Survival of Spanish exports.

Does previous product/market experience matter?

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Venue: Room 3G, Department of Economics and Management

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Abstract

Using customs data on Spanish exports over the period 1997-2015, this paper empirically explores the role of previous export product and destination market experience on export survival. Export survival is difficult, as 65% of new firm-product-country exports relationships fail within their first year. Furthermore, the results suggest that previous experience enhances survival in exports markets, although product experience seems to be more effective than destination market familiarity. Besides, turnover is remarkably high for new product export spells, that is, a large number of small new relations are observed that fail shortly after entry. The results are consistent with previous studies that suggest that sunk costs to colonize markets are relatively high, while experimentation and learning may better explain both the high churning at product level as well as the higher effectiveness of previous experience.