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The Effects of Dynamic Capabilities on Value-Based Pricing and Export Performance

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THE EFFECTS OF DYNAMIC CAPABILITIES ON VALUE-BASED PRICING AND EXPORT PERFORMANCE

Katharina Maria Hofer, Lisa Maria Niehoff and Gerhard A. Wuehrer

ABSTRACT

In this study, we examine the influence of different components of dynamic capabilities on value-based pricing and export performance. We develop a research model investigating the three component factors of dynamic capabilities, that is, adaptive capability, absorptive capability, and innovative capability, and their respective influence on value-based pricing and export performance. Furthermore, we hypothesize a relationship between value-based pricing and export performance. Building upon a sample of 172 Austrian CEOs and marketing managers, we test our hypotheses through structural equation modeling using partial least squares. The results reveal that a firm's adaptive capability and innovative capability both positively influence value-based pricing. Furthermore, our results show that adaptive capability has a positive influence on export performance. The relationship between value-based pricing and export

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performance could not be supported. Hence, we conclude that a firm's adaptive capability plays a central role in international pricing and leads to enhanced export performance.

Keywords: Dynamic capabilities; value-based pricing; export performance; international marketing

INTRODUCTION

International pricing is a central issue discussed among international marketing scholars (e.g., Myers & Cavusgil, 1996; Theodosiou & Katsikeas, 2001). Despite the considerable number of studies in recent years, the findings regarding the determinants and consequences of export pricing can still be described as fragmented and inconsistent (Tan & Sousa, 2011). Strategic export pricing represents one of several options through which a firm can increase its competitiveness (Dolgui & Proth, 2010). This approach requires the consideration of diverse antecedents that influence the pricing method. To account for the demanding nature of international business, we identify dynamic capabilities as an important factor having an influence on pricing and performance. As a result of complex and fast-changing environments, firms need to develop distinctive capabilities to make optimal use of resources (Prange & Verdier, 2011). Teece (2014, p. 8) states that "dynamic capabilities coupled with good strategy are seen as necessary to sustain superior enterprise performance, especially in fast-moving global environments."

Out of the numerous methods of pricing, we include the value-based pricing approach in our study. Explanations for this choice are manifold, but most importantly, this method appears to best match the dynamics of global markets and customers. This method takes into account customers' willingness to pay across segments, ways to address differences in willingness to pay, deviating value perceptions, and the resulting alignment of prices (Shapiro & Jackson, 1978). As already described, the dynamic capabilities perspective reflects the goal of creating valuable resources. From our point of view, this goal includes strategically balancing internal and external circumstances. Previous research suggests that all types of companies, including small and medium-sized enterprises and firms in commodity industries, are able to improve profitability through the use of value-based pricing (Liozu & Hinterhuber, 2013). Therefore, value-based pricing is the most suitable approach for inclusion in our model.

In addition, we are interested in the effect of dynamic capabilities on export performance as well as the influence of the pricing approach on export performance. So far, only a few studies have taken into account actual outcomes or effects of different pricing strategies on measurable figures (Homburg, Jensen, & Hahn, 2012). Our analysis is conducted at the export function level, which concentrates on the overall export performance of an entity (Aulakh, Kotabe, & Teege, 2000). Because we adopt the conceptualization provided by Katsikeas, Leonidou, and Morgan (2000), our measures of export performance can be divided into three categories: sales-related, profit-related, and market share-related figures. Based on the literature on dynamic capabilities, international pricing, and export performance, we propose a research model and test our hypotheses. To the best of our knowledge, this study represents the first attempt to combine the specific determinants of pricing, the pricing approach, and export performance in one study. In particular, the integration of dynamic capabilities is an innovative issue in the field of international strategic pricing.

LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

Conceptual Model

Our research model shown in Fig. 1 displays the supposed causal relationships between adaptive capability, absorptive capability, innovative capability, value-based pricing, and export performance.

Dynamic Capabilities

Following the resource-based view (Barney, 1991), Dutta, Zbaracki, and Bergen (2003) suggest that companies are able to generate rent through the use of superior resources and capabilities. Generally, the resource-based approach claims that resource bundles and capabilities can vary across firms. If a firm wants to establish a competitive advantage, it should accumulate resources and capabilities that differentiate it from other firms. Implementing a value-creation strategy can lead to a sustained competitive advantage (Barney, 1991). Additionally, to generate economic rent, a company must also set appropriate prices. The process of setting and changing

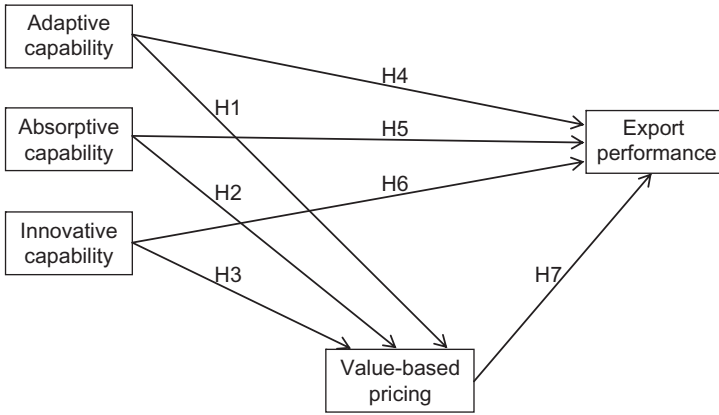


Fig. 1. Conceptual Model.

prices can be observed as a capability that enables a firm to achieve a competitive advantage. Therefore, a company should base its capabilities on a combination of routines, coordination mechanisms, systems, skills, and other complementary resources that are difficult to imitate (Dutta et al., 2003). As already mentioned, companies that operate internationally find themselves in a complex and dynamic environment (Phatak, 1998). Therefore, resource advantages may not be enough, and the firm needs to develop distinctive capabilities to make better use of its resources (Prange & Verdier, 2011). It is possible that firms compete based on their ability to learn and apply knowledge to foreign markets, that is, on the basis of their dynamic capabilities (Chang & Rosenzweig, 2001). Such capabilities play an important role because they enable firms to cope with fast-moving environments, fierce global competition, or rapid technological change (Teece, 2007). The dynamic capabilities perspective builds on the resource-based view and focuses on the creation of resources that are valuable, rare, difficult to imitate, and imperfectly substitutable. Furthermore, resources may be refreshed in changing environments (Teece, 2014). Ambrosini and Bowman (2009) argue that this perspective is an extension of the resource-based view.

To succeed in the global marketplace, firms need to demonstrate timely responsiveness, rapid and flexible product innovation, and management capability to effectively coordinate and redeploy internal and external competences. In other words, companies must have the ability to achieve new forms of competitive advantage, that is, dynamic capabilities. Under

“dynamic,” one can recognize the capacity to renew and complement competences in accordance with the changing business environment. Capabilities refer to the key role of strategic management in appropriately adapting, integrating, and reconfiguring internal and external organizational skills, resources, and functional competences to meet the requirements of a changing environment (Teece, Pisano, & Shuen, 1997). In general, dynamic capabilities are capabilities of a higher order that must be built, are difficult to imitate, and cannot be bought (Teece, 2014). To cope with changing environments, management must operate strategically, adopting, integrating, and reconfiguring organizational skills, resources, and competences. If firms are able to successfully operate strategically, we refer to their dynamic capabilities (Teece et al., 1997).

Wang and Ahmed (2007) identified adaptive capability, absorptive capability, and innovative capability as the three primary components of dynamic capabilities. Adaptive capability describes a firm's ability to identify and capitalize on emerging market opportunities (Chakravarthy, 1982). Adaptive capability is represented through strategic flexibility with the available resources and their application (Sanchez, 1995). In addition, this flexibility is applied to the organizational form and the constantly shifting strategic needs (Rindova & Kotha, 2001). Firms with a high level of adaptive capability are able to adapt to environmental changes and to align internal resources with external demand (Teece et al., 1997; Wang & Ahmed, 2007). There are multidimensional measures of adaptive capability, for example, a firm's ability to adapt the product-market scope to respond to external opportunities, to scan the market, to monitor customers and competitors, and to allocate resources to marketing activities (Oktemgil & Greenley, 1997). Cohen and Levinthal (1990, p. 128) define absorptive capability as “the ability of a firm to recognize the value of new, external information, assimilate it, and apply it to commercial ends.” Firms with a high level of absorptive capability are better able to learn from partners or to integrate external information and transform it into firm-embedded knowledge (Wang & Ahmed, 2007). Zahra and George (2002) suggest that absorptive capability is multidimensional and that it comprises the four factors of knowledge: acquisition, assimilation, transformation, and exploitation. Firms characterized by innovative capability are in a position to develop new products and/or markets as a result of the alignment between strategic innovative orientation, innovative behaviors, and processes (Wang & Ahmed, 2004). Miller and Friesen (1983) suggest four dimensions of innovative capability: that is, new product or service innovation, methods of production or rendering of services, risk taking by key executives,

and seeking unusual and novel solutions. Capon, Farley, Hulbert, and Lehmann (1992) concentrate on three components, namely market innovativeness, strategic tendency to pioneer, and technological sophistication. In this study, we adopt the categorization of dynamic capabilities provided by Wang and Ahmed (2007). This decision implies that we differentiate between adaptive, absorptive, and innovative capabilities. Dynamic capabilities as discussed in the mainstream management literature are considered to be a concept embedded in a series of organizational processes that enable a firm to successfully meet the challenges of fast-changing environments (Teece, 2007). We refer here to “components” of dynamic capabilities, as we do not intend to measure the process as a phenomenon. Whenever we speak about a single component of dynamic capabilities, we must consider its three-fold character.

Value-Based Pricing

Various global developments and corresponding new challenges make it inevitable that firms set and implement their prices strategically (Lancioni, Schau, & Smith, 2005). Pricing decisions have tremendous effects on performance and bring strong reactions from customers and competitors (Diller, 2008). Concerning pricing strategies, three basic methods can be distinguished (e.g., Helsen, 2009; Homburg & Totzek, 2011). First of all, the cost-based approach offers a strong internal orientation in which prices are based on costs. Second, prices can be adapted to those set by competitors (Schuppar, 2006). Finally, the company can focus on the customers’ willingness to pay. Therefore, to follow a customer value-based approach, the firm needs to know what value the customers place on the product. Following the latter approach includes understanding and increasing customers’ willingness to pay across market segments, communicating customer value, aligning prices with differences in value perceptions across segments, understanding and influencing customer price elasticity, and identifying ways to profitably address differences in customer willingness to pay (Shapiro & Jackson, 1978). Liozu and Hinterhuber (2013) investigated the relationship between pricing methods and firm performance and found a positive link between value-based pricing and firm performance, whereas competition-based pricing did not have an impact. According to their research, pricing procedures that focus on customers have a beneficial impact on profitability. In value-based pricing, two main value definitions can be identified: customer perceived value and differentiation value

(Johansson, 2013). Here, value is understood to be differentiation value, and conceptual considerations and measurement follow that understanding.

Firms follow a value-based approach by considering the value that customers place on products in their pricing processes. This process includes the segmentation of customers according to their value perceptions and willingness to pay (Shapiro & Jackson, 1978). Prior to this, firms must know the sources of value for customers (Hinterhuber, 2008). In addition, value-based pricing means that firms need to tailor (internal) marketing decisions to meet customer preferences and perceptions (Hallberg, 2008; Shapiro & Jackson, 1978). This tailoring includes not only the design of products and services but also of pricing policies (Hinterhuber, 2008). As already explained, the dynamic capabilities perspective has the goal of creating valuable resources that can cope with changing and dynamic environments. This ability includes the strategic balancing of internal resources and external circumstances. We suggest that those capabilities are also central in the context of international pricing, and therefore we hypothesize the following:

H1. There is a positive relationship between adaptive capability and value-based pricing.

H2. There is a positive relationship between absorptive capability and value-based pricing.

H3. There is a positive relationship between innovative capability and value-based pricing.

Although cost-based pricing and competitor-based pricing are still common in many industries, there is empirical evidence that value-based pricing leads to increased firm performance (e.g., Liozu & Hinterhuber, 2013). As we are interested in the international operations of companies, the question is whether this relationship can also be confirmed for export performance.

Export Performance

The vast majority of research concentrates on different factors that influence the pricing process in a firm (e.g., Myers, Cavusgil, & Diamantopoulos, 2002; Sousa & Bradley, 2009). In our study, we propose that dynamic capabilities are antecedents of pricing. As Homburg et al.

(2012) have recognized, only a few studies take into account the actual outcomes or effects on measurable figures if such strategies are pursued. Similarly, Roll (2009) stresses the limited knowledge about the impact of pricing on profitability. Liozu and Hinterhuber (2013) examine the relationship between the pricing approach and firm performance. Homburg et al. (2012) primarily concentrate on the delegation and dispersion of pricing authority and the resulting effect on the return on assets. The goal of our research is to expand these ideas and investigate the effect of capabilities and value-based pricing on export performance. Global competition is growing continuously and firms must find opportunities to achieve their international marketing goals (Leonidou, Katsikeas, & Samiee, 2002).

There are two ways of analyzing export performance: either at the export function level or at the export venture level. The first concentrates on the overall export performance of an exporting entity (e.g., Aulakh et al., 2000) and explains variations in levels of export performance across businesses. Analyzing at the export function level enables the identification of factors that improve export performance, particularly the environmental or firm level factors that shape export operations (Oliveira, Cadogan, & Souchon, 2012). Studies on the venture level focus on the performance of an export venture within a firm. In this context, the venture is a single product or product line exported to a specific market abroad (e.g., Morgan, Kaleka, & Katsikeas, 2004). The focus on the single venture level is difficult to apply practically because it ignores that every export venture is nested within a company and part of the overall export success. An analysis at the export function level is highly useful for management practice as it can help to stimulate the overall export performance of firms (Oliveira et al., 2012). It can also be argued that an inspection on the functional level is more appropriate vis-à-vis dynamic capabilities, allowing better recognition of the pricing process (Johansson, 2013) and the process character of dynamic capabilities. That approach demands other research and a qualitative, longitudinal design could be the starting point.

The aim of our study is an analysis at the export function level. Although we ask respondents to refer to their primary export market when answering the questionnaire, we are interested in the entire exporting activity within the specific market. Regarding the conceptualization of export performance, Katsikeas et al. (2000) propose multiple methods. One possibility is to distinguish between noneconomic and economic outcomes. The first category can again be divided into sales-related (e.g., export sales ratio, export sales growth), profit-related (e.g., export profitability, export profit margin), and market share-related (e.g., export market share, export

market share growth) measures. The second category includes product-related (e.g., new products exported), market-related (e.g., export market penetration), and miscellaneous (e.g., years of exporting) measures. Although economic measures are often the center of interest, noneconomic measures also play an important role because they may shape economic outcomes. In addition to these two categories, [Katsikeas et al. \(2000\)](#) suggest including generic measures. These figures comprise, for example, export success or satisfaction with export performance.

In a similar vein as [Liozu and Hinterhuber \(2013\)](#), we aim to test the effect of a particular pricing approach on performance. However, we leave general firm performance aside and concentrate in particular on export performance. To the best of our knowledge regarding the relevant literature, this paper represents the first attempt to study this particular relationship. Previous studies have shown that there is a positive and significant relationship between value-based pricing and firm performance in general (e.g., [Liozu & Hinterhuber, 2013](#)). Based on this knowledge, our focus is whether a similar relationship for export performance can be confirmed. Thus, the following hypotheses refer to the relationship between dynamic capabilities and export performance:

H4. There is a positive relationship between adaptive capability and export performance.

H5. There is a positive relationship between absorptive capability and export performance.

H6. There is a positive relationship between innovative capability and export performance.

Our final hypothesis refers to the effect of the pricing strategy, that is, value-based pricing, on export performance. [Leonidou et al. \(2002\)](#) identified groups of variables that have been conceptualized with export performance. Included are, amongst others, variables belonging to the firm's export marketing strategy (i.e., elements of the marketing mix, including pricing). In a similar vein, [Myers et al. \(2002\)](#) argue that the export pricing strategy affects export performance. Recent research has shown a positive relationship between value-based pricing and firm performance. A positive connection between value-based pricing and profitability regardless of company size, industry, or nationality was found by [Liozu and Hinterhuber \(2013\)](#). On the contrary, other studies revealed that the use of cost-based pricing strategies leads to substandard firm performance ([Myers et al.,](#)

2002). Hence, we are interested in whether the positive relationship between value-based pricing and export performance can also be supported in an international context:

H7. There is a positive relationship between value-based pricing and export performance.

METHODOLOGY

Construct Measurement

In terms of construct measurement, we relied on scales that had been previously validated in the literature. All items were measured on 7-point Likert scales anchored by “no importance” and “very high importance.” Regarding the respective items of the three forms of dynamic capabilities, we adopted the scales by Oktemgil and Greenley (1997) for adaptive capability; the scale by Zahra and George (2002) for absorptive capability; and the scales by Miller and Friesen (1983) together with Capon et al. (1992) for innovative capability. For value-based pricing, we adopted scales provided by Ingenbleek, Debruyne, Frambach, and Verhallen (2003). Export performance was measured according to a scale adapted from Katsikeas et al. (2000) using a 7-point Likert scale anchored by “much worse” and “much better.” Respondents were asked to evaluate their firm’s performance in comparison to the performance of their primary competitor. All constructs were regarded as reflective. A full list of items for construct measurement is provided in the [Appendix](#).

Data Collection and Sample Description

The data collection took place between September and November 2013 through an online survey using the EFS survey tool supplied by QuestBack Unipark, which provides tools for academic research (QuestBack Unipark, 2013). We drew upon the CMD marketing database, which provides premium information as well as contact details for Austrian firms (CMD, 2013). E-mails including the link to the survey were sent to Austrian managers, that is, the CEO or the marketing manager of each firm. Two reminders were sent out at intervals of two weeks. The survey yielded a total response of 172 usable questionnaires. The export markets identified by the

respondents included Germany, Switzerland, China, Italy, USA, Russia, and France. The responding firms represent a broad range of industries, and more than 90% report exporting experience of more than 10 years.

FINDINGS

To test our hypotheses, we employed structural equation modeling, specifically partial least squares (PLS) path modeling using the software SmartPLS 2.0 (Ringle, Wende, & Will, 2005). In comparison to LISREL (linear structural relations), PLS path modeling is able to address small sample sizes. Furthermore, it can estimate very complex models that include a large number of variables, and it is less strict regarding distributional assumptions (Henseler, Ringle, & Sinkovics, 2009). An alternative approach could be multiple regression analysis; in that case, the justification for using it should be theoretically justified. So far, we do not have any indication that supports using multiple regression analysis. As PLS does not provide a global goodness-of-fit criterion, the analysis includes a two-step process, that is, the evaluation of the measurement model and the evaluation of the structural model (Henseler et al., 2009).

Evaluation of the Measurement Model

The measurement model is evaluated in terms of composite reliability, indicator reliability, average variance extracted (AVE), and the Fornell-Larcker criterion (Henseler et al., 2009). Composite reliability shows internal consistency, and the values should be higher than 0.6. The analysis indicates that this criterion is fully met. To assess convergent validity, the AVE is considered. It is suggested that AVE values should exceed 0.5 (Henseler et al., 2009). Our measurement model meets this criterion except for the adaptive capability variable (0.46). Table 1 displays the composite reliability and AVE values of the model.

Regarding indicator reliability, the absolute standardized outer loadings must not be lower than 0.7. This criterion is fully met regarding the variables of absorptive capability and value-based pricing. This criterion is largely met by the variables of adaptive capability, innovative capability, and export performance, with the lowest outer loading value being 0.54. Indicators should only be removed from the measurement model if their

Table 1. Composite Reliability and AVE.

Construct	Composite Reliability	AVE
Adaptive capability	0.77	0.46
Absorptive capability	0.90	0.70
Innovative capability	0.89	0.53
Value-based pricing	0.90	0.66
Export performance	0.94	0.50

Table 2. Indicator Reliability.

Construct	Indicator Reliability – Outer Loadings
Adaptive capability	0.75, 0.61, 0.79, 0.54
Absorptive capability	0.86, 0.88, 0.86, 0.75
Innovative capability	0.72, 0.65, 0.60, 0.77, 0.87, 0.73, 0.74
Value-based pricing	0.82, 0.80, 0.82, 0.78, 0.83
Export performance	0.71, 0.74, 0.70, 0.79, 0.73, 0.73, 0.71, 0.67, 0.66, 0.57, 0.59, 0.62, 0.83, 0.75, 0.64

standardized outer loadings are below 0.4. Due to the PLS characteristic of consistency at large, the recommendation is to take care when eliminating indicators from the model (Henseler et al., 2009). We thus left all indicators in the model. Table 2 displays the outer loadings.

Finally, the Fornell–Larcker criterion offers a check for discriminant validity. The Fornell–Larcker criterion suggests that a latent variable better explains the variance of its assigned indicators than the variance of any other latent variable of the model. Therefore, the AVE from each latent variable should be higher than the squared correlations between the latent variable and all other latent variables of the model (Henseler et al., 2009). Table 3 shows the latent variable correlations and discriminant validity of our model.

Evaluation of the Structural Model

After the evaluation of the measurement model, the structural model is assessed in terms of path coefficients and R^2 (Henseler et al., 2009). The R^2 values of our structural model are 0.42 for value-based pricing and 0.13 for export performance. The path coefficients as well as the bootstrapping technique using 5,000 bootstrap samples reveal the significance of our

Table 3. Discriminant Validity and Latent Variable Correlations.

	Absorptive Capability	Adaptive Capability	Export Performance	Innovative Capability	Value-Based Pricing
Absorptive capability	0.70				
Adaptive capability	0.39	0.46			
Export performance	0.02	0.10	0.50		
Innovative capability	0.41	0.32	0.07	0.53	
Value-based pricing	0.22	0.30	0.06	0.35	0.66

Table 4. Hypotheses, Path Coefficients, and Empirical *t*-Values.

Hypotheses	Path Coefficients	Empirical <i>t</i> -Values
H1: Adaptive capability => value-based pricing	0.32*	2.18
H2: Absorptive capability => value-based pricing	0.02	0.17
H3: Innovative capability => value-based pricing	0.39*	5.20
H4: Adaptive capability => export performance	0.31*	2.87
H5: Absorptive capability => export performance	-0.22	1.73
H6: Innovative capability => export performance	0.18	1.54
H7: Value-based pricing => export performance	0.07	0.58

* $p < 0.05$.

hypotheses. The threshold for the empirical *t*-value is 1.965 at $p < 0.05$ (Henseler et al., 2009). Table 4 summarizes the hypotheses.

The evaluation of the structural model shows that adaptive capability has a significant influence on both value-based pricing and export performance, supporting H1 and H4. The path coefficient between absorptive capability and export performance displays a negative value, which would imply that increasing a firm's absorptive capability would decrease export performance. However, the relationship between absorptive capability and export performance is not significant and fails to support H5. Furthermore, absorptive capability does not have a significant influence on value-based pricing, thereby failing to support H2. Innovative capability has a positive, significant impact on value-based pricing, supporting H3; however, the relationship between innovative capability and export performance is non-significant, leading to a failure to support H6. Finally, we could not support the relationship between value-based pricing and export performance in our model. Thus, we fail to support H7.

DISCUSSION AND CONCLUSION

Our analysis reveals that both adaptive capability and innovative capability have a positive and significant influence on value-based pricing, whereas a firm's absorptive capability does not have an impact on value-based pricing. Adaptive capability refers to a firm's ability to respond to external opportunities, to scan the market, and to monitor customers (Oktemgil & Greenley, 1997). This perspective strongly incorporates the market and customer perspective. Innovative capability includes market aspects, for example, market innovativeness and a tendency to pioneer (Capon et al., 1992). Innovative capability includes the four factors of knowledge, that is, acquisition, assimilation, transformation, and exploitation (Zahra & George, 2002), and tends to focus on handling knowledge from a more internal perspective. Thus, we conclude that the more market-focused aspects of dynamic capabilities play a major role in value-based pricing. Firms that pursue a value-based pricing strategy are therefore encouraged to strengthen both their adaptive and their innovative capabilities.

Furthermore, our analysis shows that in terms of the three components of dynamic capabilities, only a firm's adaptive capability has a positive influence on export performance, which is not the case with absorptive capability and innovative capability. According to our understanding, adaptive capability is the aspect of dynamic capabilities that is most market-focused. In international marketing and pricing, with its constantly and often rapidly changing market conditions and firm environments, a strong focus on market characteristics positively influences a firm's export performance, as our research has shown. We thus conclude that internationally operating firms should highlight their adaptive capability to enhance their export performance. This conclusion is consistent with recent literature suggesting that dynamic capabilities contribute to superior firm performance in global environments (Teece, 2014). Finally, we could not confirm the relationship between value-based pricing and export performance. Although this relationship was supported in previous research in a more general and not specifically international setting (Liozu & Hinterhuber, 2013), our study suggests that the impact of value-based pricing on firm performance does not hold in an international context. Thus, we conclude that dynamic capabilities provide a better explanation of a firm's export performance than pricing strategies, specifically value-based pricing.

However, our study may only serve as the starting point for future studies on the topics of pricing and export performance. Furthermore, our study has several limitations that should be kept in mind. First, we focused on Austrian

firms exporting to numerous international markets; therefore, the generalizability of our results should be viewed with caution. Future studies could be based in other countries, representing either advanced or emerging markets, to see if our results hold true in other research settings. Second, we conducted a cross-sectional study; in future research, it would be interesting to conduct a longitudinal study. Third, we measured export performance based on the subjective perceptions of CEOs and marketing managers. While the literature suggests that subjective performance measurement is acceptable under certain circumstances (Dess & Robinson, 1984; Richard, Devinney, Yip, & Johnson, 2009), follow-up studies should also incorporate objective performance measures. Fourth, the success of pricing practices may be contingent on certain conditions (Ingenbleek et al., 2003). Future research could thus include specific contingency variables to investigate their influence on the effectiveness of different pricing strategies. Fifth, the study focuses on firm-level and not venture-level analysis. Future research should focus on a sole venture as the unit of analysis and measure the success of that export business. Finally, as “few studies have focused on the practices through which organizations arrive at price settings” (Ingenbleek et al., 2003, p. 289), a more process-oriented perspective on price setting could be at the center of analysis in future studies. This perspective includes the embeddedness characteristic of dynamic capabilities and may require a longitudinal-type research approach. The discussion should be open to case-study-based methods or could cover just a small set of export ventures and aim at detecting typical configurations of necessary and sufficient conditions in the process of dynamic capabilities and export performance. This type of research would require qualitative comparative analysis as already applied in questions of marketing instruments and performance (Vassinen, 2012). This approach could enrich future research on the process of value-based pricing and the influence of dynamic capability components in addition to other marketing capabilities (Morgan, Katsikeas, & Vorhies, 2012).

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APPENDIX

Items for Construct Measurement

Adaptive capability (Oktemgil & Greenley, 1997):

Ability to adapt the product-market scope to respond to external opportunities

Scan the market

Monitor customers and main competitor

Allocate resources to marketing activities

Absorptive capability (Zahra & George, 2002):

Acquisition of knowledge

Assimilation of knowledge

Transformation of knowledge

Exploitation of knowledge

Innovative capability (Capon et al., 1992; Miller & Friesen, 1983):

New product or service innovation

Methods of production or rendering of services

Risk taking by key executives

Seeking unusual and novel solutions

Market innovativeness

Strategic tendency to pioneer

Technological sophistication

Value-based pricing (Ingenbleek et al., 2003):

Advantages of the product compared to main competitors' products/services

Customer perceived value of the products/services

Customer willingness to pay for the unique benefits of the products/services

Balance between advantages of products/services and price

Differentiated value drivers of products/services compared to substitutes of the main competitor

Export performance (Katsikeas et al., 2000):

Export sales ratio

Export sales growth

Export sales volume

Export sales ratio growth

Export profitability

Export profitability growth

Contribution of exporting to profits

Export market share

New products exported

Export country/market number

Export market penetration

New market(s) exports

Perceived export success

Achievement of export objectives

Satisfaction with export performance
