Full Length Research Paper

How Lorestans’ stone exporters can play an international role in the world market?

Shirzad Farhikhteh*, Fatemeh Farhikhteh, Jaffar Sajadi and Firooz Baharvand
Allameh Tabatabaei University, Tehran, Iran.

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This study examined how Lorestans’ decorative stone exporters can play an international role in the world market. The study is a field study and the population consists of all of the Lorestan’s stone firms. Lorestan is one of the biggest stone exporter provinces of Iran. For this reason, a simple random sampling technique was used to select the respondents surveyed for this study, a total of 101 questionnaires were administered to respondents chosen from about all 130 of the province stone firm managers and their vice presidents; statistical tools were used to test the hypothesis such as: T student (to determine whether there was a significant difference between the average of the population and that of the sample) and Chi square (to review the lack of significant differences between the observed frequency and expected frequency of tests). To gather information, library resources, questionnaires and interviews were used. To test research questions, six hypotheses with a conceptual model were designed to examine the relationship between the key success factors and the exports of the stone firms. Assumptions in the study, all with 95% confidence were accepted. The findings indicated that there was a significant positive relationship between KSFs and successful market entry. The study also showed that services and distribution channels had respectively the most and the least effects on successful market entry for Lorestan’s firms producing decorative stones.

Key words: Corporation, stone producer enterprises, the global market, decorative stones, the key success factors, export, international marketing.

INTRODUCTION

Today we are witnessing the deep transformation in economic and social communities. In the economical areas: trade liberalization, creating the trade zones, paying attention to the profit and gaining the material benefits, and … have led firms to be faced with new situations that they cannot continue their economic life without adapting themselves to these new situations. (Zou and Stan, 1998).

Iran is one of the few countries that have high natural reserves and valuable minerals. Iran can be considered as one of the countries that have a very high potential in the field of decorative stone and minerals (Ghorbani, 2002).

Diversity and richness of the decorative stone supplies, especially in the provinces such as Lorestan that have such potential, can make a unique and privileged position for the country among other countries. These reserves and their places in the country's economy are potentially promising, provided the industry will be conducted in the right direction of economic development through a proper planning (Erza, 2000).

THE PROBLEM STATEMENT

One of the most important mineral reserves of the country

*Corresponding author. E-mail: shirzad1357farhikhteh@yahoo.com.
is decorative stone. Despite of its well-known reputation in the world’s markets, Iran’s Processed products gained from these natural stones are not qualified for admission in the world’s markets. So this question now rises that: why are some of the Stone Cutting Factories and their products even failed to satisfy the preferences of the country’s needs so that the stone products from Asian and European countries are imported into the Iranian market? Despite the advantages of this industry in the country, the exporters cannot be successful in creating and growing their domestic and foreign markets? (Shasa.ir).

India, Spain and Brazil, with 2,851,240, 1,288,120 and 1,181,240 tons, have the highest amount of the decorative stone exports respectively. Iran in terms of reserved decorative and facade stones is one of the ten grade mining countries worldwide. The production of decorative stones in Iran has reached about 7 million tons of extracted blocks in the recent years and now it is considered as one of the three largest producer countries in the world in this area (the production of raw ore), along with China and Italy. The total export of the country in this field (stones), in its maximum rate, is 5% of the total production. Surely the country’s success in global markets depends on the provinces which have a desirable position in this industry. As Lorestan province has been located in the Zagros Mountains, this has caused the province to be one of the powerful provinces in manufacturing and exporting stone in the country, and for these reasons, it has been able to have a successful and effective presence in regional and global markets. This province, despite having about a quarter of the country’s decorative stone reserves, has the first ranking in the country. Also the Lorestan’s share of the country’s stone products is 22% and 3% of the global production which shows the industry’s capabilities in developing the province. Lorestan’s ore export capability is $500 million, but now this amount is $2 million. Although the foreign market of the province’s stone is appropriate and it should produced it’s products according to the customers’ tastes, but unfortunately, a few production units in this province have a good marketing section, so they will encounter difficulty in their competitions. Therefore, in spite of having such potential, they have failed to be successful in global markets.

The necessity and importance of the research

The amount of Iran’s mined ore was U.S. $11 million and one hundred thousand tons in 2007, but the country’s exports at this year were 587,680 tons: it means that the ratio of exports in comparison to the production was 5/2%. On the other hand, even though Iran is one of the first countries in the world, in terms of the extracted amount of ores, but its export value has no place in the world’s table (The Journal of Stone and Mine, Winter of 2008) The Province has exported 232,946,753 Pounds of non-oil goods with a value of $88,834,351 during 2009, in which it can be inferred that it has had 423% rising in terms of weight and 106% in terms of value, compared to the same period in 2008. The province has exported its products to Kuwait, Turkmenistan, Turkey, Afghanistan, Kyrgyzstan, Malaysia, France, Somalia, Tajikistan, Yemen, Libya, Ukraine, Denmark, Azerbaijan, Kazakhstan, Togo, Italy, South Africa, Australia, Britain, Armenia, Greece, Venezuela, Sweden, Georgia, Russia, Romania, Lebanon, U.S, UAE, China, and Qatar. In overall, the province’s export includes that of industry and mining (67%), agriculture (4%), and commercial sector (9%) (Raeisi, 2010). According to the Lorestan’s customs, the export’s amount of the province in the first six months of 2010 was 8,369,765 kg with 18,951,818 dollars value which in comparison to the 3,718,268 kg with 9,632,655 dollars value of the same period in 2009, it has been increased 125% in terms of weight, and 96% in terms of value. Notably, the amount of non-oil exports of the country, regardless the condensate exports’ amount, was $21,320,700,000 in which the province’s share of the total export was 4% (www.lorestancommerce.ir).

Because of the existence of rich resources in the province, especially in terms of decorative and facade stones, it has a high potential to invest on processing all types of decorative stones, constructional materials and non-metallic minerals. Most mines of the province consist of decorative and facade stone so that the province has the first ranking in Iran in terms of decorative stone reserves by having a quarter of that of the country. Also now it has the second ranking in Iran, after Isfahan, in terms of extracting ore. Every year about three million tons of decorative and building stones of the country are extracted from this province’s mines in which parts of that are consumed in the province, about 200 tons in domestic markets, and the rest in the Persian Gulf country’s markets, Europe’s and South and East Asian countries. (Abhari and Qorbanzadeh, 2005)

So it is necessary to do such research to guide the managers of stone corporations to respond the needs of the world’s markets and guarantee their success in the exports of such an important industry.

Research background

Ancient mining that called as “Shdady” by the miners has been done traditionally in the fourth millennium BC and probably before that in the land of Iran. Lorestan is one of the old settlements in the world. The existence of Bronze tools in its caves is one of the reasons why the province has an old civilization and is famous for having knowledgeable predecessors in the field of metals and their applications in this land. Also scattered remains, old furnaces, and metals in Noor Abad...
serves of the quartz in the tone, launching the dissolution of competitive advantage in the deserts and getting revenue and costs. Achievements were obtained: prioritizing their target markets, the following results relative merits of Iran’s export decorative stones and ornamental stone exporting companies and the impact of “investigating the competitive advantage dimensions in Azna Stone and Marble stone of Khorram Abad.

In a survey by Dehyadegari (2004), entitled “investigating the competitive advantage dimensions in ornamental stone exporting companies and the impact of these dimensions on their export performance”, these results were obtained:

The level of competitive advantage in the decorative stone exporting firms was low. The results of the competitive advantage confirmed that only three dimensions including efficiency, innovation, and responding to customers had low levels of performance. In this study it has been confirmed that the quality of Iran’s exported stones was desirable enough, but to achieve such a high quality, due to its low efficiency, it has led to increased costs of the product, and as a result, higher prices of Iran’s exported stones. Also one of the reasons of the low levels of innovation and responding to customers in the exporting companies can be referred to the unfamiliarity of the exporters with attitudes towards international marketing and marketing in the business.

In a study by Yahya Fathi, entitled: “Identifying the relative merits of Iran’s export decorative stones and prioritizing their target markets”, the following results were achieved:

The greatest amount of the exported stones to the Persian Gulf and Middle East region were the worked-on decorative stones, while the main ore exports of Iran to Europe were not-worked-on decorative stones.

Amongst the exported worked-on stones, the highest amount has always been related to the building stones.

Amongst the groups of worked-on ornamental stones, the most appropriate areas for activities and developing of Iran’s exports, in terms of market stability and the level and trends of comparative advantage and competitiveness, are tiles and similar products including natural stone, rough worked marble stone, processed and ready marble stone and other worked constructional stones.

Global market of decorative stones, in terms of export value, has a growing and stable trend over the period 1994 to 1998.

In a survey by Mohammad Bolurian Tehrani, entitled: “Economy and marketing of ornamental and facade stones with an emphasis on systematic attitude and SWOT analysis”, the following results were obtained:

Weaknesses in this field of industry such as technological retardation, plenty of lesions, lack of standards, poor research, and lack of customer orientation, and ... are such deterrent in which in the absence of a comprehensive plan to address them, a clear comparative advantage in the production of decorative and facade stones and getting revenue and employment in this industry will disappear soon. On the other hand, because of some cheap wholesale competitors like China, and high quality competitors such as Italy and Spain as well as substitute products such as tiles, glass, parquet and concrete and aluminum facades, it is necessary to establish or strengthen a special and new competitive advantage. It means that the country should exploit some opportunities like new technologies.

In a survey by Azam Amiri, entitled "Evaluation the methods of improving Iranian stone exports", these results were obtained:

Based on the statistical assumption results of the research in which investigated the relationship between sales prices, target market selection, processing ornamental stone, launching new stones and innovation in international exhibitions, high quality of export stones, using the reputed Iranian exporter companies, advertising abroad, the use of direct distribution channels, and improving in the ore export, were all confirmed with a high score, meaning that all variables had a positive impact on improving worked-on stone exports. The most effective factor was the processing of decorative Stones. High quality of export ores, the reputation of Iranian exporter companies, launching new stones and innovation in international exhibitions, overseas promo-tions, sales prices, target market selection, and direct distribution channels had the next rankings respectively.

In a survey by Greg Less, conducted on the newly established cooperatives, it has been concluded that the first and the most successful factor was people, those who had participated and assisted in many projects, not only did they give their time and talent but also they accompanied each other. Other factors influencing the
successes of cooperatives are: support of the state, market research, market demand, high quality production of goods, special services, and finally, marketing, marketing, and marketing (Greg, 2004).

In a survey by Reyolds and Jeffers that have considered housing cooperatives, the key success factors of the cooperatives have been identified as follows:

1. Encouraging democratic decision-making and controlling members
2. Having a strong support system
3. Developing the operations of cooperatives is largely concerned to having a complete and independent set of instructions and regulations (Anne and Hugh, 2003).

LITERATURE

There are two kinds of decorative stone producers in Iran. As Lorestan is one of the biggest stone producer provinces of the country, we decided to consider it as one of the country’s axes. In this paper we focus on non-cooperative stone producers only.

What is the difference between cooperative and non-cooperative stone producers?

According to the definition of "International Cooperative Alliance" (ICA), a cooperative is an independent society of people who get together voluntarily as an enterprise and through a common ownership and democratic control to satisfy the common needs and aspirations in economic, social and cultural areas. Cooperatives have been organized for members to satisfy their needs and focus on generating benefits for the members rather than focusing on return on investment for the investors (Kimberly and Cropp, 2006: p. 20). But we define non-cooperative stone exporters as all of the other firms that are not included in the aforementioned definition. As there are both kinds of producers in the province and both have a great share of the country’ export, we tend to consider the non-cooperative ones.

The importance of globalization for companies

Globalization makes rapid changes in various aspects of culture, politic, economic, and social life and creates a lot of opportunities and threats facing the private companies and cooperatives. This will widely affect the balance of relations between government, labor, and companies, and creates new opportunities to increase the community’s wealth along with insecurity and injustice. Rapid job creation in some sectors and countries will be associated with de-employment and economic problems in other countries. Information and communication technology causes significant changes in production systems and labor market. Knowledge-based economy has changed many of the assumptions and theories and created a new model of working beyond the boundaries (Ansari and Shaymy, 2005: 150).

Ways to entering into the global markets

Nowadays, growth is often associated with international conclusions. Research shows that the company’s internationalization has a positive relationship with its profitability.

1. Exports: A proper way to minimizing the risk of entering into international markets is exporting through transporting the produced goods of the home company to other countries for increasing marketing activities and sales (Rundth, 2007), as most Lorestan’s stone producers use exporting as their entering way into the international markets, this method will be explained further.
2. Licensing: In an agreement or a licensing, in which the licensor gives a company in the host country the produce or selling rights of a product. The licensee gives the licensor some money for the received technical expertise (Rundth, 2007).
3. Franchising: in the form of an agreement or a franchise, the franchiser gives the rights of opening a retail store to the other company (the franchisee) to use the franchiser’s, in turn, name and operating system, and the franchisee will pay a percentage of its sales as the royalty to the franchiser (Calantonea et al., 2006).
4. Joint venture: it is the most popular strategy used to enter into a new country. Often different companies come into joint ventures because they want to combine the required resources and expertise to develop new products and technologies. This method also enables a company to enter into a country where the foreign ownership is limited (Calantonea et al., 2006).
5. Acquisition: a relatively quick way to move toward a regional market is to take the advantages of international acquisitions (purchasing another company that has previously acted in the area). If the buyer can acquire a company having complementary product lines and a good distribution network, it can achieve the synergic benefits (Calantonea et al., 2006).
6. Participation in production: the terms of participation in production that has been proposed by Peter Drucker mean the process of combining expertise workforce skills and the technology available in developed countries with using low-cost labor available in developing countries. (Calantonea et al., 2006)
7. Turnkey operation: it typically consists of making contracts to build manufacturing facilities in return of receiving payments for the costs. When the facilities were completed, they can be transferred to the host country or company (Calantonea et al., 2006).
8. Management contracts: management contract is the
way in which a company, by receiving fees for a specific period of time, uses a number of its manpower to help a company in the host country (Calantonea et al., 2006).

**Reasons for export importance**

The reasons for export importance are thus summarized as follows:

1. Perhaps the growing of exports can be found in the term “balance of payments”. Because most countries have somehow experienced a kind of deficit in their balance of payments, either a real deficit or an absolute anticipated deficit, it can be seen now as a law that dramatic increasing in a country's exports can reduce its export barriers, otherwise, international development is the only way to survive and grow (Nahavandia, 2001).

2. Another major reason for increasing in exports might be the world’s economy changes. These changes in which of their characteristics are expanding new technologies in the world, reducing trade barriers, the multilateral trade agreements between countries (NAFTA, GATT, etc.), deregulation of financial markets, getting closer to the customers’ tastes and, to sum up, the globalization of economy can be an important incentive for creating and tending towards exports (Dena et al., 2000).

3. Success in exporting requires expertise’s procedures and sufficient financial resources. Even the most experienced exporters are not confident enough in case of their knowledge about the arrangements for shipping and payment methods. Export is a very diverse way to entering into foreign markets such that companies usually use it along with other ways (Radebaugh, 2004). Of its outstanding characteristics is that, it is accompanied by a relatively low risk and commitment but with a little control over the international operations. Exports may be considered as one of the primary steps of internationalization process, and companies look at it as a bridge to enter the global market (Daniels and Radebaugh, 2004: 603).

**The importance of non-oil exports for Iran**

Studies show that Iran’s share of non-oil exports in the world’s markets of goods has increased from 0.07% in 2001 to 0.1% in 2005. In order to achieving about $ 32 billion revenue in 2015, as an overall objective of the non-oil exports, the combination of non-oil commodities which must be exported is as the following sequence, in terms of importance:

1. High technology products related to global market needs
2. Petrochemicals and their downstream and subsidiary products
3. Industrial and mineral products
4. Processed and agricultural products with a high added value
5. Carpet and Handicrafts (Trade Developing Organization of Iran, 2007).

During 2000 to 2004, about 14947/33 to 42449/9 million dollars of the country’s non-oil exports was accounted for industrial goods and minerals, and the industrial goods and minerals’ share of the country’s total non-oil exports, with a growing trend, reached from 45% in 2000 to 61.36% in 2004. The value of industrial and mineral exports as a major and significant part of the country’s non-oil export, regardless the gas condensates, has increased and reached from 66.36% in 2004 to 84.24% in 2008. Accordingly, non-oil export growth, especially that of industrial goods and minerals, has been reported much more than “The Forth Development Plan” goals during the first 4 years of its running with 55,552 and 42449/92 million dollars respectively (Ministry of Economic Affairs and Finance- Department of Economic Affairs, 2009).

Given the above, and with rising supply and falling demand for sure products and other options available, it cannot be expected to act effectively in the future by using the past styles. A market oriented and consistent with the customers’ need approach should be used to be able to draw a bright future for the industries including the stone industry; in the first step, by identifying groups of customers and subsequently, by finding a target market.

**Factors affecting the development of stone industry**

Stone industry is of industries in which its processing section is highly capital intensive. Because machinery and equipment have the major roles in improving productivity, so that processing activities will include economies of scale. Finally, many industrial activities in this field, in technical and managerial skill areas and even more in the aspect of educating using technologies and maintaining them in a world level require huge investments in their human resources. Now that the development of the stone industry is considerable, using the introspection and outward-oriented policies seems to be logical. Preventing the entering of constructional and decorative stones and developing export, certainly evoke a positive outlook for the future of this industry if the sufficient attention to the domestic markets is paid. Domestic support by itself creates a foundation that can develop the targeted section size and accordingly export makes possible foreign savings and accelerates technical capabilities. Of course a basic requirement must be exist, therefore, in the macroeconomic level, the monetary and fiscal policies should be designed in that the current imbalance structure of economy is moved towards a balanced and harmonious structure. In such a situation, it can be possible to use the God-given natural wealth efficiently in order to improve living standards (Journal of Commerce, Industries and Mines, 1998).
The Lorestan's mines

Due to the geological location of the province, it has large reserves of constructional and decorative stones. The talc and lime mines are of the most important capabilities of this province. Always the mining sector of the province has had a relative growth in terms of production, employment and investment.

1. Development of the industry based on the present mines: As the main mines in this province are related to facade and decorative stones, so non-metallic and mineral industries in the area are available.

2. The role of mines in the province's economy: The mines' value added share is 9.6% of the province's total value added and has the ranking of 34 out of 72 indicators, this caused that the producing of non-metallic mineral products become 1.30% of the GDP's value added of the country and have the ranking of 14 among the ranking of products engaging in Iran's GDP.

3. Facilities available in the mines: Appropriate storage, a relatively good quality, close access to main communication routes, closeness to consumers.

4. Communicational position and accessibility to the mines: Because of the geographic distribution and the dispersal of mines in the two cities of the province, Khorraramabad and Aligoodarz, and their closeness to major population centers, accessing to infrastructures is readily available. The main minerals of the province which are exported abroad are Chinese stone and marble. The income obtained from the exporting of these products to countries such as Japan and Italy, mostly marble stone of Khorraramabad, is equivalent to $500,000. On the other hand, the revenue is earned by exporting 5,000 tons with $100 value for each ton.

5. Managing the active mines in the province, and the name of mines: Most of the mines are private, and cooperative ones and organs such as Mining Groups and Martyr Foundation own some of the mines (Http://www.tebyan-lorestan.ir).

Types of known minerals in the province

1. Metamorphic Limestone (quartz): This mineral is actually composed of sedimentary limestone such that its molecules have been solidified during the long years of geological evolution and under the heat and pressure of exterior layers of the earth. It is used in the facade of interior and exterior walls of buildings, floor coverings, building stair and decorative stone products such as ashtray, all kinds of sculptures, and etc.

2. Dolomitic Limestone: This mineral deposit, made of limestone, has been pressured under the heat of top layers of the earth during the long years of geological evolution, with the capacity of being cut and polished, accordingly has transformed into a stone with a light cream color. This type of stone is known as marble, Nargeseh and Gohareh in the domestic markets. It is used in the facade of interior and exterior walls of buildings, floor coverings, building stair and decorative stone products such as ashtray, all kinds of sculptures, and etc.

3. Rubble mosaic limestone: This mineral is made of quartz in which due to cracks, shrinkage and crushing is not capable for plaque and cutting. It is used to build mosaics in the aggregation form, as a micronized powder for building purposes, on paper, rubber, glass, textile, paint manufacturing, pharmaceutical, and in chemical processes for controlling pH.

4. Granite: composed of silicate minerals such as quartz and alkali feldspar, it has the following features: diversity in cutting and having beautiful colors, excellent transparency, the high strength and hardness of its quartz is very resistant against weathering but because of its hardness it has too much high cost in cutting. It is used in the facade of interior and exterior walls of buildings and floor coverings.

5. Industrial lime: This mineral has an abundant industrial usage. It is used hugely in producing cement, tiles, ceramics and sugar.

6. Gypsum: This mineral is used as constructional materials.

7. Silica stone: This mineral is used as an abrasive. Also, it is used in producing tiles, ceramics, electrodes, paints, building, construction, cement, foundry, glass, pesticides, and construction and production of brake pads.

8. Feldspar: This mineral is applied in manufacturing tiles, ceramics, electrodes, glass, and glazes.

9. Talc: This mineral is also applied in manufacturing tiles, ceramics, electrodes, paint manufacturing, plastics manufacturing, producing pharmaceuticals, adhesives, insecticides, and isolation.

10. Salt is used for edible purposes and industrial applications.

11. Rubble stone and Malone: made of lime-sand, it is used in buildings and walls (Business Organization of Lorestan Province, 2009).

As the stone industry of the province has the potential for entering into the global markets, but unfortunately is difficult for it to enter into the global markets especially. European markets, in this study the key success factors in international market development modal, raised by Chen and Shih-Ching (2010), is used, and we will try to identify a number of factors that can affect the industry's success in international markets. As the six key success factors discussed in the model are hugely controlled by the company, so their exact identification can solve some of the problems of the industry (Figure 1).

Theoretical Modal of the research

Each of the variables in this industry is described as follows:
The business model CSF for decorative stone industry in developing international market

**GOAL**

**Construct**

**Criteria**

**Alternatives**

Revenue efficiency

- Strategy of Revenue
  - Rate of revenue and expenditure (or profit and loss)
- Efficiency of distribution/channel model
  - Distribution/Channel cost control
  - Distribution/Channel benefit assignment

Distribution/channel model

- Function and R&D of product
  - Quality and image of product
  - Product's capacity in market
  - Product pricing model

Competition of product

- Service/Implement model
  - Service pricing model
  - Integrity of service mechanism
  - Image and appraisal in the market
  - Talented person for internationalized service
  - The depth of knowledge of industrial domain

Strategic alliance

- Positioning the cooperative role
  - Effects of partner supplement
  - The degree of cooperation

Market segment

- Cognition of regional culture
- Cognition of market scale
- Markets geographical position

Figure 1. Theoretical modal of the research (Chen and Shih-Ching, 2010).

**Distribution channels**

Marketing channel decisions are one of the most important decisions that with which the management deals. Selective channels of the company affect other internal marketing decisions of the company. The
company’s pricing policy depends on whether the company offers its products through huge suppliers or it uses the high quality boutiques for this purpose.

Company’s decisions about sales and promotions depends on the need of intermediaries for training and motivation (Bradley, 2002).

Channel function and flows

Marketing channel members are responsible for several key tasks:

1. Information: Collecting and distributing information customers of competitors and other actors and forces in the marketing environment.
2. Promotional advertising: Providing and broadcasting appealing communications to attract customers towards the product.
3. Negotiation: making efforts to reach a final agreement on pricing and other terms of the transaction in which the ownership of the goods is transferred.
4. Order: Making a linkage among marketing channel members and producers.
5. Financing: The provision and allocation of funds needed to finance inventories at different levels of product marketing channels.
7. Physical possession: Stocking and controlling sequential movement of physical goods from raw materials to final customers.
8. Payment: Paying the buyers’ money to vendors through banks and other financial institutes.
9. Ownership: Transferring the real property from a person or organization to another (Cutler, 2002: 573).

Factors affecting the choice of distribution channels

Although, marketing strategy should determine the company’s interests in short and long term as a total, in the distribution channel strategy by itself, six specified objectives should be considered. These objectives can be identified as 6Cs in distribution channel strategy: capital, cost, control, coverage, character and continuity.

Market segmentation

A company deciding to operate in a wide market usually cannot deliver services to all of the customers in that market. Customers are numerous and their shopping needs are very diverse. The company should consider those sections of the market in which it can deliver its services more efficiently instead of competing in all directions. Many companies for choosing their markets and delivering their services to those markets well use target marketing. In target marketing, sellers attempt to identify the major parts of the market then they choose one or more of the sections and produce goods and provide special marketing programs which are suitable for the selected sections exactly. Instead of scattering their marketing efforts, they focus precisely on the buyers’ needs who have the highest chances that their needs be met (Chin, 2002).

Criteria for market segmentation

1. Measurability: The market segments should be measurable based on enough potential sales.
2. Identifiable: Market segments should be identified so that they could be nominated by better titles.
3. Accessibility: Identifying a market section may be sufficient for reaching strategic purposes, but the ability to focus the efforts on a market segment is important for marketing mix planning purposes.
4. Different responses: Ideally, market segments must react to at least some certain promotional tools.
5. Coordination: What is important is that an average member of a market segment is closer to the rest of its members logically. So what is important to be understood in a market segment is that behavioral change within a sector should be less than that of other various sectors.
6. Stability: Since the future plans are based on historical data bases, market segments (probably members of the sectors) should be relatively constant over the time (Ahmadi et al., 2011: 240).

Services

In the space of customer relationship management strategy, having relationship with customer is a fundamental concept. Thus, service issues and customer service are vital for entering into markets. The level of services provided by the company is specified through customers or through their own experiences in dealing with the company’s personnel or their telephone interactions with the employees (Zeithaml and Marry, 1999).

Service quality

Parasuraman et al. (1985) identified five deter-minants of service quality. The five factors based on their priority and the privileges in customers opinions (assigning 100 points) have been presented as follows:

1. Reliability: The ability to deliver the promised services safely and correctly (32 points).
2. Sensitive: The desire to help customers and provide immediate services (22 points).
3. Confidence and trust: The knowledge and courtesy of staff and their capabilities and abilities to convey trust and confidence to customers (19 points).
4. Sympathy: the importance of paying special attention to individual customers (16 points).

Performance control

Some companies have established marketing controller position in their organizations to help the marketing staffs to promote marketing efficiency:

1. Sales force performance, (sellers): Sales managers should always evaluate the following key indicators for their sales staff: The average numbers of daily references for selling, the average sales of each salesperson, the percentage of getting orders for every hundred time visits, the average time consumed per visit, the average revenue for each sale, the number of new customers in any period of time. The number of lost customers per period of time, sales staff costs as the percentage of total sales, the lateral sales costs for each visit, and the average cost for each visit (Venaik, 1999).
2. Advertising performance: Many managers believe that they cannot assess the result of their advertising costs; however they should at least try to track the following statistics.
3. Advertising costs for each thousand buyers targeted which the company can access them through the media’s cost.
4. The percentage of the audience that have paid attention to the printed ads and have seen or read much of it.
5. Consumer’s assessment of the effectiveness and the content of advertising.
6. Opinions towards the product, before and after broadcasting the advertising
7. The number of customer’s tracks of the ads
8. The cost of each price inquiry (Atiğan, 2005).

Promotion performance

Promotion includes dozens of different tools which are used for making interest towards goods and testing them. Management must assess the cost and the effect of each tool on the company’s sale to increase efficiency and cost effectiveness of sales promotions. To do that, management should consider the following statistics: the Percent of sales in the auctions, the cost of goods displayed for a certain amount of sales, the percentage of coupons redeemed, and the number of inquiries followed by presented products (Leonidou et al., 2002).

Distribution performance

Management for achieving savings in distribution must do some research. There are some tools to manage the inventories better and control them to locate warehouses and to use different methods of transporting. One of the problems we often face is that increasing in sales, the efficiency of its distribution system is reduced. In fact, management should identify bottlenecks and increase its ability to act in the production and distribution areas (Cutler, 2002: 822-824).

Export efficiency and performance

Andrew and Bradford (2000), in a study titled “Why some firms have the ability to export?” tried to find the importance of implementing variable’s impact on performance in the export sector. In their research with a comprehensive review of previous research, they used a modal in which the important variables such as foreign market entry barriers and the costs, enterprise features, and government markets acted as independent variables, and export performance (export volume and export growth rate) were studied as dependent variables. Their model can be summarized as the following simple equation (Bernard and Jensen, 2001):

$$X = f (\text{PEER, FC, GS, EC, } \partial)$$

In which X (export growth) is the dependent variable and PEER, FC, GS, EC and \(\partial\) are defined as the effective currency exchange rate, firm characteristics, government support, entry costs and the other factors respectively (Burgeieman, 1996).

Strategic alliance

Strategic alliances are cooperation agreements between two or more companies in which each partnership will remain independent consequently. In other words, partners assemble their abilities together to achieve common goals without losing their strategic autonomy and control on their own company. So none of them by itself implements a specific project or an activity or are committed to all the risks and competition issues (Siew et al., 2009). By studying the recent developments in the few last decades in various manufacturing sectors, it can be noted that the new production management systems are formed based on the development of cross strategic communications, and by developing this cross-functional cooperation within the organizations, some new improvements has emerged in reducing costs and improving product quality and finally customer satisfaction (Schonberger, 1996).

Collaborative strategies

Business strategy can be shared with one or more competitors to gain an advantage against other competitors
and shows how a company should cooperate in a particular industry. Strategic alliance is a partnership of two or more companies or business units that are pursuing important common strategic goals and they all profit from the partnership. Types of alliances between companies are:

1. A consortium is a partnership of similar companies in similar industries. The companies aim to achieve benefits, which are very expensive and difficult and even impossible to be achieved alone, by assembling their interests together such as advanced technology (Ganesh and Oakenfull, 1999).

2. Mixed companies or joint venture: Mixed Company is a company made of the participation of two or more separate and independent companies to attain the common strategic objectives. The company has an independent nature and its constituent companies are involved in the company’s ownership, its operational responsibilities, financial risks, and rewards granted to each of the members while they maintain their independent identities (Ismail Pour, 2006).

Licensing arrangement: This agreement is an agreement between the licensor and the licensee that the second company can produce or sell the first company’s products in its country based on the licensor’s authorization or approval (Groucutt, 2005).

3. Value-chain partnership: It is an intimate alliance in which a company or a business unit signs a long-term cooperation agreement with a major or a key supplier or distributor company. As more companies and business units transfer the activities that have already been done by themselves, this strategic partnership will be welcoming more and more (Arabi, 2011: 48).

4. Cross-cooperative strategic alliances: Of the strategic alliance approaches in the field of cooperatives is the formation of vertical and horizontal structures. The purpose of formation the vertical structure is to keep the maximum potential value within the movement. The upper structures are under the ownership and control of lower structures. In practice, unions and union federations are going to steer cooperatives. Accordingly, the second cooperative unions assimilate the benefits of the first category cooperatives (bargaining power, economies of scale, etc.) and this is essential for the development of cooperative movement (Amin-Naseri et al., 2005: 122).

**METHODOLOGY**

The study is a field study and the population consists of all the non-cooperatives that produce all types of stone products in Lorestan province of Iran. According to information obtained from the Department of Business of the province, there are 65 stonecutting companies in the province. So the total population including top managers and their vice presidents are 130 individuals. A simple random sampling technique was used to select the respondents surveyed for this study, a total of 101 questionnaires were administered to respondents chosen from the population. Secondary data was collected based on the findings of published papers, articles, books, prior studies, and the World Wide Web. The primary data collection was carried out using observation, structured, deep or non-structured interviews with managers of the firms, and a self-designed questionnaire that this adopted instrument comprises three sections, the first section covers the demographic information (Gender, Age, Experience, Position). The second section contains items measuring KSFs and the third section measures export performance through some items. Also, five Likert-type scales were used to score the responses. For collecting information, we used all. To test research questions, some hypotheses and a conceptual model were designed to examine the relationship between KSFs and export performance.

Statistical Package for Social Sciences (SPSS) and EXCEL were used to analyze the data. Descriptive techniques such as frequencies, percentages, means, standard deviation (Std.) and coefficient of variation (CV) were used to describe the variables. Also Spearman correlation and Friedman analysis were used to test hypothesis of the study.

The results of data analysis and hypotheses testing have been summarized in Tables 1 and 3: 1- Spearman correlation; correlation of the KSFs components and export performance, 2- Friedman test. The output of the tables indicated that there was a strong positive significant correlation between KSFs and successful market entry.

**Spearman correlation**

This is one of the most practical tests. Spearman correlation coefficients are used when the measuring levels of both independent and dependent variables are ordinal. When studying the statistical relationships between two variables with the ordinal data, this test can be used. Sometimes there is a relationship between two variables in which the changes in the values of one variable are correlated with the other’s changes. The correlation between the variables is called correlation coefficient and usually changes from -1 to +1. +1 correlation coefficient is called Perfect positive correlation, -1 correlation coefficient is called Perfect negative correlation and zero correlation coefficient indicates that there is no relationship between two variables. Pearson correlation coefficient and Spearman correlation tests are the most useful ones (Azar and Momeni, 2006).

**Friedman test**

The Friedman test is of non-parametric coefficient tests that its parametric equal is the “in case variance analysis (a duplicate)”. This test is used for three or more samples with three levels of ranked assessment to compare the average ranks along three groups (Azar and Momeni, 2006). Given the rank table that reports the average of the ratings as in Table 2, it can be inferred that the higher the mean value of a variable, the more its effect on the dependent variable. The test statistics table shows the total sample of chi-square and the significant domain along with the freedom degrees. Coefficient of determination (R square) which predicted the relationship between the predict variable (KSFs) and the dependent variable (Successful market entry) was more than 68% for all of the predict variables. This indication showed that how much of the total variation in the Successful Market Entry (as indicated by the R square value) was accounted for by the KSFs (predict variable). It was concluded that there was a cause – effect relationship between KSFs and successful market entry.

To ensure the validity of the instrument tool, it was given to some expert referees from some reputed universities and appropriate techniques such as Consensus or content and translation validity
Table 1. The results of Spearman correlation test.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Income efficiency/ successful market entry</th>
<th>Segmentation/ successful market entry</th>
<th>Strategic alliances/ successful market entry</th>
<th>Services/ successful market entry</th>
<th>Distribution channel/ successful market entry</th>
<th>Product/ successful market entry</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spearman coefficient</td>
<td>0.64</td>
<td>0.79</td>
<td>0.66</td>
<td>0.77</td>
<td>0.785</td>
<td>0.73</td>
</tr>
<tr>
<td>Sig</td>
<td>0.0000</td>
<td>0.0000</td>
<td>0.0000</td>
<td>0.0000</td>
<td>0.0000</td>
<td>0.0000</td>
</tr>
<tr>
<td>Variables</td>
<td>101</td>
<td>101</td>
<td>101</td>
<td>101</td>
<td>101</td>
<td>101</td>
</tr>
</tbody>
</table>

Table 2. Ratings.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Income efficiency</th>
<th>Services</th>
<th>Strategic alliances</th>
<th>Distribution channel</th>
<th>Product</th>
<th>Segmentation</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Ave of ratings</td>
<td>3.32</td>
<td>3.88</td>
<td>3.71</td>
<td>3.41</td>
<td>3.814</td>
<td>3.14</td>
</tr>
</tbody>
</table>

Table 3. Test statistics (Friedman test).

<table>
<thead>
<tr>
<th>N</th>
<th>Chi square</th>
<th>Freedom degree</th>
<th>Significant level</th>
</tr>
</thead>
<tbody>
<tr>
<td>101</td>
<td>32.511</td>
<td>5</td>
<td>0.000</td>
</tr>
</tbody>
</table>

were used. The reliability of data collected instrument was measured by using Cronbach’s alpha coefficient of 96.3%.

Main hypothesis

There is a relationship between KSFs’ variables and the successful entering into international markets for Lorestan’s decorative stone producers.

Sub-Hypotheses

1. There is a relationship between income performance and the successful entering into international markets for Lorestan’s decorative stone producers.
2. There is a relationship between market segmentation and the successful entering into international markets for Lorestan’s decorative stone producers.
3. There is a relationship between the strategic alliance and the successful entering into international markets for Lorestan’s decorative stone producers.
4. There is a relationship between the implementation/service model and the successful entering into international markets for Lorestan’s decorative stone producers.
5. There is a relationship between the distribution channels and the successful entering into international markets for Lorestan’s decorative stone producers.
6. There is a relationship between product competition and the successful entering into international markets for Lorestan’s decorative stone producers.

CONCLUSION

Statistics analysis and hypothesis testing

Statistics analysis for the six sub-hypotheses

Table 1 shows that the coefficient of determination ($R^2$) which predicts the relationship between the predict variable (KSFs) including Income efficiency, Segmentation, Strategic alliances, Services, Distribution channel and Product and the dependent variable (Successful Market Entry) are respectively equal to 64, 79, 66, 77, 78.5 and 73% with a very suitable significant level (0.000) for all of them because it is less than 0.05%. This indication shows that there is a good relationship between KSFs and successful market entry. It means that by increasing 1% in each of the variables of KSFs, successful market entry for decorative stone exporters will be grown by 64, 79, 66, 77, 78.5 and 73% for each of the related variable respectively. On the other hand, there is a direct and positive correlation between the KSFs and successful market entry and as such, all of the six hypotheses are accepted.

Statistics analysis for the main hypothesis

Given the amount of Chi square test and the favored significant level which are 32.511 and 0.000 respectively in Table 3, it can be inferred
that there are meaningful differences among the predict variable (KSFs) including Income efficiency, Segmentation, Strategic alliances, Services, Distribution channel and Product affecting the dependent variable (Successful Market Entry). As Table 2 shows, services have the most impact on the successful market entry for the decorative stone exporters while Segmentation has the least impact. Other important variable affecting successful market entry are product, strategic alliances, and income efficiency respectively. As the significant level is less than 0.05%, it can be inferred that the main hypothesis is accepted and there are meaningful differences among services, product, strategic alliances, distribution channel, Income efficiency, and segmentation for the exporters' successful market entry.

REFERENCES


Dehyadegari S (2004). Investigating the competitive advantage dimensions in ornamental stone exporting companies and the impact of these dimensions on their export performance. MA thesis, Tehran: Tarbiat Modares University.


