions or help the decision-making process. Doing descriptive research in terms of data collection can be divided to a library, observation and questionnaire forms. In this study, a navigational approach was used to gather information (sarookhani, 1382). Therefore, it can be placed among the field research. This study, in terms of application purpose and in terms of the manner of descriptive data collection is correlation type.

*Statistical population*

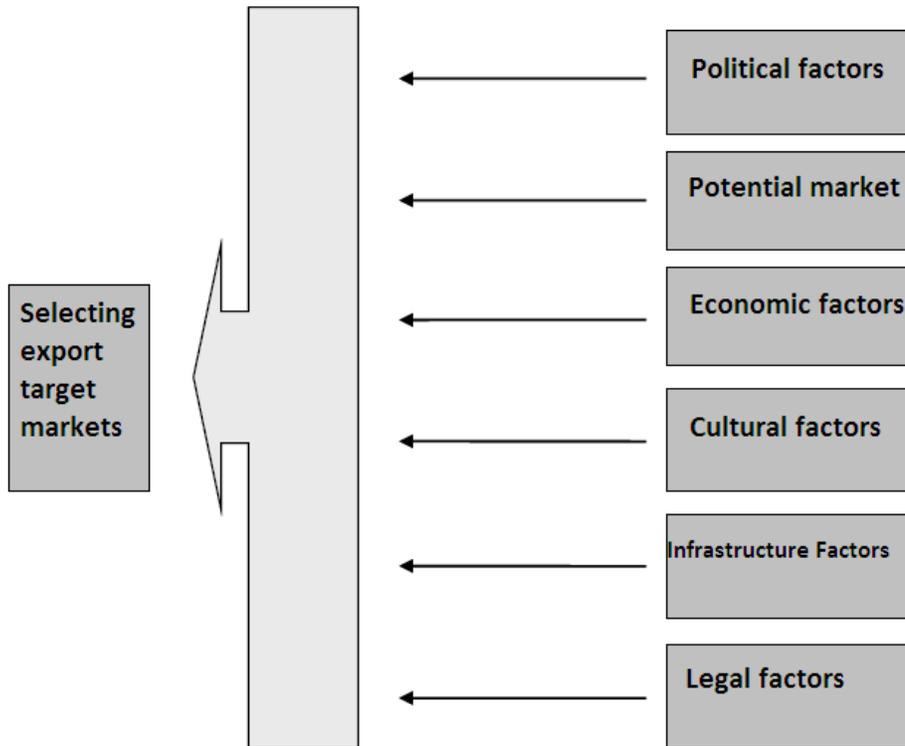
All managers and experts of PakNam company, who are expertise in the field of export goods, are considered as statistical population of present study which their number is based on information of mentioned company about 75 people.

*Statistical Methods*

In this study, descriptive statistics was used for classification, regulation, calculate the mean, standard deviation, percentages, frequencies and graphs related to data, and in section of inferential statistics to analyze the findings, the software SPSS, and EXCELL was used.

**III. RESEARCH CONCEPTUAL MODEL**

The model used in this study to prioritize affecting factors in selection export target markets and assessment model of international markets, is the importance of Wood and Robertson model (2000). These two researchers count back the dimensions of mentioned model in an article entitled "assessment of international markets, the importance of information about the industry, purpose country, and export exchange type", which include political factors, the potential market, economic, cultural, infrastructural, and legal factors. The formulators of model believe that this model have an acceptable integrity and it consider all factors affecting on the choice of export target markets, therefore the mentioned model is very convenient to evaluate and prioritize the factors. Wood and Robertson (2000) have formulate a comprehensive information framework to assess the export target markets with studying literature, interviews, and holding focus groups. Then, based on proposed framework, they have conducted a field research from American exporters to their ranking the importance of different variables in provided context. Following figure shows the conceptual model of research:



**Fig. 1.** Research conceptual model.

The following table cites six dimensions of Wood and Robertson model, export sub-dimensions of model and its variables.

Dimensions	Export sub-dimensions	Variables of dimensions
Political factors	Stability	-Robustness of political authority in target country -The release amount of political opposition in target country - Amount of labor opposition and the government's ability to deal with labor unrest in future of target country -Amount of political instability in target country
	Diplomatic relations	- Amount of normalization of diplomatic relations between Iran and the target country and vice versa. - Amount of free trade difficulty with target country
	Domestic policies	- Amount of purpose country's incentives for private companies - The ability of foreign countries to strengthen trade diplomatic relations - The volume of private sector in compare with the public sector in foreign country
Potential market	General aspect	-The Power of potential foreign buyers to purchase your products - Average of annual sales of your same product in a foreign country - Future trends and growth rates of foreign market which you want to offer your product in it. - The possibility of adjusting periodic fluctuations in Iranian market to enter a foreign country
	Compliance costs	- Amount of technical support for your product in a foreign country - The need to modify the product and its compatibility with the interests or needs of customers in a foreign country - Marketing and promoting the amount of product in a foreign country to ensure the sale of product in a foreign country. - Inventory levels of banking and financial power of foreign country buyers
	Competition	- Types and number of competing products in a foreign country markets - Market share of competitors, amount of its geographic coverage and rate of growth in a foreign country - Strengths and weaknesses of competitors in a foreign country - Competitive price of products in compared with the cost, insurance, and transportation in a foreign country
Economic factors	Development and Performance	- Amount of gross domestic product and per capita income in the a foreign country -Price of America's dollar in a foreign country - Level of education and empowerment of citizens in a foreign country - The inflation rate in last five years in a foreign country - The process of trade balance in a foreign country
	Production	-Using new and efficient method in the production of goods and services in a foreign country - Amount of enjoyment a foreign country from natural resources and exploiting them - The diversity of products that are manufactured in a foreign country in compared with imported goods

	Consumption	<ul style="list-style-type: none"> <li>- Amount of per capita ownership of consumer goods in a foreign country ( car, TV, etc. )</li> <li>- Per capita food consumption in a foreign country</li> <li>- Per capita energy consumption in a foreign country (oil, gas, electricity, etc.)</li> <li>- Amount of per capita consumption of industrial goods in a foreign country (steel, cement, glass, etc.)</li> </ul>
Culture	Cultural integration	<ul style="list-style-type: none"> <li>- The number of different cultural groups, such as ethnic, religious, and language groups in a foreign country</li> <li>- Cohesion or split amount of cultural groups in a foreign country</li> <li>- Amount of difference in lifestyle, customs of cultural groups in a foreign country</li> </ul>
	Cultural differences	<ul style="list-style-type: none"> <li>- Amount of lifestyle similarity in a foreign country with Iran</li> <li>- The number of those who speak Farsi and the amount of acceptance Iranian commercial methods in foreign country</li> <li>- Preferences and restrictions in foreign country particularly the number, color, size, and advertise products and symbols used on them</li> <li>- Amount of differences in Iranians opinions and the people of a foreign country in field of using your product</li> </ul>
Infrastructures	Distribution	<ul style="list-style-type: none"> <li>- The cost and possibility of transporting goods from Iran to a foreign country</li> <li>- The cost and possibility of transporting goods within a foreign country (roads, highways, railways, etc.)</li> <li>- Cost and physical maintenance possibility and storage goods in a foreign country (in port and other parts of a foreign country)</li> <li>- Quality of wholesale / retailer system in a foreign country</li> </ul>
	Communications	<ul style="list-style-type: none"> <li>- The cost and effectiveness of communication tools to communicate a foreign country with Iran (e-mail, telegram, telephone, mail fee, etc.)</li> <li>- Cost and efficient means of communication within a foreign country (commercial visual media, the press, advertising companies, etc.)</li> <li>- The cost and possibility of holding trade exhibitions in a foreign country</li> </ul>
	Geographical factors	<ul style="list-style-type: none"> <li>- A foreign country territory and its features (mountains, rivers, etc.)</li> <li>- Atmospheric features of a foreign country</li> <li>- The likelihood of occurring natural disasters in a foreign country (earthquakes, floods, volcanoes, etc.)</li> </ul>
Legal factors	Tariffs of customs / taxes	<ul style="list-style-type: none"> <li>- Amount of customs tariff, import duties and foreign country taxes to your product</li> <li>- Discounts on foreign countries customs</li> <li>- Prohibitions which a foreign country status to enter to a global or regional market for you</li> </ul>

#### IV. BACKGROUND AND EXPERIENCE RESEARCH

Researchers conducted in international markets are divided into two categories:

a) Studies that proceed to screen. B) Studies that using criteria they choose market.

In screen method, first, number of countries selected and screened by macro factors. Then, detailed study screened markets carried out by micro factors. Models and approach pattern, attractiveness of each sector according to criteria which obtained certain empirical studies using criteria in selecting market. In this method, indicators and criteria is considered with certain weight and different markets based on criteria are estimated, Koch (2010) concludes in his study that three categories of variables are such as internal, external and hybrid selection. That there are involved export target markets. Internal variable such as firms' strategic vision strategic goals, international stage estimate risk and offence and control (marketing casts. External variables are such market potential, competition and market risk and hybrid variable, are such as a viable source, adoptive to firm's business portfolio and optima ion of develop market, similar foreign market and are networking.

Raman (2013) in his study, introduced model for evaluating attractiveness of market and attractive near infrastructure.

The attractiveness of size market represents attractiveness of potential market for products that are affected by the Marco level. Micro level and capabilities of the firms' business structural interest based on cost, structural adjustment, policy, marketing and business is evaluated.

Cikmin and Deeb (2008) in their study, the criteria the different criteria used in the selection of the market and used strategies were studied. According to this study the criteria of profitability, market growth, size market are most used measures. Quality server strategies, maintaining brand strategy, strategy lower cost, product differentiation strategy and strategy stock strategy used in this study.

Keegan (2009) is introduced a basic criterion the goal market. Current size market and growth it's expected potential in the market and consists with overall goods of company and access to goal market is evaluation markets. The first criterion, the current size and potential to gain opportunity of benefit is considered.

The second measure that if competition in market the compact must be avoided from entering and the third criterion is consisting of overall goals of company and market access refers to success.

## V. DATE ANALYSIS

### A. Research question

The priority influences on paknam Company's export goal markets?

In inferential statistics, six priority research domains (political, market potential, economic factors cultural, infrastructural and legal) of the sample survey, then, first of all sub-components are provided this separation. Table below shown results of calculation of priorities of six aspects:

There for, it can say that

#### Six priority research domain.

Degree	Average	Number	Main dimensions
1	3.22	72	Legal factor
2	3.16	72	Potential market
3	3.08	72	Infrastructure factors
4	3.01	72	Cultural factors
5	2.78	72	Political factors
6	2.61	72	Economic factors

Thus it can be said of the sample, legal factors, the first priority, and agents Economic, are the last priority. Then, out of all the components of the study are presented:

#### Prioritize research components.

Degree	Average	Number	Main dimensions
1	3.50	72	Competition
2	3.45	72	Distribution
3	3.36	72	Other legal cases
4	3.20	72	Nontariff cases
5	3.05	72	Tariffs/Taxes
6	3.01	72	Public aspect
7	2.96	72	Adaptive costs
8	2.95	72	Communications
9	2.94	72	Internal prices
10	2.89	72	Cultural differences
11	2.82	72	Stability
12	2.79	72	Development and performance
13	2.72	72	Geographical factors
14	2.62	72	Cultural cohesion
15	2.55	72	Production
16	2.48	72	Diplomatic relations
17	2.44	72	Consumption

As the above table shows the sub-components of the legal aspects (tariffs / taxes, the non-Tariff and other legal cases) between the sub-components of the first and third are priorities.

## VI. DEBATE AND CONCLUDED

The findings suggest that institutional factors, is the first priority. The findings by results Dehdashti (1391) Firozian (1389), Haghghi (1387) Sazabya (2006) compliance.

These findings Khorsandifar (1393), Dehdashti (1391) Firozian (1389), Fathi (1378), Haghghi (1387) Mahmoodzadeh (1387) Symkyn and Deeb (2008) and Keegan (2009) compliance. Dehdashti (1391) to this concluded that legal factors in the selection of the international market, is the first priority. The results Stating the reasons and legal issues, such as tariffs, taxes, and non-tariff priorities .First select the companies in the international markets. The findings suggest the potential market, the second priority in the selection of the company's international markets Paknam there.

Keegan (2009) as the current size of the market and expected growth potential, potential competition in the market, and market adaptation the overall goals of the company and access to the markets of the evaluation criteria. The first criterion, the current volume and potential volume of market for obtain business opportunities considering for benefit. The second measure that if competition in the market, compression should be avoided entering the third measure compatible with overall company goals and possible market access points to success.

The findings suggest that factors infrastructure in selected international markets; the third priority Paknam is now. These findings are the result. These findings are the results Khalilian (1381) Firozian (1389), Dehdashti (1391), Sarabya (2006) Koch (2010), and Rahman (2013) is aligned. Rahman (2013) states that infrastructure such as methods- goods distribution, communications equipment, and geographical factors, a determining role in the selection of international markets by Corporate. Research findings shown that the cultural factors in choosing priority now Paknam International markets. Dehdashti (1391) cultural factors among the factors smoothes knows, but Firozian (1389), Koch (2010), Rahman (2013), cultural factors, such as cultural integration in the host country, integration and cultural differences between the host country and among the factors that put cars in selected international markets bulk Know.

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