



Foreign Buyers' Perception of Filipino Exporters

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Abstract: Violeta Llanes of the University of Otago and Isabel Melgar of the Philippine Trade Training Center (PTTC) studied the behavior-related issues in exporter-importer relationships in 1989. This study, which was published in 1991 by PTTC and Multinational Business Review in 1993, showed the perceptual differences among foreign buyers from four trade groups (Asia, America, Europe and Australia) towards Filipino exporters using four behavioral dimensions (aggressiveness, time-orientation, adaptability and trustworthiness). Their study showed that foreign buyers are neutral, neither favorable nor unfavorable towards Filipino exporters. In 1994, Suplico, Lee, Cu and Guinhawa used the study of Llanes and Melgar to examine whether the foreign buyers' neutral attitude towards the Filipino exporters remained the same. Their study showed the same level of neutrality. In 2014, the authors examined the foreign buyers' perception towards Filipino exporters using the four dimensions. Using factor analysis, the results showed that except for trustworthiness, new factors were formed. This implies that buyers' perceptions about Filipino exporters has changed over time. This recent study also showed that foreign buyers had a more favourable attitude towards Filipino exporters.

Key Words: Export Marketing; Exporter-Importer Relationships; Behavioral Dimensions

1. INTRODUCTION

High quality relationships between exporters and importers result to low levels of conflict, high levels of cooperation and a defined direction of exercised power (Leonidou, 1989 & Keegan & Green, 2015). These relationships can continue and, thus, can result to stable export sales (Leonidou, 1989).

In 1991, Llanes and Melgar studied the foreign buyers' perception on Filipino exporters based on four constructs (aggressiveness, adaptability, time-orientation and trustworthiness). Aggressiveness referred to the foreign buyers' perception on the competitiveness, service-orientation and marketing competency of Filipino exporters while adaptability referred to the Filipino exporters' knowledge of foreign markets, foreign acceptance of locally-designed products, responsiveness to overseas growth opportunities and creativity as producers. Time-orientation referred to the Filipino exporters response to trends and changes in overseas markets, competitive pricing and short-term profit versus long-term strategic goal while

trustworthiness referred to well-timed shipments, work habits versus demands of exporting, positive image in the export market, skill in negotiation, quality control standards and adherence to business codes. Their study, which surveyed 67 foreign buyers who attended the Manila FAME Trade Fair showed that foreign buyers are neutral, neither favourable nor unfavourable towards Filipino exporters.

In 1994, Suplico, Lee, Cu and Guinhawa replicated this study using a bigger sample size of 100 foreign buyers who attended the Manila FAME Trade Fair to find out if the foreign buyers' perception of Filipino exporters has changed after 3 years. This study showed that foreign buyers remained neutral in terms of their attitude towards Filipino exporters.

The authors wanted to find out if the foreign buyers' perception has changed over time. Specifically, the authors want to know if there is a difference in the perception of foreign buyers in 2014 versus the previous years (1989 and 1994).

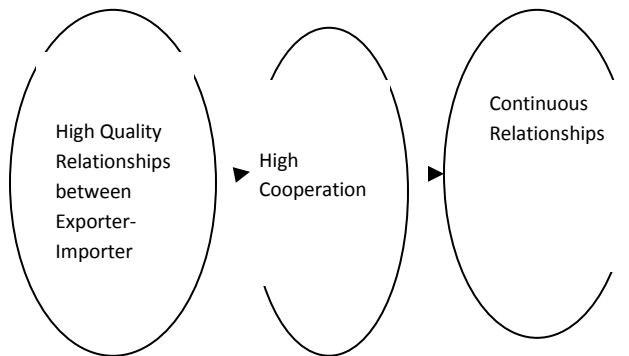
2. METHODOLOGY

This study used a person-assisted questionnaire in English. It was pretested to selected importers. After pretesting, the questionnaire was modified. It was administered to 231 foreign buyers who visited the Manila FAME Trade Fair last October 16-19, 2014 at the SMX Convention Center, Philippines using convenience sampling. The questionnaire used in this study collected basic information on the exporting firm (business organization type, capitalization, export markets, etc.). It had 16 items using a 5-point Likert scale that evaluated the behavioural constructs of aggressiveness, adaptability, time-orientation and trustworthiness.

SAS software was used to analyze the research data. Factor analysis was performed employing the principal factor method. Equamax, rotation was used to extract a simpler structure of the factor pattern mix.

3. CONCEPTUAL FRAMEWORK

Leonidou (1991) developed the following framework to conceptualize the relationships between exporters and importers:



Leonidou conceptualized the behavioural aspects of Cypriot exporters of consumer products in the context of their working relationships with British importers (1991). According to him, high quality relationships between exporter and importer can lead to high cooperation. High cooperation will result to continuous relationships that can lead to stable export sales

The antecedents of high quality relationships between exporter-importer can be the

importers' favourable perceptions towards the exporter (Llanes and Melgar, 1992)..

4. RESULTS AND DISCUSSION

Respondents' Profile

Table 1. Respondents' Profile (n=231)

Variable		%
Position	Owner/Manager	75
	Export Managers	20
	Others	5
Continents Represented	Asia	43
	Europe	24
	North America	17
	Australia, New Zealand and Papua New Guinea	10
	Middle East	3
	Central America	1
	South America	1
	Africa	1

Table 1 shows that that most respondents were owners/manager (75%) while 20% were export managers.

Since travelling to the Philippines from Asian countries is more affordable, the bulk of the respondents were from Asia (China, Hong Kong, India, Israel, Japan, Malaysia, Palau, South Korea, Singapore, Taiwan, Thailand and Vietnam). There were also buying agents based in the Philippines who represented importers from other countries and, thus, were included as respondents.

The European foreign buyers came from the following countries: Belgium, Finland, France, Germany, Italy, Ireland, Netherlands, Norway, Poland, Romania, Spain, Sweden, Switzerland, Turkey and United Kingdom. While foreign buyers from North America came mostly from the US, there were also foreign buyers from Canada and Mexico. There were also buyers from Australia, New Zealand and Papua New Guinea. The Middle East buyers came from United Arab Emirates and Kuwait. Central American buyers were Costa Ricans while South American buyers came from Brazil and

Colombia. The African foreign buyer came from Nigeria.

Compared to previous studies on Foreign Buyers' Perception on Filipino Exporters by Llanes and Melgar (1989) and (Suplico, Lee, Cu and Guinhawa (1994), the respondents in the 2014 study represented more continents/countries in the world.

Factor Analysis

The results showed that the data are likely to factor well based on the presence of multicollinearity among the 16 items investigated as supported by the Kaiser-Meyer-Olkin (KMO) statistic of 0.951. This was further supported by Bartlett's test of sphericity (Chi-square= 2115.7573; p value<.0001) proving the validity and reliability of the factors identified.

Using maximum likelihood factor analysis, four factors have been identified. This is consistent with the previous studies in 1989 and 1994.

Buyers' perception of Filipino exporters have been favourable with most of them giving a rating of at least 4 in almost all the items. This is in contrast to previous studies (Llanes and Melgar, 1989; Suplico, Lee, Cu and Guinhawa, 1994) where foreign buyers showed neutrality. On the average, Factor 2 received the highest rating while Factor 4 the least rating.

Table 2: Foreign Buyers' Perception of Filipino Exporters and Mean Scores

Foreign Buyers' Perception of Filipino Exporters	N	Mean	Std Dev	Factor
Creative	231	4.298701	0.78682	2
Service - oriented	232	4.068966	0.829376	2
Enthusiastic to Serve Buyers from 1 st order to repeat order	228	4.04386	0.854017	2
Knowledgeable of products that will be accepted in	230	3.96087	0.863242	3

foreign markets				
Have competitive products	233	3.927039	0.840155	2
Competent in marketing their products	230	3.926087	0.900615	3
Skilled in face to face negotiations	206	3.854369	0.860037	1
Understand the needs of foreign buyers	227	3.85022	0.919088	3
Adhere to business code of ethics	203	3.847291	0.833298	1
Have a positive image in the global market	204	3.823529	0.786734	1
Understand the trends & changes in overseas markets	226	3.800885	0.928655	3
Have reliable quality control standards	203	3.783251	0.891275	1
Have managerial competent	206	3.776699	0.860312	1
Prioritize long-term goals versus short-term profit	202	3.623762	0.907147	4
Ship on time	158	3.5	0.995212	1
Have competitive prices	230	3.36087	1.135085	4

Table 3: Factor Groupings of Foreign Buyers' Perception in Previous Studies Compared to 2014 Study

Foreign Buyers' Perception	1989 & 1994 Studies	2014 Study
Have competitive	F1	F1

products	Aggressiveness	Service-orientation
Service-oriented	F1 Aggressiveness	F1 Service-orientation
Competent in marketing their products	F1 Aggressiveness	F2 Buyer-orientation
Enthusiastic to serve buyers from 1 st order to repeat order	F1 Aggressiveness	F1 Service-orientation
Knowledgeable of products that are accepted in foreign markets	F3 Adaptability	F2 Buyer-orientation
Creative in terms of design	F3 Adaptability	F1 Service-orientation
Understand foreign buyers' needs	F3 Adaptability	F2 Buyer-orientation
Understand trends & changes in overseas markets	F2 Time-orientation	F2 Buyer-orientation
Have competitive prices	F2 Time Orientation	F3 Price-orientation
Prioritize long-term goals versus short-term profit	F2 Time-Orientation	F3 Price-orientation

Ship on time	F4 Trustworthiness	F4 Trustworthiness
Have a positive image in the global market	F4 Trustworthiness	F4 Trustworthiness
Skilled in face to face negotiations	F4 Trustworthiness	F4 Trustworthiness
Have managerial competence	F4 Trustworthiness	F4 Trustworthiness
Have reliable quality control standards	F4 Trustworthiness	F4 Trustworthiness
Adhere to business code of ethics	F4 Trustworthiness	F4 Trustworthiness

Table 3 shows that the factor that has stayed constant in studies on perceptions of foreign buyers is trustworthiness. This is basic in any exporter-importer relationship to thrive. This also implies that foreign buyers trust Filipino exporters.

The new factors that have been formed are service-orientation, buyer-orientation and price-orientation.

In today's dynamic export market, foreign buyers want to work with exporters who can give them satisfying services, especially after the payment has been made. According to Lovelock and Wirtz, service marketing can give exporters the competitive edge that they need against competitors (2004). Services can distinguish a brand from its competitors. Services such as competitive products, enthusiasm in serving the importers from the first order to the repeat order and designing creative products for importers can lead to a service-orientation which importers will value over other exporters from other countries.

Buyer-orientation such as understanding the importers' needs and changes in their markets



are crucial to customer satisfaction (Perreault, Cannon & McCarthy, 2015). There are studies that show that focusing on the buyers behaviour or even creating a Buyer Behaviour School can enhance the firm's profitability (De La Paz, 2014).

Price-orientation such as competitive prices and prioritizing long-term goals versus short-term profit are crucial in exporter-importer relationships especially because of easier access to raw materials, tools and equipments, labor, etc. because information about these can be obtained online. Price is an important marketing mix (Cateora, Gilly & Graham, 2009; Kotabe & Helsen, 2008). When Filipino exporters have a price-orientation, they can enhance their importer-exporter relationships.

5. CONCLUSIONS

Previous studies showed that foreign buyers' remained neutral in their perception of Filipino exporters (Llanes & Melgar, 1991; Suplico, Lee, Cu and Guinhawa, 1994). This study showed that there has been improvement in foreign buyers' perception based on favourable mean scores given to Filipino exporters (Table 2).

Perception of trustworthiness has remained constant in foreign buyers perception in the three studies in 1991, 1994 and 2014. This has a favourable implication to Filipino exporters. The new factors that have been found are buyer-orientation, service-orientation and price-orientation. These are perceptions that are crucial in today's dynamic and competitive global markets.

Factor analysis in studies done in 1991, 1994 and 2014 showed that buyers' perception can be grouped in four factors.

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