The impact of internet marketing on the export development for Agricultural Products in Food Companies

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Abstract

The present study aims to evaluate the effect of internet marketing on export development for agricultural products in food ccompanies. The study method is descriptive-correlation and structural equations. The study population is sale managers, marketing managers, experts of international contracts and international relations experts of exporting for agricultural products in food ccompanies.in Tehran. 179 people participate in the study. They responded questionnaires of internet marketing capabilities, availability of export information, business network relations and export market growth. The reliability and validity of measures are supported using Cronbach's alpha and confirmatory factor analysis. For data analysis, Pearson correlation and structural equations method with LISREL software are used. It was found that the effect of internet marketing capabilities on export market growth, availability of export information and business network relations was positive and significant. The effect of export information availability on export market growth and business network relationship was positive and significant. The effect of business network relationship on growth of export market was positive and significant. Thus, we can say internet marketing capabilities can lead to the increasing availability to export information and development of international business networks and export market development.

Keywords: Internet marketing capability, Availability of export information, Business network relationship, Export market growth

Introduction

Today, human being requirements including food are diverse as exchange of goods and services from another country is unavoidable. The development of non-oil export has exported food and meat products to neighboring countries and export issue is considered based on long-term social economic goals with special plans. One of the most important problems of country is non-development of trade sectors in export companies providing suitable solutions to export goods and services. The significance of presence in international markets and export activity as driving force of economy is clarified but most countries with great potentials cannot have good performance in export field. The identification of effective factors on export growth and presenting suitable solutions for exporting companies can be useful. In the present study, the effect of internet marketing on export development in Food Company is explained. The studies show that internet plays an important role in internet marketing on export activities in business enterprises and developed markets

including oil and non-oil commodities export. Internet is an effective factor on performance of non-oil commodities export from emerging markets and internet marketing capabilities on export market growth in emerging markets can be of great importance. The experience of international business against international networks and traditional international mechanisms can be created and be useful to develop export using internet marketing for food exporting companies. Internet is one of the important marketing tools in global markets with high potential in international trade in non-oil export. Internet marketing is created to facilitate export in international markets to reduce trade costs (Regredes and Shaldon, 2002). Based on two functions, internet marketing growth is formed in global markets and export companies including 1) Availability of export information, 2) Development of business relation network. These two capabilities show that internet can facilitate organizational development including the capacity of marketing researches in customer relationship (Sabo and Rayo, 2015). Totally, e-commerce environment enables the customers to search goods and service information via direct contact with internet stores. E-shopping is not based on real experience of goods purchase and it is based on image, form, quality and advertising. The higher availability had to customers of internet, the better the role of internet in the relevant companies. After the presence of company in internet, the company can use internet as a tool for advertising and it is of great importance for the company and its services. On the other hand, as Iran economy has encountered many problems including oil-revenue dependence. The authorities consider the development of non-oil export as one of the most important solutions and this issue is considered in the form of trade strategy from the second development economic, social and cultural

plan and it is also emphasized in the third, fourth and a 20-year perspective. Thus, using IT to increase efficiency and effectiveness of export is one of the important plans of country to increase the share of our country from international trade. The identification of effective factors on international business is one of the important issues in export companies using business network regarding initial decision making to develop international strategy of export development of goods (Wang et al., 2008).

Theoretical basics

The internet marketing capabilities or generally internet marketing is a subset of internet business in which internet is used to perform marketing activities and fulfill marketing goals by organizations. Internet marketing is an interactive marketing and mobile marketing is one of the branches of E-marketing. According to the definition of David Cotler and Philip Armstrong, marketing is the process of creating useful relationship with customer via value creation and achieving value from customer. According to the definition of American Marketing Association Board (AMA), marketing is a set of activities, institutes and processes being applied for establishing, communication, delivery and goods exchange creating value for buyers, customers, partners and society. The availability of globalization market information and emergence of multinational companies playing a great role in global economy structure shows the significance of using export market information and this leads to various studies on this issue. Some studies mostly focus on export information sources (Leonidou & Katsikeas, 1997) and others focus on possible priorities of information application (Low, G. S., & Mohr, J, 2001). Recent researches mostly have focused on application of market

information in export including export information acquisition methods (Diamantopoulos and Souchon, 1999) and (Diamantopoulos, et al., 2003). The dimensions of export information application and the effect of information application have focused on export performance (Katsikea & Skarmeas, 2013). Researchers have found that the perception of organization of its assets in market plays an important role in value creation for customers (Selater and Narver, 2000). The marketing information is considered as a potential source of value-added source in the policies of company. Business networks are set of business enterprises with common activities and geographical dispersion. However, what is the role of business networks and networking in industry development (namely small and medium industry)? By a review of benefits of creating business networks, a good response is presented for the question. Networking eliminates some of the problems by gathering the enterprises. In current conditions of global economy, active enterprises in industry field search for network business models to achieve competitive advantage and protect against adverse innovation. Small companies are natural rivals and members of an independent network. The competition benefits can be meaningful only in the framework of this enterprise gathering. Thus, the networks are encountered with some terms as external economic scales, reduction of trade costs and collective action and this leads to the increase of group efficiency. The network facilitates the collection of human and financial resources and industrial and manufacturing enterprises can collect capital and skills for each other (mostly conscious or unconscious). Export performance is achieving the goals by company if the product is exported to a foreign market. These goals include economic goals including profit, sale, costs, etc. and strategic

goals include development, market goals and increase of the share of foreign market. Singh (2009) had resource based view to export performance. Based on this view, the companies are unique set of resources giving competitive advantage to them. These resources should be valuable, rare and inimitable. According to the author, the effective resources on export sale and performance are firm size, research and development cost, advertising cost and group dependence of businesses in industry. It is said that internal sale of the company has positive impact on export sale.

Review of literature

Yazdani and Sharifi (2018) examined the impact of internet marketing capabilities on the development of international markets of export companies and the results showed that the variable of internet marketing capability had a significant and positive effect on the availability of information and capabilities of the international network. The results also confirm the impact of international strategic orientation on international market capability and the impact of international market capability on the growth of international market development strategies. However, the effect of information availability on international strategic orientation and internet marketing capability on positive and significant international strategic orientation was not reported.
Soltani Bahabadi (2017) in a study of Internet marketing capabilities on the growth of international market of Mashhad tourism companies and results showed that performance-based payment on employee pay satisfaction, employee job satisfaction, employee promotion opportunities satisfaction, employee satisfaction It is influenced by the supervisor and the satisfaction of the employees.

Abdi (2013) in a study evaluated "internal internet marketing and its effect on attitude of users to brand". The study aimed to evaluate internal internet marketing as a new term in internet marketing and it is interest items in cyber space and the company is found by the customers in internet. Parang Zadtut Aghaj and Maryam Ghadiri Tarshab (2013) explained "marketing strategies in internet marketing" by development of internet network and e-commerce and change business and trade models. Also, different parts of business sector including marketing are affected and great changes are occurred in the strategies. Fani (2010) in a study "The effect of internet marketing on increase of absorption of customers of hotels of Isfahan city" stated that internet marketing was effective on the number of customers in hotels of Isfahan city. Internet marketing was effective on stay of customers of Isfahan hotels. Akbari and Hassangholipour (2002) in a study evaluated effective factors on welcoming Tehrani customers of e-purchase system of Shahrvand store. The results showed that e-store purchase of Shahrvand was affected by some factors including availability of internet, awareness of e-stores, free transportation, attractions of internet basis of Shahrvand to fulfill the demands of customers and strong system of transportation in delivery.

Hosseini et al., (2008) aimed to evaluate the effect of applying e-marketing methods on export performance of manufacturing-export companies. In other words, this study attempts to answer this question as "Is there any relationship between using internet in marketing activities and export performance?. The study population is exporters of industry during 2000-2005. To answer the study question, a main hypothesis and six sub-hypotheses are defined and by presenting a conceptual model, the relationship between using e-marketing and export performance

was tested. To evaluate the hypotheses, Pearson correlation test was used and for additional analyses, variance analysis and regression were applied. The results showed that there was a positive and significant association between using internet in marketing activities and export performance of companies. This relationship was verified in three dimensions of e-marketing, using internet in customer-related companies, regarding distribution channels and marketing researches with export performance, growth and profitability of export, entering new markets, improving the share of market and positive attitude to products, service and trademark.

Moon, B. J., & Jain (2007) in a study evaluated the applications of using internet for internet marketing with positive effect on business performance in export companies as marketing capabilities play important roles in international performance for exporters and marketing researchers. Thus, internet marketing consists of support and advertising activities with positive and significant association with market share and sale and profit of exporting companies. Pinto et al, (2015) evaluated the effect of social networks on purchase intention of tourists. The research was performed as observation and deep interview. The results of study showed that social networks were effective on selection of destination of tourism, housing, restaurant, café and flight ticket. Chung and Koo (2015) evaluated the use of social media in travel information search. He results showed that the users applied social media in travel information search. The use of social media for information search was affected by reliability of information, enjoy, complexity and perceived efforts. Lian & Lin (2008) evaluated effects of consumer characteristics on their acceptance of online shopping. They showed that perception of website security, confidentiality of people and production

innovation could have positive effect on online purchase acceptance. Ha & Stoel (2009) evaluated the effective factors on e-shopping acceptance. The results showed that the quality of e-shopping affected trust, easy use and satisfaction of customers of e-shopping. In addition, the benefit of the use and positive attitude of customers can affect the intention of customers to e-shopping.
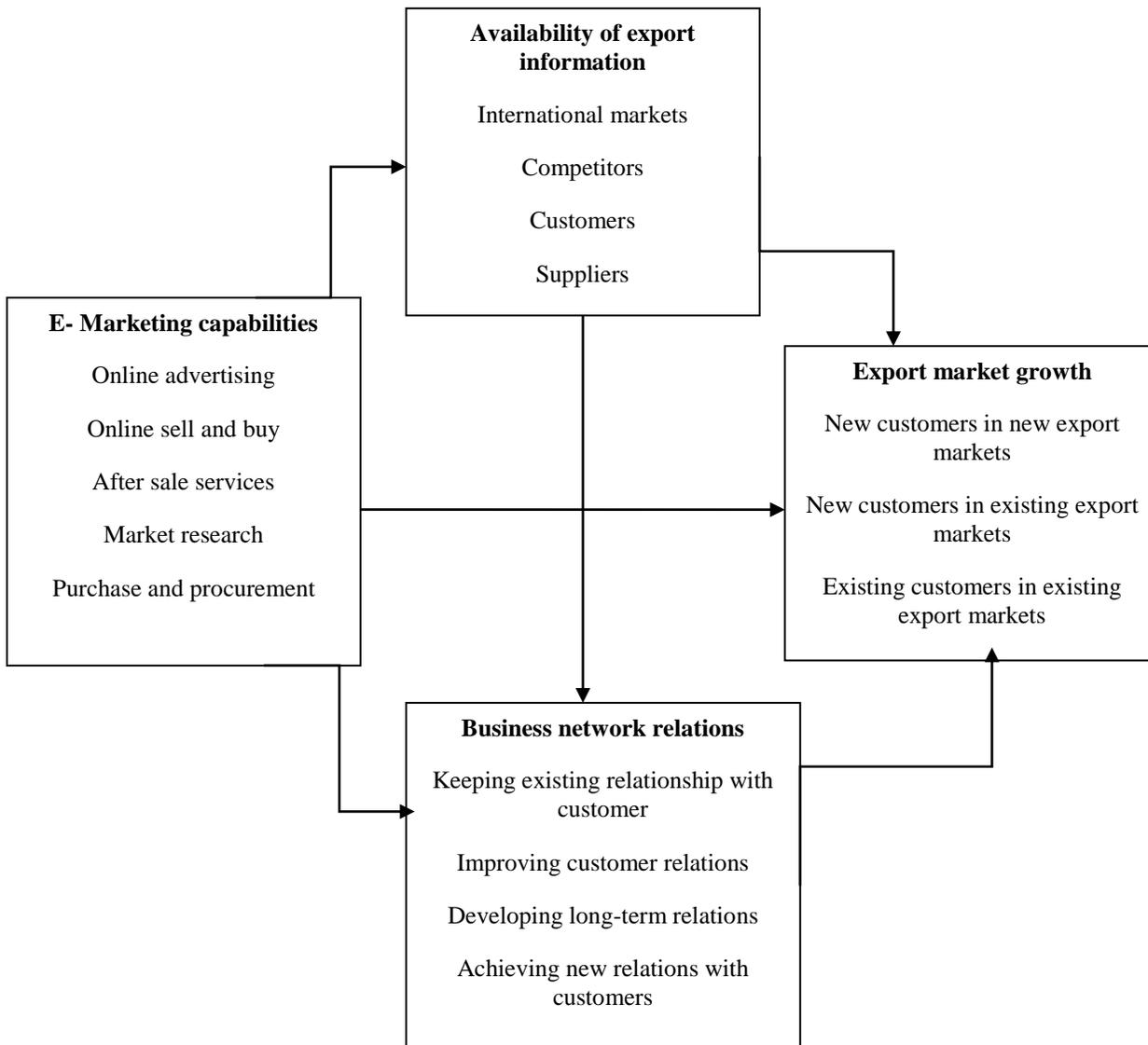

Fig1: Conceptual model

Study Hypotheses

1- Marketing capabilities are effective on sale market growth.

2- Sale information availability is effective on sale market growth

3- E-marketing capabilities are effective on export information availability.

4- Business network relations are effective on export market growth.

5- E-marketing capabilities are effective on business network relations.

Sale information availability is effective on business network relations

Study methodology

The present study is descriptive-correlation and structural equations modeling. The study population is sale managers, marketing managers, experts of international contracts and international relations experts of exporting for agricultural products in food companies in Tehran. 179 people participate in the study. All sale managers, marketing managers, experts of international contracts and international relations experts of companies are 360. 186 sale managers, marketing managers, experts of international contracts and international relations experts of exporting for agricultural products in food companies were selected as sample. The sampling method is simple random.

Study measures

To measure e-marketing capabilities, Bianchi, C., & Mathews (2015) questionnaire was applied. This questionnaire consists of 6items.

The items are measured based on a 5-item Likert scale ranging from strongly disagree (1) to strongly agree (5). To measure market information availability, Bianchi, C., & Mathews (2015) questionnaire is used. This questionnaire consists of 4 items. The items are measured based on a 5-item Likert scale ranging from strongly disagree (1) to strongly agree (5). To measure export performance, Bianchi, C., & Mathews (2015) questionnaire is used. This questionnaire consists of 3 items. The items are measured based on a 5-item Likert scale ranging from strongly disagree (1) to strongly agree (5).

Reliability and validity of study

In this study, to evaluate content validity, the opinion of experts is used. The confirmatory factor analysis results are reported and Cronbach's alpha is used to verify the test reliability. This method is used to compare internal consistency of measures evaluating different features. In this study, alpha above 0.7 is a good value for measure reliability. Thus, the reliability is measured using Cronbach's alpha and SPSS, version 21 Software. By the data of questionnaire and SPSS software, Cronbach's alpha is computed. Cronbach's alpha coefficient of study variables is presented in Table 1.

Table 1. Cronbach's alpha coefficient of study variables

Variables	Alpha
e-marketing capabilities	0.80
Export information availability	0.89
Business network relations	0.83
Export market growth	0.90
Total questionnaire	0.96

Data Analysis Method

For data analysis, descriptive and inferential tests are used. In descriptive section, percent, mean and standard deviation and in inferential section, Pearson correlation test and structural equations are applied. For

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data analysis, SPSS, LISREL software is used.

Descriptive Results of study

In this section, demographic properties of study sample, gender, education, age and experience are evaluated. The study results show that 17.32% of respondents are women and 82.68% men. The study results showed that people with BA were 59.78% and MA and above 40.22% of study sample. The study results showed that people aged 26-35 were 22.91%, 36-45 year 38.08%, 46-55 year 30.03% and above 56 years, 8.98%.

Normality test of study variables

As significance level of study, variables are bigger than 0.05 and the collected data of study variables are normal (Table 2).

Table 2. Kolmogrov-Smirnov test of study variables

Sig (significance level)	Test value	Variable
0.145	1.15	E-marketing capabilities
0.472	0.843	Export information availability
0.13	1.16	Business network relations
0.681	0.756	Export market growth

Correlation coefficient of variables

To identify the relationship between present variables, Pearson correlation coefficient is used. The results of correlation coefficient between study variables are shown in Table 3. The results show that there is a positive and significant relationship between distributive justice correlation coefficient and procedural justice (r=0.64), interactive justice (r=0.59), presenting knowledge (r=0.52), receiving knowledge (r=0.44) and innovation (r=0.40) at the level P<0.01.
There is a positive and significant relationship between procedural justice correlation coefficient and interactive justice (r=0.58), (r=0.40) is significant and positive at the presenting knowledge (r=0.52), receiving knowledge (r=0.51) and innovation (r=0.31) at the level P<0.01.
There is a positive and significant relationship between interactive justice correlation coefficient with presenting knowledge (r=0.67), receiving knowledge (r=0.54) and innovation (r=0.46) at the level P<0.01. The correlation coefficient of knowledge presenting has positive and significant relationship with knowledge receiving (r=0.72) and innovation (r=0.44) at the level P<0.01. The correlation coefficient of knowledge receiving with innovation

Table 3. Correlation matrix of study constructs

| Variables	E-marketing capabilities	Export information availability	Business network relations	Export market growth
E-marketing capabilities	1			
Export information availability	**0.49	1		
Business network relations	**0.49	**0.65	1	
Export market growth	**0.40	**0.49	**0.52	1

level P<0.01

Figure 1 shows the tested model with standardized values on each of paths. The results show that all coefficients of path are positive and significant.
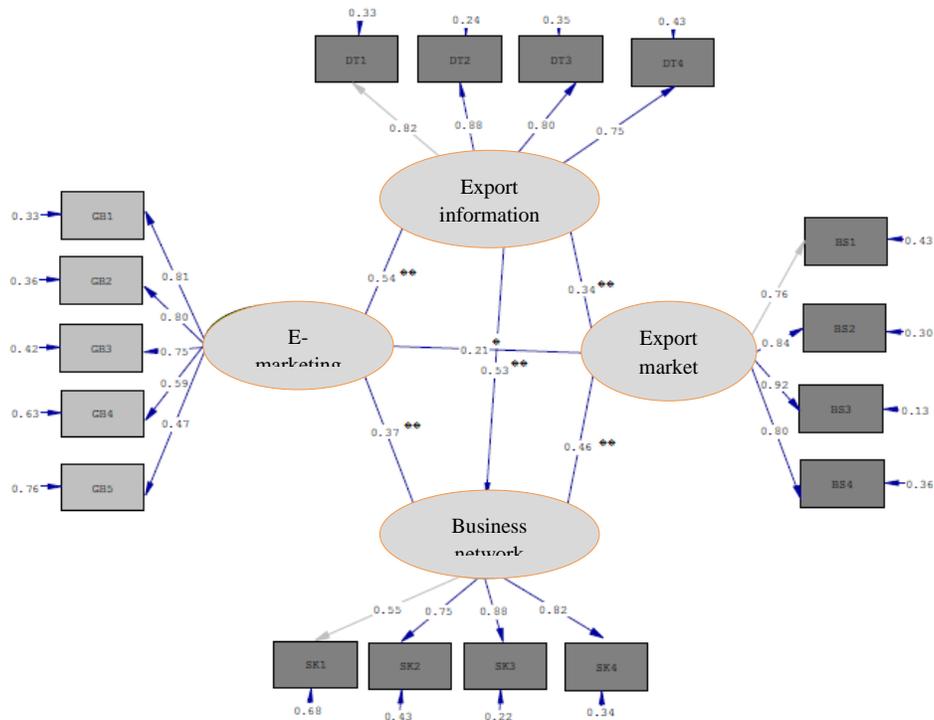
Chi-Square=179.42, df=113, P-value=0.00003, RMSEA=0.057

Figure 1. The standardized coefficients of tested model
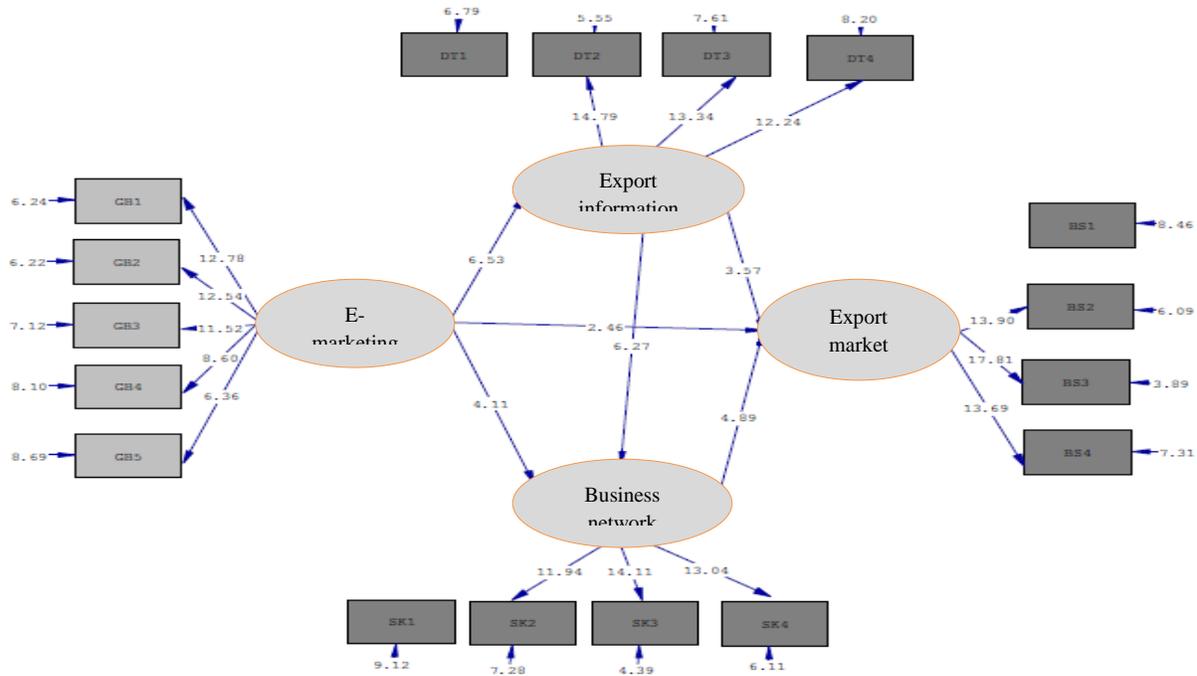
Chi-Square=179.42, df=113, P-value=0.00003, RMSEA=0.057

(* p < 0.05 ** p < 0.01)
Figure 2. T-value coefficients of tested model

Figure 2 presents t-values to evaluate significance of path coefficients. T-values above ±1.96 to 2.58 are significant at the level 0.05. T-values above ±2.58 are significant at the level .01. In addition, the direction of factor loads and t-values are positive in all factors and this shows the positive and significant effect of these factors.

Table 4. The estimation of standardized coefficients of direct effect of explained variance of model

Path	Direct effect	Indirect effects	Total effect	Explained variance
On export market growth from				37%
Business network relations	**0.46	-	**0.46	
Export information availability	**0.34	**0.24	**0.58	
E-marketing capabilities	*0.21	**0.48	**0.69	
On business network relations				42%
Export information availability	**0.53	-	**0.53	
E-marketing capabilities	**0.37	**0.29	**0.66	
On information availability from				29%
E-marketing capabilities	**0.54	-	**0.54	

The direct effect, significance level and variance of study variables are shown in Table 4. As shown in Table 4, business network relations, export information availability and e-marketing capabilities have positive and significant effect on export market growth. The export information availability and e-marketing capabilities have positive and

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significant effect on business network relations. E-marketing capabilities have positive and significant effect on export information availability. The indirect effect of internet marketing capabilities is positive and significant on export market growth via business network relations and export information availability. In addition, 29% of variance of export information availability, 42% of variance of business network relations and 37% of variance of export market growth are explained by existing variables in the present study model.

The fit indices for the tested model in Table 5 show that RMSEA with 0.057 has acceptable level and other fit indices as CFI, GFI, NFI, and AGFI are 0.98, 0.95, 0.97 and 0393 are at good levels and the goodness of fit shows that the data of the study have good fit with the factor structure of this model.

Table 5. Fit indices of fitted model

X^2/df	RMSEA	CFI	GFI	NFI	AGFI
1.59	0.057	0.98	0.95	0.97	**0.93**

Hypotheses Test Results

The test results are shown in Table 6.

Table 6. The hypotheses test results

Rejecting hypothesis	Supporting hypothesis	Path coefficients	Hypotheses
-	Supported	0.21	E-marketing capabilities are effective on export market growth.
-	Supported	0.34	Export information availability is effective on export market growth
-	Supported	0.54	E-marketing capabilities are effective on export information availability.
-	Supported	0.46	Business network relations are effective on export market growth.
-	Supported	0.37	E-marketing capabilities are effective on business network relations.
-	Supported	0.53	Export information availability is effective on business network relations

Discussion and Conclusion

The results of structural equations showed that the effect of e-marketing capabilities had positive and significant effect on export market growth. This result shows that e-marketing capabilities are effective on export market growth. This result is consistent with the study of Hemati et al., (2013), Hosseini et al., (2008), Moon & Jain (2007) and Anderson and Calon & Moon (2009). Thus, using internet for online advertising by the company is effective on selling to customers, after sale services to customers, research in market and purchase and preparation of customers for export market growth of food exporting companies. Marketing affects trade process via the increase of speed in computation, rapid information processing, searching and elimination of unnecessary brokers and electronic processes and also time is reduced and productivity is increased. The results of structural equations showed that the effect of export information availability on export market growth was positive and significant. This result showed that export information availability was effective on

export market growth. This result is consistent with the results of the study of Bianchi & Mathews (2015). We can say, the company availability to the information of international markets, international competitors, international customers and international suppliers is effective on export market growth of food exporting companies. In other words, access to information leads to achieving new customers in new export markets and new customers in export markets. The results of structural equations showed that the effect of e-marketing capabilities on export information availability was positive and significant. This result is consistent with the results of study of Bianchi & Mathews (2015). Thus, e-marketing capabilities act as export information source. Thus, we can say the companies use internet for exact information and sharing it for exact planning to improve export. E-marketing capabilities provide access to information about international markets, international competitors, international customers and international suppliers. The results of structural equations showed that the effect of business network on export market growth was positive and significant. This result shows that business network relations had positive and significant effect on export market growth. This result shows that business network relations are effective on export market growth. This result is consistent with the results of study of Bianchi & Mathews (2015). We can say the success of company in maintaining existing commercial relations with international customers, improving commercial relations with international customers, development of long-term commercial relations with international customers and establishing relationship with new international customers are effective on export market

growth of food exporting companies. The results of structural equations showed that the effect of e-marketing capabilities was positive and significant on business network relations. This result shows that internet marketing capabilities were effective on business network relations. This result is consistent with the results of study of Bianchi & Mathews (2015). We can say, internet reduces the number of brokers, the gap between producer and consumers and trading costs. Internet and e-marketing is effective communication channel. Internet facilitates production and supply in accordance to order for companies. Today, computer and web network are used mostly and many consumers and customers of products visit the site of their products during the day and internets plays an important role in development of relationship between buyers and sellers and improve the relationship with customers and can create long-term relationship with customers. The results of structural equations showed that the effect of export information availability on business network was positive and significant. This result shows that information availability is effective on business network relations. This result is consistent with the results of study of Bianchi & Mathews (2015). The availability of globalization market information and emergence of multinational companies playing a great role in global economy structure shows the significance of using export market information. Marketing information as a potential source of value creation can be used in policy making. Thus, access to market information via increasing the knowledge of customers can improve relations and establish long-term relations and develop business network relations.

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