THE DETERMINANTS OF EXPORT DECISIONS AND ATTITUDES TO A DISTANT MARKET: NORWEGIAN FISHERY EXPORTS TO JAPAN

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Abstract. This paper focuses on the process that occurs when active exporters, reacting to new opportunities, either enter or increase exports to psychologically distant markets. The overall purpose of the study is to provide guidance for export promotion activities. Since future exports cannot be observed directly, the attitude regarding future exports is introduced as this study’s primary dependent variable. A model is formulated where firm and product attributes, as well as perceived barriers/opportunities are proposed as determinants of attitudes towards future exports. Previous export experience in the relevant market is also introduced as an additional variable in explaining attitude towards future exports. The model is tested in a two-step procedure with multiple discriminant and regression analysis. The data used to test the model is taken from a survey of Norwegian exporters of fishery products.

During the last two decades a large number of studies have analyzed the export marketing behavior of firms [Bilkey 1978; Dichtl et al. 1984; Cavusgil and Naor 1987]. The growing internationalization of the world economy and the generally shared opinion that increased exports benefit society have stimulated research interest in this area. In the U.S., the growing trade deficit is the most immediate factor behind the current interest in the topic. An overall objective in most countries is to find ways to increase exports. Increased exports may be achieved either by stimulating exporting firms to export more or by inducing non-exporters to start exporting. The U.S. Department of Commerce has estimated that 20,000 U.S. companies could sell successfully in foreign markets but are currently not doing so (see Ronkainen [1984]). Hence, a major part of the published research has been concerned with factors that cause a firm to start

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exporting. Issues investigated include export initiation, motives for exporting, perceived obstacles to exporting, the role of management and the importance of firm size [Bilkey 1978]. Less attention has been given to the export behavior and attitudes of companies that already have some export experience. To what extent do such companies exploit opportunities in foreign markets?

The process by which a firm demonstrates exporting behavior is usually conceived as evolving through various stages, though the suggested number and characteristics of the relevant stages vary. Bradley [1984] argues that a three-stage model is appropriate for the internationalization process of small companies. Firms in the first stage are named potential exporters, firms that have not yet exported any of their goods or services. Firms in the second stage are labeled passive exporters, firms that have been exporting only upon request from abroad without taking any initiative of their own. Firms in the third stage are considered active exporters, firms showing continuous effort to increase their export activities.

Given that firms have become active exporters, there are two dimensions along which this activity can deepen. First, they can become increasingly involved in particular export markets, e.g., from export via agents to export via sales subsidiary to production in a foreign subsidiary. Secondly, they can expand geographically into new foreign markets. Additionally, entering new markets even seems to follow distinct patterns. It has been pointed out that exporting activities tend to start with the psychologically nearest countries, where psychological distance may be defined as "the sum of factors preventing the flow of information from and to the market. Examples are differences in language, education, business practices, culture, and industrial development." [Johanson and Vahlne 1977, p. 24]. There exists an economic break-even point as a psychologically distant market becomes so important, that an active exporter should seriously evaluate entering that particular market. This consideration results in some exporters moving into the psychologically distant market while others remain with their present markets. What influences this decision among active exporters?

The present paper deals with small active exporters and the expansion of exports from well-known foreign markets to a psychologically distant market. Anyone seeking to influence this process should consider the determinants of the attitudes of exporters towards future exports. Hence, the present study focuses on factors that in part determine when a given exporter will see a psychologically distant market as promising for further exportation. In order words, what factors will influence attitudes towards that particular market in either a positive or negative manner. The study has been conducted as part of a project sponsored by the Norwegian government and the Norwegian fishing industry to promote exports of fishery products to Japan. Based upon a review of the literature and the particular case analyzed, a model of an active exporting firm's attitude towards future