Entrepreneurial Internationalisation: The Role of Distributor/Client Relationships

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Abstract: This paper examines the nature of SME (Small to Medium Sized Enterprise) international marketing strategies, using a framework developed by Merrilees and Tiessen (1999). This framework highlights two main types of marketing strategies: relationship-driven and sales-driven. The original study was developed using case studies of Canadian SMEs exporting to Japan whilst this current paper employs a quantitative survey of 182 SMEs. The addition of this quantitative sample enables a more analytical approach to be employed to aid our understanding of the particular nature of SME relationship marketing in an international context. Two different methodologies, factor analysis and cluster analysis are used for this purpose. Finally, the paper investigates the link between relationship activities and export performance. The paper confirms the usefulness of the Merrilees-Tiessen classification of SME international marketing strategies, develops a new classification of SME international relationship marketing, and establishes a link between superior relationship activities and superior export performance.

INTRODUCTION

A limited literature addresses either entrepreneurial internationalisation or entrepreneurs' networking/relationship marketing. However the interface between the two areas has received even less attention. Case-based research has identified agent/distributor relationships as a critical part of a model of SME international marketing. Two approaches to SME international marketing have been identified, one of which in particular relies on relationships, (Merrilees and Tiessen, 1999).

This paper seeks to establish the nature and extent of the interface between relationship marketing and SME internationalisation. The main research question is to ask whether critical success factors in SME exporting are
driven by quality relationships between the entrepreneur and their agents/distributors. Additionally it is important also to consider to what extent is this link connected to the type of international marketing strategy used by the SME?

The context for investigating these links is a sample of Canadian SMEs exporting to Japan. A structured quantitative survey of these firms enables them to be allocated into one or other of two types of international marketing strategy. Questions were asked also about the nature and extent of their relationships with their agents/distributors. Further questions were asked about the importance of various critical success factors (for example, having a unique product).

This paper proceeds in the following way - firstly it reviews the literature, then presents the research design, which is then followed by results, discussion and conclusions.

LITERATURE REVIEW

There is an emerging literature that approaches SME internationalisation from an entrepreneurial perspective. A recent paper by Tiessen and Merrilees (1998) formalises this approach to a greater extent than many previous papers. Their model, supported by case studies, builds on the work by Johanson and Vahlne (1977; 1990) which suggests that firms move between "state aspects" of foreign market commitment and knowledge through commitment decisions and activities in markets. Two modified states are proposed: a combination of unique resources and the stage of foreign market commitment. Perhaps more importantly, the model is further modified to bring entrepreneurship to the fore as the driving force. Specifically, Tiessen and Merrilees (1998) argue that the ability of firms to move from one state to another is driven by two key entrepreneurial processes: leveraging resources and generating variety. Case studies were used to support that model. Day, Dean and Reynolds (1998) highlight the role of relationship marketing for entrepreneurs, although it is framed solely in a domestic rather than international context.

There are also a number of papers that have highlighted the possible role of serendipity and chance meetings as part of networking among foreign firms (Martello, 1994; Brush, 1995; and Merrilees, Miller and Tiessen, 1998). Martello (1994) emphasises the role of uncertainty rather than risk as a
major implication of serendipity. As other authors, Martello argues that serendipity is a combination of accidents and sagacity; chance alone does not determine anything. Unexpected occurrences are important for entrepreneurial opportunities, but these will not get very far without the other two elements of his model, namely recognition and insight. Brush (1995) sees planning in entrepreneurial firms as interpretative planning rather than formal. She sees interpretative planning as improvised and simultaneous, rather than analytical and sequential. Born global firms fit into this style of exporting (Rennie, 1993; Mcdougal, Shane and Oviatt, 1994). The serendipity approach is given its most formal representation in Merrilees, Miller and Tiessen (1998). They advocate a four-stage model that links:

- networking, referrals and chance meetings
- identifying emerging opportunities
- quick response to opportunities and
- resource leverage.

The role of relationships and networks has been advocated by a number of papers in international marketing. Johanson and Vahlne (1990) are probably the best known of these papers. Related papers by Rosson and Ford (1982), Madsen (1988) and Bello and Williamson (1985) are also relevant. Evangelista (1995) suggests that these three papers can be combined to represent a more powerful way of linking relationships and export performance. Networks, per se, are well covered in Axelsson and Johanson (1992), Blankenburg (1995), Bifulco (1997) and Bridgewater (1999).

However … despite this impressive array of research there is:

1. a lack of clarity in terms of the nature of relationship marketing in the international context
2. a further lack of understanding as to how marketing strategy can influence the approach taken to relationship marketing in the international context
3. limited evidence as to the link between relationships and export performance.

Thus these three considerations frame the authors’ research questions and are thus addressed by the research design.
RESEARCH DESIGN

The research questions were addressed with the assistance of a quantitative telephone/fax survey of Canadian SMEs who had conducted business with Japan during 1997-1998. The sampling frame was the Canada Japan Trade Council’s, 1997-1998 Directory of Companies Doing Business with Japan. This list of 4,856 companies was reduced by the removal of known large companies whilst screening questions further reduced the potential population. In all a total of 804 firms were confirmed as eligible and 232 of them provided responses. The sample covered each province broadly in proportion to population, with 36 percent from Ontario, 27 percent from British Columbia, 16 percent from Quebec, 9 percent from Alberta and the remaining 12 percent from the other six provinces. Data cleaning and checking resulted in a usable sample of 182 firms that were suitable for analysis.

The survey instrument was developed in light of the earlier case study information and was informed by the key elements of the literature cited above. The survey questions had sections relating to: (1) demographic data, including size of the firm; (2) export performance; (3) international marketing strategy; (4) critical success factors in exporting; (5) relationships with distributors/customers.

The firms were allocated into one of the two alternative SME international marketing strategies. The two critical criteria were:

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><em>High market power in their particular niche</em></td>
<td>Defined as being in the top ten firms in the world in their particular market. A specific question addressed this point, giving options of being in the top five, top ten, top twenty, or not in the top twenty. About thirty-five percent of the respondents claimed to be in the top ten in their particular market.</td>
</tr>
<tr>
<td><em>Investing a lot of time and effort in the relationship with foreign agents and customers</em></td>
<td>Measured on a specific Likert Scale question (with a 1 to 10 range)</td>
</tr>
</tbody>
</table>

These two criteria are critical to what has been termed "relationship-driven" SME international marketing strategies (Merrilees and Tiessen 1999). There are two other features of this particular strategy, namely more control...
over the selection of customers and agents, and greater adaptation of the marketing mix to suit foreign customer requirements. However these are not quite as important to the integrity of the relationship-driven strategy and are usually a corollary of the other two features. They are also harder to specify unequivocally in a quantitative survey and therefore were not used to allocate firms into one or the other marketing strategy. Out of the 182 respondent SMEs, 59 were allocated as having a relationship-driven SME international marketing strategy. The remaining 123 SMEs were considered to have a sales-driven international marketing.

RESULTS

Some preliminary analysis of the data was carried out to see if it could be simplified in some way. Factor analysis suggested that the nine items relating to agent/distributor/customer relationship quality could be reduced to one factor, with a Cronbach Alpha of 0.88. The item-to-total correlations are shown in Exhibit One and indicate that relationship quality in our international context is essentially based on a close bond, a high level of trust, a close friendship, understanding the needs of the other and being able to depend on each other. The other four components are also relevant and of moderate importance.

EXHIBIT ONE:
COMPONENTS OF A NINE-ITEM CONCEPT OF FOREIGN RELATIONSHIP QUALITY: CANADIAN SMEs EXPORTING TO JAPAN

1 There is a close bond between both parties
2 There is a high level of trust
3 There is a very close friendship
4 Both parties understand the needs of the other
5 Both parties can depend on the other
6 We exchange confidential information
7 A good relationship counts as much as a good product
8 The relationship is based on reciprocity (mutual obligations)
9 Person to person contact is very important

Notes: (n=182)
Components are ranked in degree of item to total correlation
Cronbach Alpha is 0.88
Exhibit Two compares the different approaches to international relationship marketing by the two types on international marketing strategies. Inspection of firstly the nine-item composite relationship quality concept, shows that the sales-driven firms had an average rating (out of ten) of 6.16 whilst the relationship-driven firms had an average of 7.38. This is a difference of about twenty-percent and is highly significant (at the one-percent level). The authors’ main hypothesis was, in fact, that this difference would occur and so the main proposition is statistically supported.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Sales-Driven Firms</th>
<th>Relationship-Driven Firms</th>
<th>All Firms</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Composite Relationship Quality Variable</strong></td>
<td>6.16</td>
<td>7.38 **</td>
<td>6.56</td>
</tr>
<tr>
<td>Components of:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reciprocity</td>
<td>6.17</td>
<td>7.35 *</td>
<td>6.55</td>
</tr>
<tr>
<td>Close bond</td>
<td>5.56</td>
<td>7.20 **</td>
<td>6.09</td>
</tr>
<tr>
<td>Counts as much as a good product</td>
<td>7.43</td>
<td>8.45 **</td>
<td>7.76</td>
</tr>
<tr>
<td>Exchange confidential Information</td>
<td>4.26</td>
<td>5.88 **</td>
<td>4.78</td>
</tr>
<tr>
<td>Depend on:</td>
<td>6.57</td>
<td>7.64 *</td>
<td>6.91</td>
</tr>
<tr>
<td>Understand needs of the other</td>
<td>5.54</td>
<td>7.05 **</td>
<td>6.03</td>
</tr>
<tr>
<td>High trust</td>
<td>6.73</td>
<td>7.50</td>
<td>6.98</td>
</tr>
<tr>
<td>Person to person contact</td>
<td>7.99</td>
<td>8.86 **</td>
<td>8.27</td>
</tr>
<tr>
<td>Close friendship</td>
<td>5.23</td>
<td>6.45 **</td>
<td>5.63</td>
</tr>
<tr>
<td>Effective Relationship</td>
<td>5.67</td>
<td>7.16 **</td>
<td>6.15</td>
</tr>
</tbody>
</table>

** Denotes that the difference in the means of the two groups is significant at the 0.01 level using an F-test
* Denotes that the difference in the means of the two groups is significant at the 0.05 level using an F-test
Given the importance of relationship quality to the investigation, its components were examined (Exhibit Two). For eight of the nine components, the level of relationship quality is statistically greater for the relationship-driven group. Interestingly, there was no statistical difference between the two groups in terms of trust. This exception of trust to the rest of the results might suggest that all Canadian firms dealing with Japan not only know about the importance of trust, but put it into practice.

Exhibit Two also indicates the firm’s perception of how effective their relationships with distributors and customers have been. The average rating of relationship effectiveness for the sales-driven group was 5.67 and that of the relationship-driven group was 7.16, and these are again very significant at the one-percent level.

In summary, the three sets of results presented in Exhibit Two strongly supports the proposition that relationship-driven firms give a higher priority to relationships than do sales-driven firms. Specifically, the relationship-driven firms:

- Allocate more resources and effort to relationship-building activities (this aspect is definitional),
- Achieve a higher level of relationship quality in composite terms and across each of the components,
- Achieve more effective relationships with agents and customers.

Further analysis of the relationship construct has been undertaken with the aim of ascertaining different clusters or profiles of firms in terms of how they synthesise relationship components. Cluster analysis has been used on the nine relationship components. The results of the cluster analysis in Exhibit Three indicate four clusters or profiles of relationship marketing, expressed in holistic terms. The first cluster is described as Comprehensive Relationship Marketing and represents great importance being placed on all aspects international commercial relations. The second cluster is named Mutual Needs Relationship Marketing and highlights the role of trust, mutual obligations, depending on each other and understanding the needs of each other. These mutual traits are, incidentally more important for the Comprehensive cluster, but nonetheless help to differentiate the second and third clusters. The third cluster is named Communication Relationship Marketing. Relative to the second cluster, the Communications group of
firms highlights what we might term the more superficial or general aspects of relationships, such as the general importance of relationships compared to products, the role of personal contacts and friendship. The fourth cluster is named as Minimalist Relationship Marketing, with very low importance on all aspects of relationships and is the antithesis of the comprehensive group.

EXHIBIT THREE:
IDENTIFYING FOUR PROFILES OF SME INTERNATIONAL RELATIONSHIP MARKETING

<table>
<thead>
<tr>
<th>Variable</th>
<th>Comprehensive (n=56)</th>
<th>Mutual Needs (n=54)</th>
<th>Communication (n=38)</th>
<th>Minimalist (n=34)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reciprocity</td>
<td>9.28</td>
<td>8.64</td>
<td>2.28</td>
<td>3.50</td>
</tr>
<tr>
<td>Close bond</td>
<td>8.89</td>
<td>5.72</td>
<td>5.89</td>
<td>2.94</td>
</tr>
<tr>
<td>Count as much as a good product</td>
<td>9.14</td>
<td>7.61</td>
<td>8.39</td>
<td>5.05</td>
</tr>
<tr>
<td>Exchange confidential information</td>
<td>7.10</td>
<td>4.42</td>
<td>4.89</td>
<td>1.41</td>
</tr>
<tr>
<td>Can depend on the other</td>
<td>8.78</td>
<td>7.20</td>
<td>6.73</td>
<td>3.58</td>
</tr>
<tr>
<td>Understand needs of the other</td>
<td>8.33</td>
<td>5.98</td>
<td>5.60</td>
<td>2.79</td>
</tr>
<tr>
<td>High trust</td>
<td>8.98</td>
<td>7.29</td>
<td>6.94</td>
<td>3.23</td>
</tr>
<tr>
<td>Person to person contact</td>
<td>9.44</td>
<td>8.29</td>
<td>9.00</td>
<td>5.55</td>
</tr>
<tr>
<td>Close friendship</td>
<td>8.25</td>
<td>5.07</td>
<td>5.63</td>
<td>2.20</td>
</tr>
</tbody>
</table>

Notes: ANOVA analysis indicates that each of the nine variables significantly contributes to differentiating between the clusters, each at the p=0.000 level.

The allocation of firms into one of these four clusters resulted in the allocations of 56, 54, 38 and 34 firms into each cluster respectively. Thus less than 20 percent of the sample are Minimalists, with the two largest clusters being Comprehensive and Mutual Needs. The overall impression is that more than 80 percent of our Canadian sample have a fairly sophisticated approach to their international commercial relations.

The four groups have plausible structures and represent a useful way of depicting different relationship marketing styles/capabilities. It is interesting to see how the four clusters are spread across the two types of marketing strategies. About a third of the entire sample are relationship-driven firms. Similarly, relationship-driven firms represent about a third of the Mutual Needs and Communication clusters. However
46 percent of the Comprehensive group are represented by relationship-driven firms, a disproportionately high share. Conversely there was only one relationship-driven firm classified as Minimalist, a disproportionately low share.

Confining attention to the top three clusters, one finds that sophisticated relationship-driven firms are more likely to adopt a Comprehensive profile in their relationship activities, but the other profiles of Mutual Needs and Communication are also commonly used. With respect to sophisticated sales-driven firms, Mutual Needs and Communication are more likely to be adopted as profiles, though quite a number adopt Comprehensive.

The authors are now in a position to put relationship marketing in the context of wider success factors for export success. Does the greater priority and effectiveness that relationship driven SMEs give to ‘relationships’ translate into export success? A major part of the survey instrument included twenty questions where respondents were asked to rate the items in terms of their impact on their performance in Japan. Preliminary factor analysis has allocated most of these items to one of four major factors as shown in Exhibit Four. The four factors relate to Customer Responsiveness, Relationships, Export Skills and Product Differentiation.

It is noteworthy that the second highest level of ratings across the four factors is the Relationship Factor, that includes:

- Face to face meetings with clients or agents
- Flexible and subtle negotiation skills
- Investing effort and money in building relationships
- Strong relationships with clients/agents.

Taken as a group or individually, the four relationship elements are very important for export performance, as directly rated by the SMEs themselves. From this perspective, the relationship activities are exceeded only by the "customer responsive" variables.
EXHIBIT FOUR: FACTOR ANALYSIS OF EXPORT SUCCESS FACTORS

Customer Responsiveness Components  (Alpha: 0.80)
- Capacity to quickly and efficiently service the client
- Responsiveness to customer desires and requests
- High quality products

Relationship Components  (Alpha: 0.80)
- On-going face to face meetings with clients or agents
- Flexible and subtle negotiation skills
- Investing effort and money in building relationships
- Strong relationships with clients/agents

Product Differentiation  (Alpha: 0.77)
- Offering a unique product or service
- Having a powerful position in a highly focused niche market
- New product development; R & D capability
- Fine tune the product/service to fit the market
- Availability of capital/funds

Export Skills  (Alpha: 0.74)
- Having a well-developed business system which details how to service key clients
- Ability to sense market opportunities
- Good choice of agent who was able to grow the market
- Curiosity about foreign cultures
- Networking and near-chance meetings to get client/agents

Exhibit Five compares the export success ratings for the four composite export success factors across the two strategic groups. It is striking that the relationship-driven firms rate all four composite factors higher than do the sales-driven firms. There is a 10-15 percent difference in the levels. At this stage of the analysis, the different levels are not critical (though later on we will indicate that they do become a critical issue). What is of interest now is the different pattern of success factors. Although the ranking of the four factors is the same for both groups, one can note that the differences in the
average ratings are greatest for the *Product Differentiation* and *Relationship* composite factors. Given that this paper is focusing on the role of relationship factors, it is worth highlighting that the difference in the ratings for Relationship composite factor is highly significant, at the one-percent level.

The link between agent/customer relationship factors and export success can also be approached using multiple regression analysis. For this exercise *export performance* was chosen as the dependent variable. This has been measured as a three-item variable, based on three different ways of measuring export performance: sales, profits and overall export success. Likert scales on a one to ten range were used for this purpose.

| EXHIBIT FIVE: COMPARISON OF COMPOSITE EXPORT SUCCESS FACTORS BETWEEN THE TWO TYPES OF SME INTERNATIONAL MARKETING STRATEGY (COMPARISON OF MEAN RATINGS OUT OF TEN) |
|---------------------------------|----------------|----------------|----------------|
| Composite Export Success Factor | Sales-Driven Firms | Relationship-Driven Firms | p-value of the difference in average ratings |
| Customer-Responsiveness         | 8.04            | 8.80            | 0.012*         |
| Relationships                   | 6.79            | 7.92            | 0.001**        |
| Product Differentiation         | 6.11            | 7.40            | 0.000**        |
| Export Skills                   | 5.97            | 6.75            | 0.013*         |

Notes
* significant at 0.05 level  
** significant at 0.01 level

The independent variables were the four composite factors above and a single-item measure of the effectiveness of the agent/customer relationship, as given in Exhibit Two. The results of the multiple regression analysis are given in Exhibit Six. Only two variables had a statistical influence on
export performance. The most significant influence was, in fact, the effectiveness of the agent/customer relationship, with a beta coefficient of 0.40 and this was highly significant using the t-test (at the one-percent level). Customer responsiveness was also highly significant, at the one-percent level. The overall adjusted coefficient of determination was moderately high, at 0.35, significant at the one-percent F-test.

The results might be considered preliminary because there is scope for additional control variables to be added. An attempt was made to control for the state of the economy with a specific control variable, but others could be considered. Nonetheless, the regression results are clearly suggesting that relationship activities are one of the main influences on export performance.

| EXHIBIT SIX: |
| MULTIPLE REGRESSION ANALYSIS DETERMINANTS OF CANADIAN SME EXPORT PERFORMANCE TO JAPAN |
| (N=182) |

<table>
<thead>
<tr>
<th>Independent Variable</th>
<th>Beta Coefficient</th>
<th>(t-value in brackets)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer Responsiveness</td>
<td>0.31</td>
<td>(4.63)**</td>
</tr>
<tr>
<td>Effectiveness of Distributor and Client Relationships</td>
<td>0.40</td>
<td>(6.07)**</td>
</tr>
</tbody>
</table>

Note: ** denotes that t-values are significant at the 0.01 level
The adjusted R-squared value is 0.35 (F=50.6)

DISCUSSION

The finding that trust was being taken seriously by both groups of firms might reflect the possibility that trust has become a cliché for Western relationship marketing with the Japanese, and may miss other, equally important and sometimes more subtle elements of relationship quality. Exhibit Two indicates three components of relationship quality where there was a major difference in the approach taken by the two groups:

- the extent to which the parties understand the needs of the other
- having a close bond between both parties
- exchanging confidential information.
A high quality Canadian relationship with Japanese trading partners and customers requires more than trust; it requires the activities raised by the above three points in particular as well as many of the other components listed in Exhibit Two. This assumes of course that the best indicators/benchmarks for quality relationships are to be found exclusively in the relationship-driven group of SMEs. Recalling that the above statistics are averages, it may also be useful for sales-driven firms to look for benchmarks within their own category. Making both inter-group and intra-group comparisons (benchmarks) may be a more powerful way of ascertaining best practices in relationship marketing.

The cluster analysis provides additional insight into the nature of relationship marketing in an international context. Four different profiles or approaches to relationship marketing were identified: Comprehensive, Mutual Needs, Communication, and Minimalist.

Relationship best practice sales-driven firms, for example, may be more likely found among those firms with a Mutual Needs or Communication profile.

Two different methodologies were used to identify the strength of the link between relationship activities and export performance. In fact, the results show high consistency across the rankings in Exhibits Five and Six. Despite the different methodologies, Exhibits Five and Six reveal that customer responsiveness and relationships are the two critical export success factors. We have therefore provided a strong statistical link between superior relationship activities and superior export performance. Other factors are also important for export success, especially that of being responsive to customer needs. However an additional link is relevant here, namely that the relationship-driven firms are more likely to be responsive to customer needs than sales-driven firms. Therefore relationship-driven firms have a double-barrelled benefit when it comes to export success. These firms have more effective relationships (about 26 percent higher) and are more responsive to customer needs (about a 10 percent difference). It is not too surprising that their export performance is about 23 percent higher (17.9 on average out of 30, versus 14.5) than sales-driven firms.

CONCLUSIONS

This study has focused on one hundred and eighty-two Canadian SMEs exporting to Japan. A highlight of the approach used here was to allocate the firms into one of two international marketing strategies: relationship-
driven or sales-driven. The taxonomy is based on the work of Merrilees and Tiessen (1999). Using this taxonomy as a framework, the research goal was to identify any differences in the relationship marketing of the two groups and to see if this impacted on export performance.

The entry standards for being relationship-driven are fairly stringent, particularly the requirement to be in the top ten of the world market for your product, so it is not surprising that only a third of our sample fell into this category, namely, fifty-nine firms. The results show that the two groups do have different approaches to exporting. To a large extent the sales-driven firm relies heavily on product, price and customer responsiveness, but with fairly strong support from relationships. The relationship-driven firm relies heavily on product differentiation / innovation, relationships and customer responsiveness. While there is some overlap in these critical elements, the mix is clearly different.

The analysis has also shown that the approaches taken by the two groups to relationship marketing are different. Although it may seem tautological that relationship-driven firms would approach relationships with more vigour, nonetheless the findings are much more than this. It is not simply the additional investment (resource input) in relationships that relationship-driven firms make (which is part of the definition), but more importantly, relationship-driven firms achieve greater outcomes of a higher relationship quality and effectiveness of the relationships. Moreover, relationship-driven firms are generally able to give a more, complex interpretation of how relationship quality is to be achieved. They are more aware that more than trust is needed and seem more able to appreciate the subtleties and comprehensive nature of relationship quality. We have identified these approaches in terms of the profiles of Comprehensive, Mutual Needs and Communication.

This paper makes a contribution in terms of developing a new taxonomy of relationship marketing in an international context. Four profiles of relationship marketing were developed, namely: Comprehensive, Mutual Needs, Communication and Minimalist. The profiles enable a more holistic understanding of relationship marketing than previously known. Although the contrast between the Comprehensive and the Minimalist profiles is obvious enough, that between Mutual Needs and Communication is more subtle and not postulated by previous research. About sixty percent of the sample were in the Comprehensive and Mutual Needs profiles. It would be interesting to know if these proportions are specific or not to the Japanese
market. In other words, do exporters tailor their relationship marketing approach to suit the cultural orientation of the target market? Notwithstanding, there is a general need to replicate the four-cluster study in terms of other countries/markets to see if it is valid in those situations.

Although there is no automatic link between the selection of a marketing strategy and export performance, nonetheless a link emerged because of the related link between relationship activities and export performance. Using two different methodologies, this paper demonstrates a positive link between relationship activities and export performance. Along with being responsive to customer needs, relationship activities emerged as one of the two most critical influences on export performance. Given the very strong link between relationship activities and export performance it is to be expected that relationship-driven SMEs are likely to convert their superior relationship-building skills into superior export performance. The statistical evidence in this paper is consistent with such a conclusion.

The most obvious implication to be drawn from this paper is the need for all SMEs to be more responsive to foreign customer needs and to have more effective relationships with foreign agents/distributors/customers. Exactly how this is to be achieved is not fully set out here, though the authors have suggested the use of benchmarking as one way of proceeding. Another tool that might be used is to make use of the concepts embodied in relationship quality as shown in Exhibit One; and the profile of relationship marketing shown in Exhibit three. SMEs can use these components and profiles to evaluate their own relationship quality and identify strengths and weaknesses in their current approach to relationship marketing.

Future research is needed to see if these results can be generalised to other countries and other markets. To what extent are the results ascertained here unique to the Japanese market? The multiple regression model of export performance needs to be expanded to incorporate other influences. There is also a need for a better in-depth understanding of how relationship marketing works within sales-driven firms. Case studies may be a good way of proceeding to achieve such an understanding. The study by Merrilees and Tiessen (1999) did make a start in this direction, but only four of the twelve case studies included in that study were of sales-driven firms. Additional case studies would be helpful if we are to more fully understand how relationship marketing works in sales-driven firms.
REFERENCES


