The Rubber Export Industry in Thailand: An Analysis of Export Performance

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Abstract

Export performance in the industry is the top goal of business operation which can be measured from export's sales volume, growth rate of sales volume, growth rate of benefits, marketing ability, acceptance in overseas markets, company's demand in sales revenue increment, and growth rate in overseas markets. The mentioned factors impact on the company's ability to sustain itself in the overseas markets. Factors that are related to export performance are export marketing strategies, competitiveness, the relationship between buyers and sellers, readiness of resources, and government support.

Key Word: Competitiveness, Export Marketing Strategy, Export Performance

Introduction

The success is something that challenges the ability of managers due to intense competition with the changes in globalization. As world markets globalize, the effect of export performance on a firm's performance has been frequently discussed in the literature.

Potential in the international market to become global is determined by the efficiency of export (Export Performance). In particular, the rubber products industry deals with a major export

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product (Department of International Trade Promotion, 2012). It is a source of income at the most competitive level that can bring prosperity to the country. The export of rubber as seen from the situation of the past shows that Thailand has become the world's largest natural rubber producer and exporter to the world. The value of total exports of rubber and rubber products in 2009 was 43,855,998,034 million; in 2010 the export value increased respectively to 65,840,571,901 million which is up 50.13 percent from the year 2009. In 2011 the export value increased respectively to 82,493,085,912 Million which is up 25.29 percent from the year 2010 (Department of Industry Promotion, 2011). Although the rubber industry will generate large revenue for the country, the growth rate of exports is significantly lower than the aim in the last 2-3 years. That might be due to external factors and internal factors. Therefore, it is interesting that the rubber processing industry adapts to survive amidst the need to develop marketing strategies against foreign competition.

Research Methodology

Materials and Methods

The methods of this study are called a documentary research which conducts literature reviews and content analysis from secondary data. Besides, the findings are presented in analysis description and illustrated in conceptual model of factor affecting the export performance of rubber industry in Thailand and the causal relationship of the elements that influence the marketing strategies of foreign entrepreneurs in the rubber industry in order to create a framework for the research. In addition, this paper undertakes reviews and synthesizes of competitiveness, readiness of resources, buyers and sellers relationship, export marketing strategies, and government supports affecting the export performance of rubber industry in Thailand.

Results and Discussion

As for the literature review about export performance found that there are many factors that affect export performance but this research will study on competitiveness, readiness of resources, buyer-seller relationship, government supports, and export marketing strategy as details on the following.

Competitiveness

Competitiveness is the best of power to perform the business, a firm possesses a competitive advantage when it has certain resources and capabilities that are unique and difficult to imitate and it can present an offer to the market that provides more value to its customers than competing offers (Barney, 1991). Competitive advantages are direct antecedents of export performance because the relative superiority of a firm's value offered determines target customers' buying behaviors (Piercy et.al, 1998) and the outcomes of this behavior for the export performance (Albaum & Tse, 2001)

Readiness of resources

Firms should optimally allocate their resources if they are to achieve superior export performance because the availability of favorable resources allows firms to exploit opportunities and neutralize threats in competitive environments (Leonidou et al., 2002). The influence of firm resources and export intermediary resources on export performance using the resource-based view (RBV) which is very important for firms in order to run business with foreign countries or export marketing (Theingi & Sharon, 2010). The RBV advantage is driven by intangible resources, such as knowledge and experience, the acquisition of market information, technological know-how and business relationships, as these resources are difficult to imitate (Michalisin et al., 1997)

Supports from governments

Government support refers to political policies that enable export activities to be completed easily like facilitating means of support for the provision of exports financing facilities; the control of the Baht's strength to enhance export competitiveness; international free trade agreements which recently were negotiated with Australia, China, India, Japan, New Zealand and ASEAN that have resulted in many more opportunities for doing business with Thailand exporters. Moreover, Department of Export Promotion, Ministry of Commerce, which provides a comprehensive range of services, acting as a one stop service center, providing trade information and advisory services, match-making link-ups, business networking, data on Thai products and manufacturers, as well as helping to find suitable trade partners can be viewed as the facilitator established by the government. As a result, this study proposes that government support will increase export marketing strategy and export advantage relationships and export marketing strategy and firm performance relationships.

The relationship between buyer and seller

Management of customer relationship marketing means acting on the customer. This may be the consumers, or intermediaries in the distribution of each continuous aims to provide customers with an understanding of perception and feeling good about the company, the company's products or services to increase the customers' credentials, or marketing to build customer loyalty (Ma, 2006). Relationships and cooperation is an important resource within emerging economies, and is particularly important in Thailand (Itthiopassagul & Blois, 2000; Theingi et al., 2008). Consequently, commitment of the export intermediary towards improving sales of the export manufacturer's products significantly improves export performance (Peng & Ilinitch, 1998; Peng and York, 2001; Wilkinson and Nguyen, 2003).

Export Performance

Exporting is one of the significant preliminary steps of an enterprising organization towards expanding its international business

activities. A comprehensive survey of the literature by Katsikeas, et al (2000) revealed that export intensity, export sales, export growth, and export profitability are the four most used measures of economic export performance. Export intensity is the ratio of export sales to a company's total sales and it is the most widely used economic measure of export performance in the literature (Baldauf et al, 2000). An alternative to an objective measure of export performance would be to measure managers' subjective assessment of satisfaction with export success (Evangelista, 1994). The use of a composite measure of export performance that incorporates financial performance, and managers' subjective assessment of performance of the export market venture has also gained support in recent years (Cavusgil and Zou, 1994; Zou, et al, 1998).

Export Marketing Strategy

Export marketing strategy implies a dynamic system of decisions concerning product development, pricing, promotion, and distribution that are originated and implemented over time. As Katsikeas, et al (2000) claim that export marketing strategy variables refer essentially to the company export product, pricing, distribution and promotion strategy and are key to exporting success. In the international marketing context, a number of studies (Lee & Griffith, 2004) have suggested that export performance is influenced by export marketing strategy. However, there are effects of export marketing strategy that have led to significant results on performance of export businesses in Thailand (Lee & Griffith, 2004). For more instances, export marketing strategy has directly and indirectly significant positive influences on export performance via export advantage as the mediator.

Conclusion

The research result is a Conceptual Model for the study of The Causal Structure Relationship Model of factors that affect export performance of the Thai rubber export industry as shown as follows:

Conceptual Framework

This conceptual framework will benefit producers or entrepreneurs to determine the ability to compete in the future and to realize causal factors that affect export performance of the Thai rubber export industry in order to develop its ability to compete in the and also to assist other industries that share similar features to adapt to become the potential global firms in the industry. Moreover, this study is also significant for the government to use for strategy making as the appropriate direction for national exporting policies.

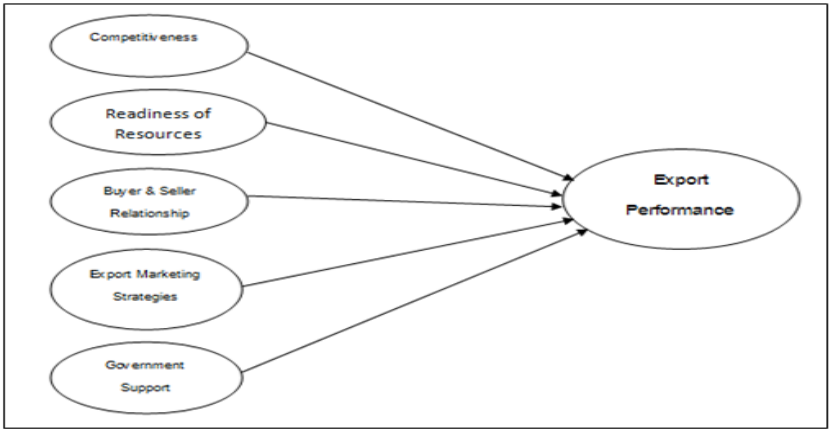


Figure 1 Conceptual Framework

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