INSTITUTO
UNIVERSITÁRIO
DE LISBOA

The Influence of Strategic Factors on Export Performance in Wine Sector

Filipe Bettencourt Isabelinha Valério dos Santos

Master in business administration

Supervisor:

PhD Álvaro de Borba Cruz Lopes Dias, Invited Assistant Professor,

Iscte Business School

April 2021

BUSINESS
SCHOOL

Department of Marketing, Strategy and Operations

The Influence of Strategic Factors on Export Performance in Wine Sector

Filipe Bettencourt Isabelinha Valério dos Santos

Master in Business Administration

Supervisor:
PhD Álvaro de Borba Cruz Lopes Dias, Invited Assistant Professor,
Iscte Business School

April 2021

Acknowledgement

I would like to express my gratitude to my supervisor, Professor Álvaro Dias, who guided me through this challenging journey. I am very appreciated for all his help.

I would also like to single out all the companies and people involved in the questionnaire, who helped and provided me necessary data to build and test my model. I'm thankfull for the time and consideration.

A final reference to my friends and family who constantly supported me and provided all the help they could possible give.

Resumo

Estudos anteriores mostram que o desempenho de exportação é um tópico central no tema de Negócios Internacionais. Existem três teorias fundamentais abordadas nos artigos sobre desempenho de exportação: a teoria do *structure-conduct-performance,* o *resource-based view* e *dynamic capabilities* e a perspectiva comportamental e relacional com parceiros. Com base nestas três teorias desenvolvemos um modelo conceptual, onde identificamos quais são os fatores fundamentais que mais têm influência no desempenho das exportações. Para isso, dividimos o desempenho de exportação em desempenho não-económico e desempenho económico e interligámos estas variáveis com os fatores internos e externos da empresa e as suas capacidades de relacionamento com parceiros. Para a realização deste estudo, usámos uma amostra de 93 empresas de vinho portuguesas, onde a testamos usando equações de modelação estrutural, mais especificamente o método PLS. Os resultados demonstraram que os fatores internos e a capacidade de relacionamento com parceiros, contrariamente aos fatores externos, apresentaram uma influência significativa no desempenho não-económico, que por sua vez influência o desempenho económico. Os resultados mostram também o efeito mediador do desempenho não económico. Os fatores internos e a capacidade de relacionamento têm influência indireta no desempenho económico através do efeito mediador do desempenho não económico de exportação. Podemos então afirmar que os fatores internos e a capacidade de relacionamento têm influência no desempenho geral de exportações nas empresas de vinho portuguesas.

Palavras-Chave: Desempenho de exportação, Características internas das empresas, Características externas das empresas, Capacidade de relacionamento com parceiros, Desempenho Económico, Desempenho Não Económico

Sistema de Classificação JEL: M16 Gestão de Empresas Internacionais; M31 Marketing

Abstract

Prior research shown that export performance has always been a central topic in international business. There are three main theoretical approaches used in export performance studies: the structure-conduct-performance approach, the resource-based view and dynamic capabilities approach and the relational or behavior perspective. Based on these theories we created an approach to identify which are the most important factors that influence export performance, dividing export performance into noneconomic and economic performance and how they connect with the relationship capabilities and internal and external factors. This study, based on a sample of 93 Portuguese wine producers, develops and tests, using structural equation modelling (SEM), specifically the partial least squares method (PLS), a conceptual model of the influence of internal factors, external factors and partner relationship capabilities in export performance. Results indicate that internal factors and partner relationships have an impact in the firm's noneconomic performance which influences economic performance. It is also shown by the results that external factors doesn´t affect the noneconomic performance neither the economic performance. Moreover, the results show the moderation effect of the noneconomic variable. Internal factors and relationship capabilities have an impact in economic performance throw the mediation effect of noneconomic performance. Overall, firms' internal factors and relationships capabilities are crucial to achieve a better export performance for Portuguese wine companies.

Keywords: Export Performance, Partner Relationship Capabilities, Firms' Internal Characteristics, Firms' External Characteristics, Economic Performance, Noneconomic Performance

JEL Classification System: M16 International Business Administration; M31 Marketing

Index

List of Figures

List of Tables

Introduction

In the past decade, it is obvious the growing interdependence of the world's economies, cultures, and population, brought about by cross-border trade in goods, services, people, and information. The International Monetary Fund (IMF) identified four fundamental aspects of globalization: trade and transaction, capital and investment movements, migration and movement of people, and disseminating knowledge. It is essential for firms to remain competitive, follow the world trend, and become global or international. The most used strategy by firms to become international is exportation (Leonidou and Katsikeas, 2010). Based on this idea of a global world, we decided to study the principal factors influencing firms' international performance.

Export performance has always been a central topic in International Business. It is widely studied by numerous authors and is an area of great interest for marketing and business managers. Many studies approach export performance over the past years, but there is no consensus concerning its conceptualizations and measurement. The literature evidence that export performance is a strategic response by management to the interplay of internal and external forces (Cavusgil and Zou, 1994). These authors also establish that export performance is defined as the extent to which a firm's objectives, both economic and strategic, concerning exporting a product into a foreign market, are achieved by planning and executing export marketing strategy (Cavusgil and Zou, 1994). One of the most important factors that impact export performance is the export marketing strategy (Cavusgil and Zou, 1994) and firm-specific characteristics (Diamantopoulos and Schlegelmich, 1994). It is also true that in our modernized world, new competitors appear more often, old competitors change their strategies frequently, and firms need to keep up with these changes in the market. In other words, firms need to be market-oriented (Ipek and Bicakcioglu-Peynirci, 2020). International marketing and export performance literature have been encouraged to be theoretically driven. Despite the number of theories used by different researchers, there are three theoretical paradigms used most often: the structure-conduct-performance (Cavusgil and Zou, 1994), the resource-based view of the firm (Morgan et al., 2004), the relational or behavioral perspective (Styles et al., 2008). To answer the question of which factors influence the export performance in Portuguese wine companies, we create a model based on the three theories above. We identified three factors: firms' internal characteristics, external factors, and partner relationship capabilities. Then, we divided export performance into non-economic performance (the establishment and maintenance of the stakeholders in the foreign markets (Lages et al., 2009)) and into economic performance (the extent to which firms achieve their results to their competitors in terms of sales, sales revenue, profitability, market share, etc. (Morgan et al., 2004)). A significant number of studies approach theoretical models of export performance like Cavusgil and Nevin, 1981; Cavusgil and Zou, 1994; Diamantopoulos and Schlegelmich, 1994; Shoham, 1998; Morgan et al., 2004, etc. However, despite the research effort in identifying and examining the influence of export performance and its determinants, the literature is characterized by fragmentation and diversity, hindering theory development and practical advancement in the field. (Sousa et al., 2008).

Although that Portugal is an important player in wine production, the literature underexplored the investigation of the export performance of the Portuguese wine companies, despite the extensive literature about international marketing and export performance, the connection between non-economic performance and economic performance, and the relationship between relational capabilities and firms' and market characteristics are scarce. How they influence export performance is scarce in the literature. This research aims to provide a conceptual framework in which we identified which are the most important factors that influence export performance and how they do that influence. These factors created the following questions that will be deeply studied in this research: Do the firm's internal factors have an impact on the firms' export performance? Do the firm's external factors have an impact on the firms' export performance? Do the firm's partner relationship capabilities have an impact on the firms' export performance? Does the non-economic performance have an impact on the economic performance? By answering these questions, we seek to bring greater conceptual clarity to the international performance and provide a more solid base for future investigation and discernment of managers' implications. To achieve the proposed objectives, we first develop a valid and reliable measure for export performance in Portuguese wine companies based on the findings of Sousa et al. (2008) and Lages et al. (2009). After we created the questionnaire, we collect the data from 93 different managers from 93 companies to test the influence of the internal and external factors and the partner relationship in the export performance. The sample was tested by mean of a variance-based structural equations modeling (PLS Path Modeling) (Hair et al., 2011). Our results illustrate how the internal characteristics, the external factors, and the partner relationship capabilities influence economic and non-economic performance. It is also shown in the study the mediator effect of the non-economic performance variable in the economic performance of the Portuguese wine companies.

In line with these research aims, we started with a research context where we contextualize the wine market in Portugal and the current situation of exports in this specific sector. Secondly, we will do an in-depth literature review, representing the main theoretical knowledge that is useful to understand and develop the conceptual model and the research hypothesis. The third step is to explain the methodology used to collect the sample, build the variables, and measure these variables. After gathering all the data from the questionnaire, we will analyze the results using the

PLS method and interpret these results in light of our hypothesis. Then, we will discuss the results from the PLS and try to answer our research questions. Finally, we will conclude the results to explain our study's theoretical contribution, the managerial implications, and recommendations for future research.

Research Context

In this chapter, we will briefly discuss the Portuguese wine market and the current situation in terms of exports. We will use an interview given by Frederico Falcão, president of Viniportugal, in January 2021 for the RTP1 TV channel and Viniportugal reports to illustrate the Portuguese wine market. Viniportugal is an organization that represents all the Portuguese wine sector, and its principal mission is to promote Portuguese wines in foreign markets.

Portugal is a country of strong wine tradition, with excellent wines recognized worldwide, with numerous awards and distinctions won in international competitions. Nowadays, Portugal is the 9th biggest exporter of wine, the 11th biggest wine producer, and the 3rd country with the most consumption per capita of wine globally. "Today, Portuguese wine international reputation is unquestionable. Portuguese wine exports also demonstrate this sector's dynamism having registered a very favorable performance over the last years" (Viniportugal). It is also known worldwide that Portuguese wine has a unique and differentiating proposal, with many native grape varieties that guarantee singularity, consistent quality, and excellent value for money. "We don't define our wines as better or worse than others. We define our wines as different. Portugal is the 3rd country in the world and the 2rd in Europe with the higher number of native grape varieties, with a huge difference in climate and soils throughout the country, which gives Portuguese wines a richness unique in the world." (Frederico Falcão, RTP 1 interview 2021)

In the last year, wine exports exceeded 820 million euros, representing an increase of 2,5% compared with the previous year. This growth is mainly due to a price gain of 2,5%, given that the volume had a marginal growth of 0,3%. Regarding the international markets, Portugal has two different paradigms. While in the European Union market, the volume of exports decreases but the average price increase, in the EU outside market, the contrary happens, an increase in volume and a price decrease. The strategic markets for Portuguese wines and where it invests more in promotion with better results year by year are Canadá, USA, Brasil, Northern Europe, South Korea, and Poland. On the other hand, France, China, and Angola are markets very dependent on the Porto wine, which suffer from the pandemic crisis, decreasing the number of exportations. Another advantage for the Portuguese wines is the increase of tourism attraction for Portugal. "The Portuguese wine consumption is highly connected with tourism. Portugal is one of the countries with the highest wine consumption per capita, and most of these consumptions are connected with tourism. The decrease of tourism in Portugal due to Covid 19 lead to falls of 10% of volume and 25% of value in the wine consumption." (Frederico Falcão, RTP 1 interview 2021)

Despite that Portugal is improving year by year in export numbers it still needs to improve its management and marketing strategy in order to achieve the competitive level of other countries like France, Italy or Spain. One of Portugal's big disadvantages is the country's small dimension, making it difficult for Portugal to compete with these countries in terms of volume of wine production. Another disadvantage characteristic of the Portuguese wine market is the higher number of small producers and companies, which leads to a higher number of companies but with a small volume of production. "Our main goal in terms of wine production isn't more volume of exportation but export better" (Federico Falcão). Based on the sentence given by the president of Viniportugal, we were encouraged to study the export performance of Portuguese wine companies and the factors that impact the exportation process. The growth potential of these specific markets and the under-exploration in the literature about export performance in the Portugal wine industry motivate us to pursue this investigation. We think that the model conceptualized could help managers plan and implement their strategies with better know-how of the subject and achieve better results.

Literature review

Export Performance

In a globalized world, export is the most popular strategy for firms to expand and engage in new markets and opportunities (Leonidou and Katsikeas, 2010). It provides high levels of flexibility and a cost-effective way to enter these new markets. Understanding the drivers of export market performance is key to explaining its international competitiveness (Morgan and Katsikeas, 2012).

To define export performance, we should first define the concept of export. Export is defined as the international, marketing-related decisions and activities of internationally active firms (Cavusgil and Nevin, 1981). The difference between exporting and other forms of engagement is that, in exporting, the firm does not control the foreign operation. It either exports directly or through agents/distributors. (Shoham, 1998). Export performance is a strategic response by management to the interplay of internal and external forces (Cavusgil and Zou, 1994). These authors also establish that export performance is defined as the extent to which a firm's objectives, both economic and strategic, concerning exporting a product into a foreign market, are achieved by planning and executing export marketing strategy (Cavusgil and Zou, 1994). One of the most important factors that impact export performance is the export marketing strategy (Cavusgil and Zou, 1994) and firm-specific characteristics (Diamantopoulos and Schlegelmich, 1994). It is known that today's markets are in continuous change, consumers' behavior change rapidly, new competitors appear more often, old competitors change their strategies frequently (Ipek and Bicakcioglu-Peynirci, 2020). Firms need to keep up with these changes in the market. In other words, firms need to be market-oriented. A market-oriented firm is a company that gathers continuous information about the foreign markets' atmosphere and about the diverse stakeholders' expectations to develop specific strategic decisions (Cadogan et al., 1999). This accurate information about target market and consumer demands allows firms to promptly meet the changes in export markets (Murray et al., 2011) and develop strategies that lead to sustained competitive advantage (He et al., 2013). In recent years, international marketing and export performance researchers have been encouraged to be theoretically driven. Despite the number of theories used by different researchers, there are three theoretical paradigms used most often: the structure-conduct-performance (Cavusgil and Zou, 1994), the resource-based view of the firm (Morgan et al., 2004), the relational or behavioral perspective (Styles et al., 2008). In 1994, Cavusgil and Zou verified the empirical link between marketing strategy and performance in export ventures. They contributed to a more comprehensive understanding of the variables that impact the export performance. They created a theoretical approach based on the structure-conduct-performance framework of Scherer and Ross's industrial organizations in 1990. This framework rests in two fundamental premises: 1) Organizations are dependent on their environments for resources, and 2) organizations can manage this dependence by developing and maintaining strategies (Cavusgil and Zou, 1994). In the framework proposed by Cavusgil and Zou, the export performance is determined by export marketing strategy and firms' characteristics which are influenced by internal and external forces. For the authors, the export marketing strategy has a central role in export performance.

Focusing on firms' internal factors, the RBV paradigm assumes that resources and capabilities that are valuable, rare, imperfectly imitable, and no substitutable allow firms to establish a sustained competitive advantage (Barney, 1991). This theory defends that firms are heterogeneous, and the differences between each firm can be maintained over time (Barney, 1991; Collis and Montgomery, 1995). The RBV is a valuable framework to understand the nature of resources and capabilities essential for product diversification (Barney et al., 2001), becoming one of the critical theoretical paradigms to export performance literature (Morgan et al.,2004). There is some criticism of the RBV theory because it can't explain how resources and capabilities are developed and deployed by firms to achieve sustained competitive advantage (Boso et al., 2019). The dynamic capability theory addressed this limitation, arguing that sustained competitive advantage is achieved by configuring these resources and capabilities to fit the firm's environment (Eisenhardt and Martin, 2000). Essentially, dynamic capabilities are a firm's ability to reconfigure and adapt the internal resources and capabilities to the changes of the external factors.

The third paradigm used in export performance studies is called the relational or behavior perspective and are based on two principles: 1) the inclusion of both sides of the exchange relationship and 2) the importance of perceptions that impact the future of exchange relationships, as well as on the past (Styles at al.,2008). Based on the two principals mentioned before, Styles, Patterson, and Ahmend created a relational model of export performance.

Despite the complexity of the authors' framework, the model is settled into three fundamental principles. First, it includes both sides of the exchange (in this context, exporter and importer). Second, it recognizes a temporal dimension by featuring reciprocal perceptions related to past transactions and future exchanges. Third, commitment and trust are central constructs. The commitment of both parties is directly related to the performance of the export venture. Influencing the cycle of commitment evidenced in the central figure is the extent to which party trusts the other, which is influenced by various organizational and interpersonal factors. (Styles et al., 2008). Finally, we think that export performance is affected by the variables presented in the three paradigms. Complementing the structure-conduct-performance paradigm with the RBV theory that is mainly focused on the economic view and the firm, product, and market characteristics with the relational perspective that are focused on the nature and impact of exporter-distributor relationships, we can create a model with the fundamental aspects that leads to good export performance.

Determinants of Economic Export Performance

In this topic, we will review the literature about determinants of export performance, where we discuss the most critical factors that can affect firm performance in foreign markets. Economic export performance determinants are mainly used in the RBV and the SCP models explained in the first chapter of the literature review.

There are two broad theoretical approaches associated with the determinants of export performance, the resource-based paradigm and the contingency paradigm, that provide the basis to classify the determinants of export performance into two categories: internal factors, justified by the resource-based view theory (RBV), and external factors, justified by the contingency paradigm (Sousa et al., 2008). Contrarily to the RBV and dynamic capabilities approach explained in the previous topic, the contingency paradigm proposes that environmental factors influence the firm's strategies and performance and depend on the firm's specific context (Sousa et al, 2008). The Cavusgil and Zou (1994) structure-conduct-performance frameworks explain this theory and are based on two premises. Pfeffer and Salancik (1978) premise states that organizations are dependent on their environments for resources. The second premise is that firms can manage this dependence by developing and implement appropriate strategies (Hofer and Schendel, 1978). In the contingency paradigm, exporting is considered a relationship between internal and external factors. (Robertson and Chetty, 2000). In conclusion, based on the dynamic capabilities approach and following export performance thoughts, the principal determinants of export performance are the internal factors like export marketing strategy, firms' characteristics and management characteristics, and external factors like foreign market characteristics and domestic market characteristics.

Internal Factors of Export Performance

The internal factors that are associated with export performance concern the intrinsic variables that the firm can control. These factors are divided into three categories: Export marketing strategy (EMS), Firm characteristics, and management characteristics (Sousa et al., 2008).

Export Marketing Strategy

Cavusgil and Zou published that export marketing strategy is how a firm responds to internal and external forces' interplay to meet the export venture's objectives. It involves all aspects of the conventional marketing plan, including product, promotion, pricing, and distribution (Cavusgil and Zou, 1994). When we talk about international or export marketing, two main old theories have been discussed in the literature: The standardization vs. adaptation/localization of the marketing strategy.

The standardization theory defends that the worldwide marketplace has become so homogenized that multinational corporations can use standardized products and services worldwide, by identical strategies, with resultant lower costs and higher margins (Jain, 1989). The standardization of one or more parts of the marketing program can be described in a framework based on five key concepts:

1) There are two aspects of standardization, process and program. The term marketing program refers to different parts of the marketing mix and marketing plan. The term process refers to the tools used to develop and implement the marketing program (Sorensen and Wiechmann, 1975).

2) Likelihood of program standardization depends on a variety of factors identified as target market, market position, nature of the product, and environment (Jain, 1989).

3) Effective implementation of standardization strategy is influenced by organization perspectives (Jain, 1989).

4) Total standardization is unthinkable (Jain, 1989).

5) The degree of standardization in a product/ market situation should be examined in terms of its long-term advantage (Jain, 1989).

In conclusion, we can say that standardization of international marketing strategy refers to using a standard product, price, distribution, and promotion program (use the same marketing mix) worldwide (Jain, 1989). This strategy "offers benefits in terms of increasing the degree of managerial control, reducing costs, simplifying strategic planning efforts and an overall reduction in problems resulting from overlaps created by misusing both human and material resources" (Friedmann, 1986).

On the other hand, the adaptation/localization theory defends that, despite the increasing globalization tendencies, variations in dimensions such as consumer needs, culture and traditions, laws and regulations, purchasing power, commercial infrastructure, and technological development are still too significant between countries (Theodosiu and Leonidou, 2003). Based on that, firms must readjust their marketing strategies to each foreign market's idiosyncratic circumstances (Terpstra and Sarathy, 2000). The framework presented by the authors identifies and assesses the impact of the various dimensions of distance that can impact the marketing strategies of firms (Ghemawat, 2001). The major critic appointed by adaptation followers to the standardization theory represents an oversimplification of reality and contradicts the marketing concept (Boddewyn et al., 1986). They also defend that "the firm's ultimate objective is not cost reduction through standardization, but long-term profitability through higher sales accrued from a better exploitation of the different consumer needs across countries" (Theodosiu and Leonidou, 2003).

Bringing the discussion to a modern view of international marketing, we can say that marketing is a context-driven discipline and practice (Zinkhan and Hirschheim, 1992). When we discuss international/export marketing, context matters even more (Sheth, 2020). Many factors moderate and mediate between marketing plans and programs and desired outcomes such as growth, loyalty, market share, and margins (Katsikeas et al., 2006). Based on this principle, in 2020, Seth created a chart that provides a typology of the international marketing context based on two factors: market scope and external forces. The context of international marketing is complex, dynamic, and often unpredictable, and this is the reason that in some example, the standardization theory can have positive results in one market and negative impacts in another market. The same applies to the localization theory.

To overcome above the discussion of standardization versus adaptation, a group of researchers offers a contingency perspective on the debate: (a) standardization or adaptation should not be seen in isolation from each other, but as the two ends of the same continuum, where the degree of the firm's marketing strategy standardization/adaptation can range between them; (b) the decision to standardize or adapt the marketing strategy is situation-specific, and this should be the outcome of thorough analysis and assessment of the relevant contingency factors prevailing in a specific market at a specific time; and (c) the appropriateness of the selected level of strategy standardization/adaptation should be evaluated based on its impact on company performance in international markets (Theodosiu and Leonidou, 2003). In conclusion, we can say that a good export marketing strategy and effective implementation are crucial for firms' export performance (Olson et al., 2005). In fact, many studies highlight the importance of the link between firms' export marketing strategy planning and their export performance. (Sousa et al., 2008). International market success is linked with an efficient and effective marketing-mix strategy for a specific market (Sousa et al.,2008) and which specific strategy elements are feasible or desirable to standardize or adapt, under what conditions, and to what degree (Theodosiu and Leonidou, 2003).

Firm Characteristics

Literature has acknowledged the firm's characteristics have an important factor that influences export performance. As Porter explains (1985), firm key assets and skills constitute sources of sustainable competitive advantage. The resources and capabilities of firms that influence export performance have been studied over time. The majority of studies indicate some independent variables of a firm's characteristics that influence exports: firm size, international experience, degree of internationalization, market orientation, organizational culture, and firm capabilities and competence. (Sousa et al., 2008).

Management Characteristics

Management characteristics are another factor that can influence export performance (Cavusgil, 1984). For this reason, variations in export activity can be related to management characteristics (Leonidou et al., 1998). "Management commitment in exporting appears to be a necessary organizational ingredient to determine export success" (Sousa et al., 2008). When managers are committed to the exporting process, they allocate the resources needed to successfully apply strategies that lead to sustained competitive advantage (Cavusgil and Zou, 1994). This is the most used variable in the literature to explain the importance of management characteristics in export performance. Other variables indicated by literature that can affect export performance are international experience, education, and innovation (Sousa et al., 2008).

In response, and in light of the discussion of the internal factors, we propose:

H1a: There is a positive relationship between firms' internal factors and economic performance.

H1b: There is a positive relationship between firms' internal factors and non-economic performance.

H1c: Internal Factors has a positive relationship with economic performance mediated by non-economic performance.

External Factors of Export Performance

The external factors that are associated with export performance concern the environmental aspect that the firm are involved, the factors that the firm cannot control (Sousa et al.,2008).

Foreign Market Characteristics

Foreign market characteristics are an important factor that companies should consider when they export to other countries. One of the factors that can influence export performance is the legal and political environment. This refers to the government intervention in the market that can affect the export operations of the firm. Laws and pressures from foreign governments can play a considerable role in export performance, reducing or increasing firm capacity and effectiveness (Cavusgil and Zou, 1994). Another essential factor to take into account foreign market characteristics is cultural similarity. If a market is culturally similar to the domestic market, it is easier for a firm to succeed (Lado et al.,2004). According to Lado et al. (2004), culturally similar markets reduce the risk of failure and motivate companies to enter these markets. On the other hand, culture dissimilarity often increases the difficulty in obtaining and processing information about foreign market conditions reducing exporters' ability to respond to the changing environment on time (Lee, 1998). Market competitiveness is also a fundamental determinant of export performance. There are many studies in this area that have different conclusions. O'Cass and Julian (2003) reported that lower competitiveness has a positive impact on export performance, while Morgan et al. (2004) found no link between market competitiveness and export performance. Contrary to these studies, Lages and Montgomery (2005) reported that market competitiveness positively influences export performance. Other factors that can influence export performance are environmental hostility, channel accessibility, and customer exposure (Sousa et al., 2008).

In response, and in light of the discussion of the internal factors we propose:

H2a: There is a positive relationship between firms' external factors and economic performance.

H2b: There is a positive relationship between firms' external factors and non-economic performance.

H2c: External Factors has a positive relationship with economic performance mediated by non-economic performance.

Partner Relationship Capabilities

Although the export literature typically proposes a direct relationship between product strategy and market characteristics with economic performance (Lages et al., 2009), we suggest another variable that influences firms' export performance. When firms build a solid relationship with the importers, it is easier to realize their products' full potential. (Ling-yee and Ogunmokun, 2001). This variable appears in the relational model of export performance context explained in the literature review chapter.

This relationship capabilities presented by firms will influence the non-economic performance in the foreign markets. They will also impact, associated with the economic performance in these markets, their export performance in general (Lages et al.,2009). "Relationship capabilities are a set are a set of intangible assets that reflect a series of inter-actions occurring between the interrelated parties involved in the export venture relationship—namely, the degree of importer involvement, communication quality of the relationship, long-term relationship orientation, and information sharing between the firm and customers." (Lages et al.,2009). These relational capabilities explained by Lages et al. in 2009 are a significant factor for better export performance because, by managing customer needs, firms increase their ability to generate tangible benefits, such as customer acquisition and retention (Krasnikiv and Jayachandran, 2008). In the export performance literature, the authors develop theories and empirical studies examining the importance of various dimensions of the exporter-importer relationships to performance (Styles et al., 2008). According to Lages et al., 2005, relationship capabilities in exporting include the exporter's ability to share information, communicate and develop long-term relationships with importers and distributors. When both parties are involved in problem-solving and can develop effective communication, it will increase the probability of reaching a mutually satisfactory solution (Mohr and Spekman, 1994). Later studies confirm that one of the benefits of a long-term commitment in a channel relationship is enhancing business performance (Weitz and Jap, 1995). Greater cooperation between exporters and importers/distributors leads to a better export performance (Racela et al., 2007). In 1992, Larson explained how and why the long-term orientation in a business relationship leads to performance-enhancing operational and strategic integration. "More specifically, this integration can manifest in behaviors and attitudes that lead to better and more efficient decision making, long-term planning, product development in response to local customer needs, knowledge sharing, and the integration of logistics systems" (Lages et al.,2009). Based on these investigations lead by the presented authors, we think it is crucial to add the partner relationship capabilities to measure the export performance of the Portuguese wine companies.

In response, and in light of the partner relationship capabilities, we propose:

H3a: There is a positive relationship between firms' partner relationship and economic performance.

H3b: There is a positive relationship between firms' partner relationship and non-economic performance.

H3c: Partner Relationship has a positive relationship with economic performance mediated by non-economic performance.

Measure of Export Performance

To quantify export performance, the literature uses two types of different measures: The firm's economic and the non-economic performance (Katsikeas et al.,2000). In this study, we will follow the Lages, Silva, and Styles (2009) approach and use both types of export performance measures. The economic measures are defined by the extent to which firms achieve their results to their competitors in terms of sales, sales revenue, profitability, market share, etc. (Morgan et al., 2004). The non-economic measures are defined by the establishment and maintenance of the stakeholders in the foreign markets. It can refer to the importer's loyalty, solid relationship with the exporters, consumers' satisfaction with the product, etc. (Lages et al.,2009).

In response, and in light of the measures of export performance discussion, we propose:

H4: There is a positive relationship between non-economic performance and economic performance

Conceptual Model

The proposed framework for the dissertation topic is presented below. This model shows that export performance is influenced by two variables: economic performance and the noneconomic performance. The economic performance variable is influenced by three other variables, the internal factors, the external factors, and the partner relationship. Complementing the economic performance view is the noneconomic performance affected by the three variables that influence the economic performance. Finally, we also proposed the direct influence of the noneconomic performance on economic performance and how noneconomic performance mediates the other three variables in economic performance.

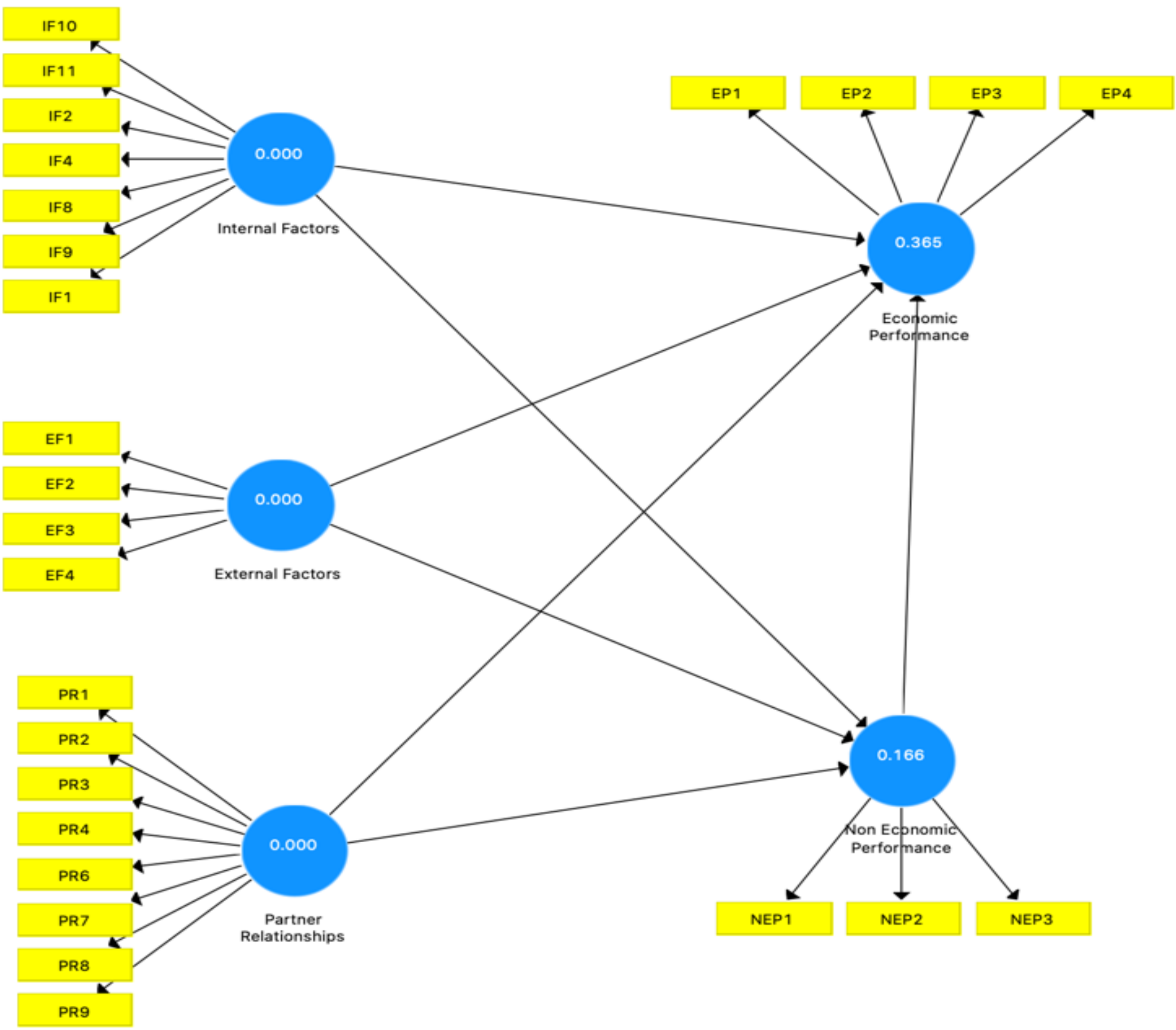

Fig. 2.1 – Proposed Framework

Methodology

Participants

The sampling frame for this study consisted of 93 wine producers from a total of 810 wine producers registered in Viniportugal, a governmental organization of the agricultural ministry founded to promote Portuguese wines in the international markets. In total, the Instituto da Vinha e do Vinho, a governmental entity responsible for monitoring and helping all parts of the wine sector, count in 2019 about 2524 wine producers. Since the Portuguese wine market is very fragmented and composed of many small producers, and a significant part of these producers doesn´t have exportations or intends to export, I decided to follow the Viniportugal database (only composed by companies that export wine).

Measures

Validated scales were used to measure the five constructs presented in the structural model.

Internal Factors

The internal factors variable was measured as a high-order construct using Lages et al., 2009 seven-point scale, ranging from "strongly disagree" to "strongly agree." To calculate the internal factors, we divided them into three categories: the export marketing strategy, the firm characteristics, and the management characteristics (Sousa et al., 2008).

"Factors related to the firm's export marketing strategy have been widely used as a determinant of export performance" (Sousa et al., 2008). To evaluate this measure, we asked companies the importance of having an export marketing strategy and how marketing-mix strategy can influence companies' export performance. We also focused on the product strategy, including the need to adapt the product to the foreign markets and how the product differentiation influences export performance. The distribution strategy and product promotion were also factors to consider in the export marketing strategy variable. In the distribution strategy dimension, we asked companies how distribution strategy influence export performance. Sousa et al., 2008 focused firm's characteristics as a determinant in export performance. The firm size, the international experience, and firms' market-oriented behavior were the measures identified to evaluate the firm's characteristics influence export performance. The other factor that Sousa et al., 2008 identified as essential to the firm's export performance, is managerial characteristics. With managerial characteristics, we tried to understand how managers' commitment and support in the export strategy and their international experience impact foreign markets' performance.

Variable	Measure items	Authors
Internal Factors	<u>Export Marketing strategy:</u> IF1: It is important to have an export marketing strategy. IF2: The marketing-mix strategy influence the export performance. IF3: It is required to adapt the product to the needs of the new market to have a good export performance. IF4: The distribution strategy influences the export performance. IF5: Wine tourism has a positive influence in export performance. IF6: Prioritize the native grape varieties to produce wine (product differentiation) is important to the export performance. <u>Firm Characteristics:</u> IF7: The firm size is an important factor to the economic export performance of the company. IF8: The international experience of the company is crucial to the export performance. IF9: The firm should be market oriented. <u>Management Characteristics</u> IF10: The management commitment and support in the export strategy influence export performance. IF11: The managers international experience is an important factor for export performance.	Sousa et al., 2008

Tab. 3.1 – Measure Items and Authors related to the Internal Factors Variable

External Factors

As in the internal factors, the external factors were measured as a high-order construct using Lages et al., 2009 seven-point scale, ranging from “strongly disagree” to “strongly agree.” Like Sousa et al., 2008 shown in is paper, external factors are divided into foreign market characteristics and domestic market characteristics.

In the foreign market characteristics, we identified four measures that could impact the export performance of firms: Legal and political interference, cultural similarity, market competitiveness, and channel accessibility (Sousa et al., 2008). With the Lages et al., 2009 scale, we evaluated which of these four measures and how external factors could impact the economic performance of Portuguese wine companies. For the domestic market characteristics, we used the same logic applied to the foreign market characteristics. In this topic, we identified two different measures that could directly impact export performance: a hostile environment in the domestic market and the domestic government’s and nongovernment´s programs to assist export activities.

Variable	Measure items	Authors
External Factors	**<u>Foreign Market Characteristics:</u>** EF1: Legal and political interference in foreign market influence export performance. EF2: The cultural similarity is a factor that contributes to export performance. EF3: Market Competitiveness is an important determinant of export performance. EF4: Channel accessibility contributes to the export performance of the company. **<u>Domestic Market Characteristics:</u>** EF5: A hostile environment in the domestic market influence export performance. EF6: Domestic government's and nongovernment's programs to assist firms' export activities contributes to export performance.	Sousa et al., 2008

Tab. 3.2 – Measure Items and Authors related to the External Factors Variable

Partner Relationship

Partner Relationship was measured as a higher-order construct, using Lages et al., 2009 scale, that includes four measures: importer involvement, communication quality of the relationship, and long-term relationship orientation. "Communication quality of the relationship evaluates the extent to which there is a permanent interaction between members of both sides of the dyad in charge of strategy" (Lages et al., 2009). "Long-term relationship orientation is crucial to sustaining competitive advantage in a way that joint relationship outcomes are expected to profit from the relationship in the long run" (Lages et al., 2009). Importer involvement is defined "as the exporter's capability to maintain close contact with the importer and solve the quality problem efficiently through constant feedback" (Lages et al., 2009). To evaluate these three measures of relationship capabilities of the firm, we used the Lages et al. (2009) seven-point scale, ranging from "strongly disagree" to "strongly agree."

Variable	Measure items	Authors
Partner Relationships	**<u>Long Term Relationship:</u>** PR1: It is important to maintain a long-term relationship with the importer. PR2: Over the long run, the relationship with the importer will be profitable for the company. PR3: Company should make sacrifices to help this importer from time to time. **<u>Communication Quality:</u>** PR4: It is important that both parties have continuous interaction during implementation of strategies. PR5: The strategy's objectives and goals should be communicated clearly to the involved parties. PR6: It is important to have extensive formal and informal communication during implementation. **<u>Importer Involvement:</u>** PR7: The company should be frequently in close contact with the importer. PR8: The importer should give feedback on product quality. PR9: The importer should give feedback on product delivery.	Lages et al., 2009

Tab. 3.3 – Measure Items and Authors related to the Partner Relationship Variable

Export Performance (Economic and Noneconomic Performance)

To measure the firms in terms of export performance, we first based on Morgan et al. (2000), where we divide export performance into two-measure: economic performance and noneconomic performance. Economic performance is the "extent to which firms achieve their results relative to their competitors." (Lages et al., 2009). To evaluate this measure, we use the Lages et al. (2009) scale, where they measure sales, market share, profitability, and sales revenue from new products on a seven-point scale ranging from "much worse" to "much better."

In terms of noneconomic measure, we also used the Lages et al. (2009) seven-point scale, and we evaluate the "extent to which the company is well perceived, and the importer´s overall satisfaction with the product offering" (Lages et al., 2009).

Variable	Measure items	Authors
Economic Performance	EP1: Export Sales Volume. EP2: Export Market Share. EP3: Profitability. EP4: Percentage of sales revenue derived from products introduced in this market during the past three years.	Lages et al., 2009
Noneconomic Performance	NEP1: Quality of your company's relationship with the importer. NEP2: Reputation of your company for the importer. NEP3: Importer loyalty to your firm.	Lages et al., 2009

Tab. 3.4– Measure Items and Authors related to the Export Performance Variables

Data Collection

The questionnaire was built from the measure items presented in the last chapter, with the objective of Portugal wine producers evaluates the sentences between the previously discussed scale. It was also composed of an introductory chapter before the questionnaire. It briefly explained the objectives of the study and explained how the research itself would benefit the respondent.

After the coordinator revision, the questionnaire was pilot tested in November on a convenience sample of twenty wine companies. They were encouraged to give their comment and feedback on the questionnaire composition. In this first phase, we received ten responses to the questionnaire, and none of the respondents suggest any change in the questionnaire, so we proceed to the final survey. In December, one hundred of the most famous Portuguese wine producers were contacted via email. We also contacted some companies via phone to ask for a personal email instead of the general email that firms made available on their websites. By the end of the month, we have twenty-eight respondents, where most of them respond because of the connections via phone. In the first week of January, due to the lack of responses, we visited three wine producers based near our residence area. With this approach, we can respond from the three of them, but due to the Covid-19 and travel expenses, this approach was not viable to conduct in all countries. We decided to get back to the telephone strategy, but after a few days, we figure that most of the companies appoint to the general emails that we already have from their websites. Based on this, we decided to expand our contacts, and we emailed about four hundred wine producers from all the wine regions of Portugal. All of the companies contacted in this phase were present in the Viniportugal database of Portuguese export companies. This strategy proves to be the best. We achieved ninety-three responses, where we have respondents from all of the Portuguese wine regions, from companies with different sizes and companies with different markets.

Results

Descriptive Statistical Analysis

To complement the PLS analysis presented in the next chapter, we analyzed the Portuguese companies' answers to understand which of the determinants for export performance are more important in the Portuguese wine market context.

Internal Factors

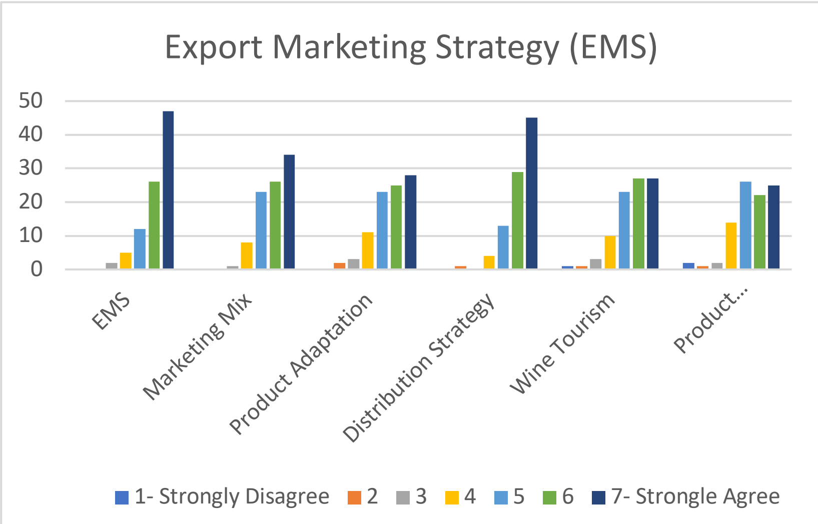

Fig. 4.1 – Export Marketing Strategy frequency chart

The Fig. 2 chart shown that having an export marketing and a distribution strategy is crucial for export performance. The marketing mix strategy also has some impact on export performance. The product adaptation to the market, the wine tourism, and the use of native grape varieties (Product Differentiation), despite less importance than the other factors, still contribute to the export performance.

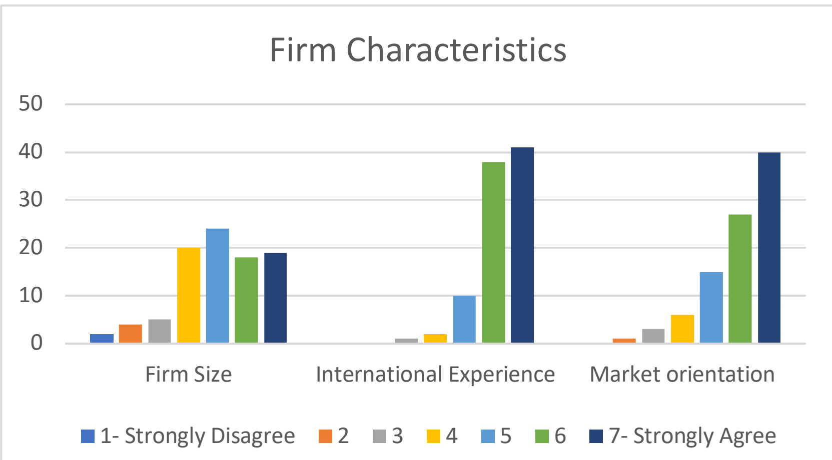

Fig. 4.2 – Firm Characteristics frequency chart

The chart above shown that International experience and the firm's market orientation are the most important firm characteristics influencing export performance. Contrarily to our expectation, the firm size is considered less important as a factor affecting export performance.

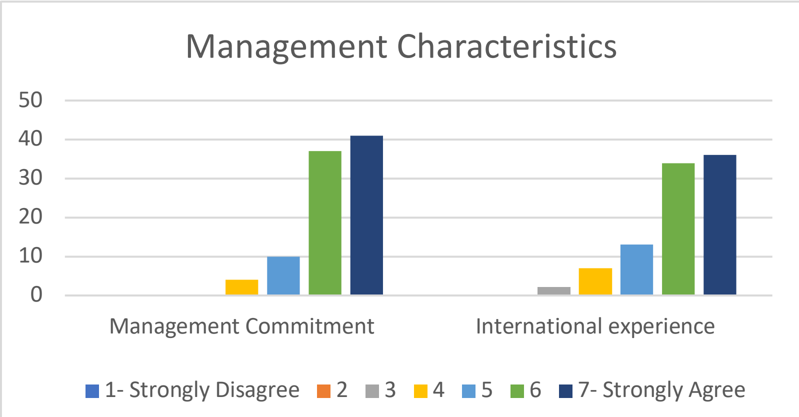

Fig. 4.3 – Management Characteristics frequency chart

The management commitment and support in the export strategy and the managers international experience were also considered important factors that influence the Portuguese wine companies export performance.

Partner Relationships

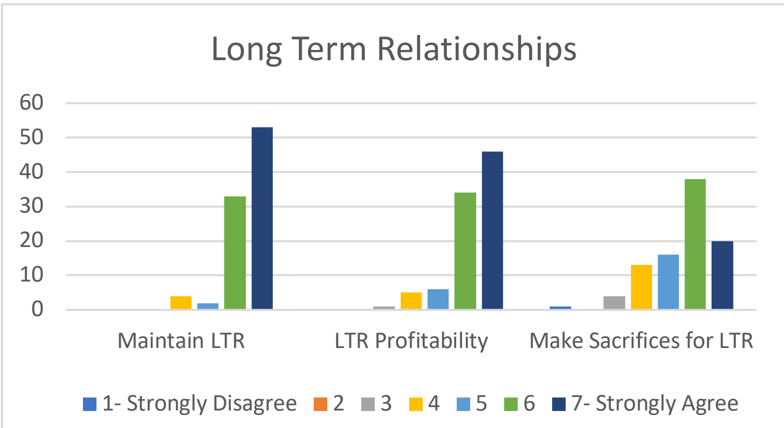

Fig. 4.4 – Long Term Relationships frequency chart

Regarding the long-term relationship's determinants, firms consider that making sacrifices to help the importer from time to time isn't as crucial as maintaining long-term relations with the importer. They also consider that, over the long run, these long-term relationships with the importer will be profitable for the company.

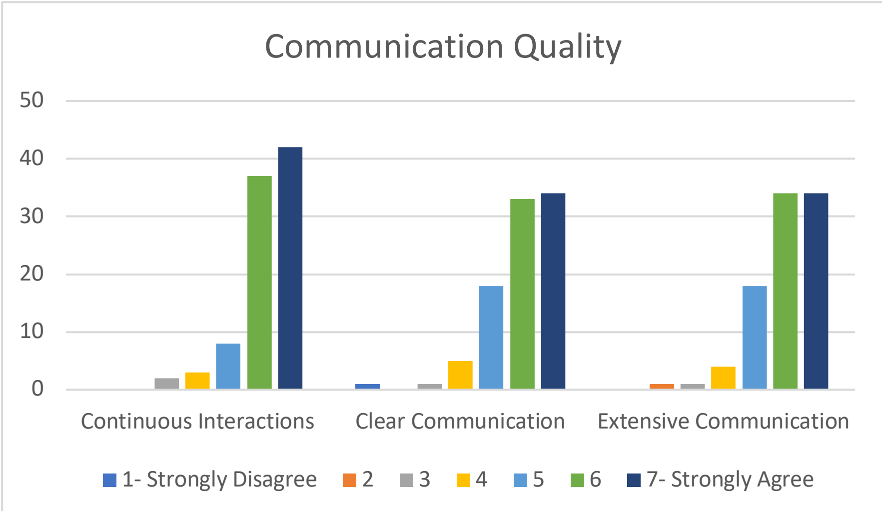

Fig. 4.5 – Communication Quality frequency chart

In terms of communication quality, Portuguese wine companies considered that all three dimensions are critical factors to export performance, especially the continuous interactions between the parties during the implementation of strategies. The companies also give importance to the clear communication of strategies, objectives, and goals to the involved parties and to have extensive formal and informal communication during implementation.

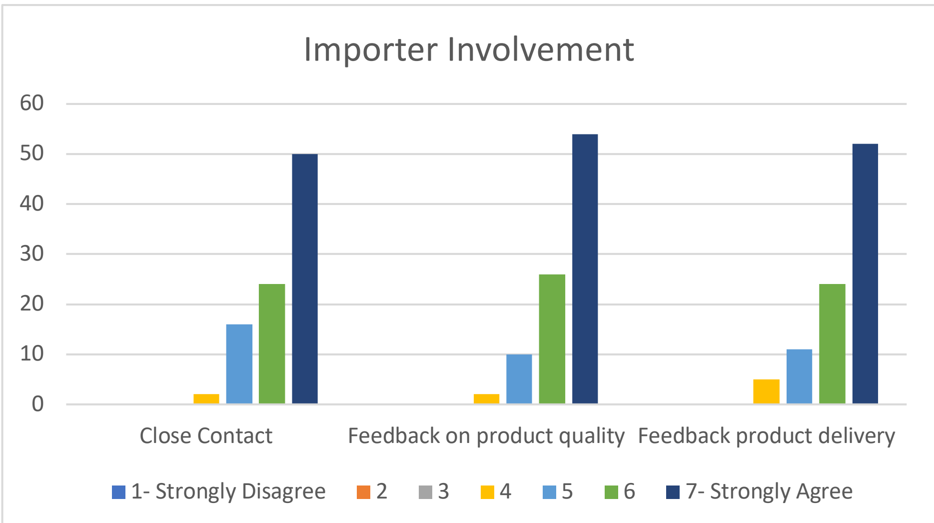

Fig. 4.6 – Importer Involvement frequency chart

The final aspect of the study is the importer involvement. As we can see in the chart, Portuguese wine companies considered that all aspects of this topic were important for better export performance. They agreed that the company should frequently contact the importer, and the importer should give feedback about product quality and delivery.

Data Analysis

To test the presented conceptual model, we used structural equation modeling (SEM), specifically the partial least squares (PLS) method. The partial least squares method is a variance-based structural equation modeling tested through the software SmartPLS 3 (Ringle et al., 2015).

To analyze and interpret the results, we first evaluated the reliability and validity of the measurement model. We will assess the measurement model quality by examining the individual indicators of reliability, convergent validity, internal consistency reliability, and discriminant validity (Hair et al.,2017). The PLS results showed that all items' standardized outer loadings were above 0.6, with a minimum value of 0.625, and were all significant at a $p<0.001$. These valuables provide evidence for individual indicator reliability (Hair et al., 2017). Based on table 5, internal consistency reliability was proven by the Cronbach alphas and composite reliability (CR) values that were higher than 0.6 and lower than 0.95 (Hair et al.,2018). Convergent validity was proven because all items loaded positively and significantly on their constructs, as shown before. As we can see in table 5, the composite reliability (CR) values for all variables were above 0.7 and lower than 0.95 (Hair et al.,2018). In last, as shown in Table 5, the average variance extracted values for all constructs exceeds 0.5 (Bagozzi and Yi, 1988). The model discriminant validity was usually assessed using the Fornell and Larcker criterion. This criterion requires that the AVE square root (Table 5 – bold values shown on the diagonal) is higher than the biggest correlation with any construct. Table 5 shows that this criterion is satisfied for all constructs. But recent studies show that this criterion "does not perform well when indicators loadings on a construct differ only slightly" (Hair et al.,2018). To complement the Fornell and Larcker criterion, we used the heterotrait-monotrait ratio (HTMT) criterion (Henseler et al., 2015), which said that all HTMT ratios are lower than 0.90 (Hair et al.,2018). As table 5 shows, all HTMT ratios satisfied the criterion of discriminant validity.

Latent Variables	**α**	**CR**	**AVE**	**1**	**2**	**3**	**4**	**5**
1) Economic Performance	0.891	0.925	0.755	**0.868**	0.324	0.477	0.83	0.326
2) External Factors	0.691	0.811	0.52	0.268	**0.721**	0.775	0.424	0.858
3) Internal Factors	0.852	0.887	0.531	0.428	0.603	**0.729**	0.592	0.854
4) Non-Economic Performance	0.782	0.873	0.696	0.696	0.318	0.494	**0.834**	0.549
5) Partner Relationship	0.883	0.907	0.55	0.306	0.658	0.71	0.473	**0.741**

Tab. 4.1: α - Cronbach Alpha; Cr – Composite reliability; AVE – Average variance extracted. Bold numbers are the square roots of AVE. Below the diagonal elements are the correlations between the constructs. Above the diagonal elements are the HTMT ratios.

To check if collinearity exists, we analyze the VIF values of the model. The VIF values ranged from 1.369 and 2.789, which is lower than the critical value for collinearity of 5 (Hair et al., 2017). In fact, the ideal values that guarantee no collinearity problem should be lower than 3, which is proved by the VIF values of the model (Hair et al., 2018). To assess the structure model, we use the sign magnitude and significance of the structural path coefficients. To evaluate this, we used Stone-Geisser's Q2 values for each endogenous variable (Economic Performance and Non-Economic Performance), which measure the model's predictive relevance (Hair et al.,2017). We also used the magnitude of R2 for each endogenous variable as a measure of the model's predictive accuracy (Hair et al., 2017). The Q2 values for the two endogenous variables (Economic Performance = 0.365; Non-Economic Performance = 0.166) were above zero, which according to Hair et al. (2018), indicates the predictive relevance of the model. The coefficient of determination R2 for the two endogenous variables (Economic Performance = 51.2%; Non-Economic Performance = 26.9%) exceeded the limit value of 10% (Falk and Miller, 1992). To evaluate the significance of the parameter estimates, we used bootstrapping with 5000 subsamples.

Quantitative Results

Direct Effects

The results in Table 6 show that Internal Factors have a non-significant effect on Economic Performance (β=0.22, p-value > 0.05) and have a significantly positive impact on Non-Economic Performance (β=0.33, p-value < 0.05). These results don´t support the H1a hypothesis and accept the H1b, respectively.

External Factors has a non-significant effect on Economic Performance (β=0.07, p-value > 0.05) and has either a non-significant effect on Non-Economic Performance (β=-0.05, p-value > 0.05). These results don´t support the H2a and H2b hypothesis, respectively.

Partner Relationships have a non-significant effect on Economic Performance (β=-0.22, p-value > 0.05) and have a significantly positive effect on Non-Economic Performance (β=0.26, p-value < 0.05). These results don´t support the H3a hypothesis and accept the H3b, respectively.

Non-Economic Performance has a significantly positive effect on Economic Performance (β=0.67, p-value < 0.05). This result supports the H4 hypothesis.

Indirect Effects

To test the mediation hypothesis (H1c, H2c, H3c), we followed the Hair et al. (2017) method, where we used a bootstrapping procedure to test the significance of this mediation hypothesis.

The results in Table 7 show the indirect effects of Internal Factors on Economic Performance via the mediator of Non-Economic Performance are significant (β=0.22, p value < 0.05). These results support the H1c hypothesis.

In the same hand the indirect effects of Partner Relationship on Economic Performance via the mediator of Non-Economic Performance are significant (β=0.17, p value < 0.05). These results support the H3c hypothesis.

The indirect effects of External factors on Economic Performance via the mediator of Non-Economic Performance are non-significant, and by that the results don´t support the H2c hypothesis.

Path	Path Coefficient	Standard Errors	t statisctics	p value
External Factors -> Economic Performance	0.07	0.11	0.64	0.52
External Factors -> Non-Economic Performance	-0.05	0.14	0.37	0.71
Internal Factors -> Economic Performance	0.22	0.13	1.7	0.09
Internal Factors -> Non-Economic Performance	0.33	0.14	2.33	0.02
Non-Economic Performance -> Economic Performance	0.67	0.07	9	0
Partner Relationships -> Economic Performance	-0.22	0.14	1.66	0.1
Partner Relationships ->Non-Economic Performance	0.26	0.12	2.1	0.04

Tab 4.2: Structure Model Assessment

Path Coefficients	Estimate	Standard Errors	t statistics	p value
Internal Factors -> Non-Economic Performance -> Economic Performance	0.22	0.09	2.33	0.02
External Factors -> Non-Economic Performance -> Economic Performance	-0.04	0.09	0.37	0.71
Partner Relationships -> Non-Economic Performance -> Economic Performance	0.17	0.09	2	0.04

Tab 4.3: Bootstrap results for indirect effects

Discussion

Internal Factors

As explained in the literature review, internal factors are the intrinsic variables that the firm can control and can be divided into three categories: Export marketing strategy, Firms' Characteristics, and Management Characteristics (Sousa et al., 2008). Considering Economic Performance and Non-Economic Performance as our model outcomes for Export Performance, Internal Factors can be viewed as an important influence of Export Performance.

As mentioned in the Sousa et al. (2008) article, many studies used firms' internal factors as export performance determinants. For example, Cadogan et al. (2005) focus on the Firm and Management characteristics, Zou and Stan (1998), Cavusgil and Zou (1994), and Madsen (1994) that identified that management commitment and support had been a critical factor to successful business performance. Also, many authors like Morgan et al. (2004) and O'Cass and Julian (2003) identified that Export Marketing Strategy is a crucial factor in export performance. While there is a clear recognition that this area is essential in export performance, we tried to understand how influential they are in the Portuguese wine companies and how they influence the export performance. Contrary to what we expected, the quantitative results of our study showed that there isn't a direct influence of the firm's internal factors on the economic performance in exports. On the other hand, there is a positive relationship between the firms' internal factors and Non-economic performance. The most exciting result from our study was that the firms' internal factors influence economic performance via the mediator effect of the Non-Economic performance construct variable. These findings went accordingly with the studies mentioned in the second paragraph and confirmed that Internal Factors are an important determinant for general export performance.

External Factors

In the literature review, we mentioned external factors as the environmental aspect that the firm is involved in, the factors that the firm cannot control (Sousa et al.,2008). These factors can be divided into foreign market characteristics and Domestic Market Characteristics (Sousa et al., 2008). Considering Economic Performance and Non-Economic Performance as our model outcomes for Export Performance, External Factors can be viewed as an important influence of Export Performance.

Like in the Internal Factors chapter, Sousa et al. (2008) mentioned many studies using external factors as determinants of export performance. White et al. (1998) and Baldauf et al. (2000) indicated that export performance is associated with lower political and legal interference influences.

The existence of trader barriers was also found to significantly affect a firm's export performance (Dean et al., 2000; O'Cass and Julian, 2003). Lee (1998) and Shoham et al. (1998) concluded that cultural similarity is positively related to export performance, and later, Lado et al. (2004) reported that cultural similarity reduces the risk of failure in export ventures. Regarding the Domestic Market Characteristics, fewer studies research the effect of this determinant on export performance. Robertson and Chetty (2000) reported that, like in the foreign markets, less hostility in domestic markets leads to better export performance. Later on, Alvarez (2004) and Lages and Montgomery (2005) studied the existence of a positive influence between sponsored government and non-government programs designed to assist firms' exports and export performance. Contrary to what we expected, our study's quantitative results showed that external factors don't directly influence Portuguese wine companies' economic and non-economic export performance. The results have also shown that there is no indirect effect of an external factor in the export performance. To conclude, our results, contrarily to the studies mentioned before, revealed that the Portuguese wine market doesn't impact the companies' export performance.

Partner Relationship Capabilities

Following Lages et al. (2009) thoughts, we defined Partner Relationships capabilities as a set of intangible assets like the degree of importer involvement, the communication quality when implementing strategies in foreign markets, and the long-term relationships between the parties involved. These assets are rare and difficult to imitate, and for that reason, are critical to creating a sustainable competitive advantage. Lages et al. (2009) found that these partner relationship capabilities will positively influence the export performance. Other authors like Menon, Bharadwaj, and Howell (1996) studied the importance of communication quality of the business success relationships, which, translated to our theme, will impact economic performance. The long-term relationship and importer involvement were also verified as crucial to the business success by studies like Ganesan (1994), Cannon and Homburg (2001), and Flyn et al. (1994).

Our study's quantitative results, contrary to what we expected, shown that there isn't a direct influence of the firm's partner relationship capabilities on exports' economic performance. On the other hand, there is a positive relationship between the firms' relationship capabilities and Non-economic performance. The most exciting result from our study was that the partner relationship capabilities influence economic performance via the mediator effect of the Non-Economic performance construct variable. These findings aligned with the studies mentioned in the second paragraph and confirmed that partner relationship capabilities are an important determinant for export performance in general.

Noneconomic Performance

As explained in the literature review chapter, Non-Economic Performance is the extent to which there is a solid relationship between the firms and the importer, the firm's reputation for the importer, and the firm's importer loyalty (Lages et al., 2009). In other words, the Non-Economic Performance evaluates the establishment and maintenance of relationships with the importers in the foreign market (Cavusgil and Zou., 1994).

The quantitative results of your study demonstrate a direct influence between Non-Economic performance and Economic Performance, which confirms the findings of the Lages et al. (2009) study. It is also interesting to highlight the mediator effect of this variable in the firms' economic performance. As we demonstrate before, Non-Economic performance mediates Internal Factors and Partners Relationship Capabilities in Economic Performance.

Conclusions

Theoretical contributions

This study was motivated by a desire to better understand the variables that impact the Portuguese wine companies' international performance. To evaluate the contribution of these factors, we analyze firms' internal variables, firms' external variables, and partner relationships variables in the export performance. Based on the answers to the questionnaire, we identified the most contributor factors in the variables that influence export performance.

This research's principal theoretical contribution focuses on the export performance of only one industry – the Portuguese wine industry, which can be considered an emergent economy. This goes according to Sousa et al. (2008) study, where they highlight that the impact of export performance in the emergent economies is not very much studied. With the proposed model presented in this study, we intend to highlight the most critical factors for Portuguese wine companies to have an effective export performance applying the three theoretical approaches to build the model (SCP model by Cavusgil and Zou, 1994; RBV of the firm by Morgan et al., 2004; Relational or behavior perspective by Styles et al.,2008). The main contribution of this study is to apply these three paradigms to a real industry. Based on this, the PLS results shown that in the Portuguese wine companies, the resource-based view and dynamic capabilities approach and the relation/behavior perspective are the theoretical perspectives that better fit the Portuguese wine companies. The firm's internal factors (associated with the RBV paradigm) and the partner relationship capabilities (associated with the relational/behavior perspective) were the variables that impact export performance. On the other hand, the study results show that the structure-conduct-performance model doesn't apply to the Portuguese wine sector because export marketing strategy hasn't a central role in the firms export performance, and the external forces don't have an impact on the economic and noneconomic performance of Portuguese wine companies.

Another interesting contribution of this study is to understand how these factors influence export performance. In the literature review, we explained that export performance is divided into economic and noneconomic performance. This study evaluates how they are influenced by internal, external, and relationship factors. The first conclusion that we can take from the results is the absence of influence by external factors in both export performance dimensions, so this variable doesn't impact the Portuguese wine companies' performance. If we focus only on economic performance, contrary to what we expect, it isn't directly affected by none of the three mentioned factors. Moreover, economic performance is only affected directly by noneconomic performance.

Despite the lack of direct relationships within the three variables, the study's most interesting conclusion is the indirect effect of internal factors and relationship capabilities in economic performance mediated through noneconomic performance, confirming the influence of these two variables in the export performance.

To sum up, the results show that a firm performs better in an international context by exploring its internal aspects, like designing and implementing an effective export marketing strategy, being a market-oriented firm, and gaining as much international experience as possible. Also, management characteristics impact export performance, and managers should have international experience and be committed and support the export strategies. Relationships with stakeholders, especially with importers, are also important contributors to export performance. Companies should maintain a long-term relationship, if possible, with the importers and involve them in the export strategy. Communication quality between them should also be a focus for the firms.

Managerial Implications

From a managerial perspective, to achieve a sustainable competitive advantage in the international markets, managers should focus their attention on the partner relationship capabilities and the firm's internal characteristics.

Following the RBV school of thought, the relational capabilities are low-cost capabilities that are unique and difficult to imitate, relevant to small and medium enterprises that usually have limited resources. We found evidence that supports the idea that when firms build and establish a solid relationship with their importers, they are more likely to realize their products' full market potential (Ling-yee and Ogunmokun, 2001). To sum up, managers should focus their attention on maintaining long-term relationships with their importers, increasing communication quality by having a clear communication of strategies, and having continuous interaction with them. It is also essential that managers involve the importer in the company's strategy, maintain close contact with them during the implementation, and ask for feedback about the product. It is crucial to achieving a better export performance to build a network with the international partners to maintain continuous communication between the parties and involve the partners in the firm’s strategies. By doing that, the firm will have more trustworthy feedback on their product quality and strategies effectiveness, leading to a better knowledge of the local market needs and satisfaction. With this information, standardization and adaption of products will be easier and successful, leading to a sustained competitive advantage in a specific market.

In terms of internal firms' characteristics, we could conclude that they have an important influence on non-economic and economic performance. Based on our findings, managers should focus their attention on creating and implement an effective exporting marketing strategy. Invest in the marketing mix strategy is an important factor to achieve a better export marketing strategy, so an effective marketing-mix (product, promotion, pricing and distribution) are crucial for the firm success in the international market. Firms also should be market oriented, which means that firms need to identify their customers’ needs in each market to understand where they need to adapt the strategy and where they can standardize their export marketing strategy. Despite the less importance of the wine tourism effect than the other factors and the pandemic results in tourism in general, it still has some influence on export performance, and managers should take advantage of tourism to increase their export performance. The firm's and manager international experience and the manager's commitment and support in the export strategy are also important contributions to international success.

To conclude, managers should invest in both relational and internal characteristics, which enable firms to achieve a better economic and non-economic performance that leads to better international success.

Limitations and Future Research

As some of the main limitations for this study, we can point to the limited focus on a single industry, the Portuguese wine industry, making the survey not applicable to all wine industries globally. Despite being a limitation, it is also an opportunity for a future investigation to study the wine sector worldwide and even conduct a multi-industry study on export performance. Future research should use more longitudinal and cross-country samples to better generalizations, reducing the limitations stemming from a single-country sample.

From the survey method and methodological applied in the study arise the usual limitations, the use of a limited number of participants and extrapolating samples to populations arise the generalization question. The cross-sectional nature of this research's research nature also limits the ability to establish causality and temporal effects. Despite the effort to ensure variability in our sample, by enquiring companies with different dimensions in export numbers, we encourage further research in this area to increase the study's variability. We also use a non-probabilistic convenience sampling procedure for the survey, creating representativeness problems for the population under study.

References

Alvarez, R. (2004). Sources of export success in small and medium-sized enterprises: the impact of public programs. International Business Review, 13, 383– 400.

Bagozzi, R. P., & Yi, Y. (1988). On the evaluation of structural equation models. Journal of the Academy of Marketing Science, 16(1), 74–94

Baldauf, A., Cravens, D.W. and Wagner, U. (2000). Examining determinants of export performance in small open economies. Journal of World Business, 35, 61–79.

Barney, J. (1991). Firm resources and sustained competitive advantage. *Journal of Management*, *17*(1), 99–120.

Barney, J., Wright, M., & Ketchen, D. J. (2001). The resource- based view of the firm: Ten years after 1991. *Journal of Management*, *27*(6), 625–641.

Cadogan, J.W., Sundqvist, S., Salminen, R.T. and Puumalainen, K. (2005). Export marketing, inter-functional interactions, and performance conse- quences. *Journal of Academy of Marketing Science*, **33**, 520–535.

Cannon, Joseph P. and Christian Homburg (2001), "Buyer–Supplier Relationships and Customer Firm Costs," Journal of Marketing, 65 (January), 29–43.

Cavusgil, S.T. (1984). Organizational characteristics associated with export activity. Journal of Management Studies, 21, 3–22.

Cavusgil, S.T. and Zou, S. (1994). Marketing strategy – performance relationship: an investigation of the empirical link in export market ventures. *Journal of Marketing*, **58**, 1–21.

Collis, D. J., & Montgomery, C. A. (1995). Competing on resources: Strategy in the 1990s. Harvard Business Review, 73(4), 118–128.

Conner, Kathleen R., e C. K. Prahalad. A Resource-based Theory of the Firm: Knowledge Versus Opportunism. Organization Science 7, n. 5 (1 de Setembro de 1996): 477-477–501.

Dean, D.L., Menguç, B. and Myers, C.P. (2000). Revisiting firm characteristics, strategy, and export performance relationship: a survey of the literature and an investigation of New Zealand small manu- facturing firms. *Industrial Marketing Management*, **29**, 461–477.

Falk, R. F., & Miller, N. B. (1992). A primer for soft modelling. University of Akron Press.

Flynn, B.B., R.G. Schroeder, and S. Sakakibara (1994), "A Framework for Quality Management Research and an Asso- ciated Measurement Instrument," Journal of Operations Management, 11 (4), 339–66.

Ganesan, S. (1994), "Determinants of Long-Term Orientation in Buyer–Seller Relationships," Journal of Marketing, 58 (April), 1–19.

Hair J. F., Risher J. J., Sarstedt M., Ringle C., (2018). When to use and how to report the results of PLS-SEM. European Business Review

Hair, J. F., Hult, G. M., Ringle, C., & Sarstedt, M. (2017). A primer on partial least squares structural equation modeling. Sage Publications.

Helm, Roland, e Stephanie Gritsch (2014). Examining the influence of uncertainty on marketing mix strategy elements in emerging business to business export-markets. International Business Review 23, n. 2, 418-418–28.

Hofer, C.W. and Schendel, D. (1978). Strategy Formulation: Analytical Concepts. St. Paul: West.

İpek, İlayda, e Nilay Bıçakcıoğlu-Peynirci (2020). Export market orientation: An integrative review and directions for future research. International Business Review 29, n. 4

İpek, İlayda (2018). The Resource-Based View within the Export Context: An Integrative Review of Empirical Studies. Journal of Global Marketing 31, n. 3, 157-157–79.

J.Y. Murray, G.Y. Gao, M. Kotabe (2011): Market orientation and performance of export ventures: The process through marketing capabilities and competitive advantages. Journal of the Academy of Marketing Science, 39 (2), pp. 252-269

K.M. Eisenhardt, J.A. Martin (2000). Dynamic capabilities: What are they? Strategic Management Journal, pp. 1105-1121

Katsikeas, Constantine S., Saeed Samiee, and Marios Theodosiou (2006), "Strategy Fit and Performance Consequences of Interna- tional Marketing Standardization," Strategic Management Journal, 27 (9), 867–90.

Krasnikov, Alexander and Satish Jayachandran (2008), "The Relative Impact of Marketing, Research-and-Development, and Operations Capabilities on Firm Performance," *Journal of Marketing*, 72 (July), 1–11.

Lado, N., Martinez-Ros, E. and Valenzuela, A. (2004). Identifying successful marketing strategies by export regional destination. International Marketing Review, 21, 573–597.

Lages, Carmen, Cristiana R. Lages, and Luis Filipe Lages (2005), "The RELQUAL Scale: A Measure of Relationship Quality in Export Market Ventures," Journal of Business Research, 58 (8), 1040–1048.

Lages, L.F. and Montgomery, D.B. (2005). The relationship between export assistance and performance improvement in Portuguese export ventures: an empirical test of the mediating role of pricing strategy adaptation. European Journal of Marketing, **39**, 755–784.

Lages, Luis Filipe, Graça Silva, e Chris Styles (2009). Relationship Capabilities, Quality, and Innovation as Determinants of Export Performance. Journal of International Marketing 17, n. 4, 47-47–70.

Lee, D.-J. (1998). The effect of cultural distance on the relational exchange between exporters and importers: the case of Australian exporters. *Journal of Global Marketing*, **11**, 7–22.

Leonidas C. Leonidou, and Neil A. Morgan (2000). Firm-Level Export Performance Assessment: Review, Evaluation, and Development. Journal of the Academy of Marketing Science, 28 (4), 493–511.

Leonidou, L.C., Katsikeas, C.S. and Piercy, N.F. (1998). Identifying managerial influences on exporting: past research and future directions. Journal of International Marketing, 6, 74–102.

Leonidou, Leonidas C., Bilge Aykol, Thomas A. Fotiadis, Athina Zeriti, e Paul Christodoulides (2019). The Role of Exporters' Emotional Intelligence in Building Foreign Customer Relationships. Journal of International Marketing 27, n. 4, 58-58–80.

Ling-yee, L. (2007), "Marketing Resources and Performance of Exhibitor Firms in Trade Shows: A Contingent Resource Per- spective," *Industrial Marketing Management*, 36 (3), 360–70.

Ling-Yee, L. and Ogunmokun, G.O. (2001), "Effect of export financing resources and supply-chain skills on export competitive advantages: implications for superior export performance", Journal of World Business, Vol. 36 No. 3, pp. 260-79.

Madsen, T.K. (1994). A contingency approach to export performance research. In Axinn, C.N. (ed.), Advances in International Marketing. Greenwich, CT: JAI Press.

Marios Theodosiou, Leonidas C. Leonidou (2003). "Standardization versus adaptation of international marketing strategy: an integrative assessment of the empirical research", International Business Review, Volume 12, Issue 2, Pages 141-171, ISSN 0969-5931.

Menon, Anil, Sundar G. Bharadwaj , and R.D. Howell (1996), “The Quality and Effectiveness of Marketing Strategy: Effect of Functional and Dysfunctional Conflict in Intraorganizational Relationships,” Journal of the Academy of Marketing Science, 24 (Fall), 299–313.

Mohr, J. and R. Spekman (1994), “Characteristics of Partner- ship Success: Partnership Attributes, Communication Behav- iour, and Conflict Resolution Techniques,” Strategic Manage- ment Journal, 15 (2), 135–52.

Morgan, N.A., Kaleka, A. and Katsikeas, C.S. (2004). Antecedents of export venture performance: a theoretical model and empirical assessment. Journal of Marketing, 68, 90–108.

Morgan, Neil, Constantine Katsikeas, e Douglas Vorhies (2012). Export marketing strategy implementation, export marketing capabilities, and export venture performance. Journal of the Academy of Marketing Science 40, n. 2, 271-271–89.

N. Boso, V.M. Story, J.W. Cadogan, M. Micevski, S. Kadic-Maglajlic (2013). Firm innovativeness and export performance: Environmental, networking, and structural contingencies. Journal of International Marketing, pp. 62-87

O’Cass, A. and Julian, C. (2003). Examining firm and environmental influences on export marketing mix strategy and export performance of Australian exporters. European Journal of Marketing, 37, 366–384.

Olson, Eric M., Stanley F. Slater, e G. Tomas M. Hult (2005). The importance of structure and process to strategy implementation. Business Horizons 48, 47-47–54.

Pfeffer, J. and Salancik, G.R. (1978). The External Control of Organizations: A Resource Dependence Perspective. New York: Harper & Row.

Porter, M.E. (1985). *Competitive Advantage: Creating and Sustaining Superior Performance*. New York: Free Press.

Racela, Olimpia C., Chawit Chaikittisilpa, and Amonrat Thoumrungroje (2007), “Market Orientation, International Business Relationships and Perceived Export Performance,” *International Marketing Review*, 24 (2), 144–63.

Ringle, C. M., Wende, S., Will, A. (2015). SmartPLS3.0. Hamburg: www.smartpls.de.

Robertson, C. and Chetty, S.K. (2000). A contingency based approach to understanding export performance. International Business Review, 9, 211–235.

Shoham, Aviv (1998). Export Performance: A Conceptualization and Empirical Assessment. Journal of International Marketing 6, n. 3, 59-59–81.

Sorenson, Ralph Z. and Ulrich E. Wiechmann (1975), "How Multinationals View Marketing Standardization," *Harvard Business Review,* 53 (May-June), 38.

Sousa, Carlos M.P., Francisco J. Martínez-López, e Filipe Coelho (2008). The determinants of export performance: A review of the research in the literature between 1998 and 2005. International Journal of Management Reviews 10, n. 4, 343-343–74.

Styles, C., Patterson, P. G., & Ahmed, F. (2008). A relational model of export performance. *Journal of International Business Studies, 39*(5), 880-900.

V. Terpstra, R. Sarathy (2000), “International marketing” The Dryden Press (2000)

W. Cadogan, A. Diamantopoulos, C.P. De Mortanges (1999). A measure of export market orientation: Scale development and cross-cultural validation Journal of International Business Studies, pp. 689-707

Weitz, B.A. and Sandy D. Jap (1995), “Relationship Marketing and Distribution Channels,” Journal of the Academy of Mar- keting Science, 23 (4), 305–320.

White, D.S., Griffith, D.A. and Ryans, J.K. (1998). Measuring export performance in service indus- tries. International Marketing Review, 15, 188– 204.

X. He, K.D. Brouthers, I. Filatotchev (2013). Resource-based and institutional perspectives on export channel selection and export performance Journal of Management, 39 (1), pp. 27-47

Zinkhan, George M. and Rudy Hirschheim (1992), “Truth in Market- ing Theory and Research: An Alternative Perspective,” Journal of Marketing, 56 (2), 80–88.

Zou, S. and Stan, S. (1998). The determinants of export performance: a review of the empirical literature between 1987 and 1997. *International Marketing Review*, **15**, 333–356.

Zou, Shaoming, Eric Fang, e Shuming Zhao (2003). The Effect of Export Marketing Capabilities on Export Performance: An Investigation of Chinese Exporters. Journal of International Marketing 11, n. 4, 32-32–55.