ABSTRACT: In many peripheral regional economies, the decline in indigenous industries has shifted the focus of attention onto SMEs. With a small firm base and a small local market, an economic priority in a regional economy is to instigate growth. In this context exporting is an essential growth strategy for SMEs. Therefore, the focus of this study was to understand what stimulates SME entrepreneurs to initiate export marketing, examine the difficulties and problems they encounter and ascertain what marketing activities can be used to overcome these and ensure their success in export marketing. In pursuing these issues, the findings illustrate the value of networking as an aid for entrepreneurial exporting activities. The overall conclusion of this study was that SME entrepreneurs were moving rapidly from initial stimulation to their current export positions, encountering a variety of difficulties and problems. In order to overcome these problems SME entrepreneurs used networking extensively and responded to opportunities by benefiting from their inherent flexibility and developing marketing activities to suit specific export markets.

INTRODUCTION

In many peripheral regional economies, the decline in indigenous industries has shifted the focus of attention onto SMEs. With a small firm base and a small local market, an economic priority in a regional economy is to instigate growth. In this context exporting is an essential growth strategy for many SMEs. Therefore the focus of this study was to understand what stimulates SME entrepreneurs to initiate export marketing, examine the difficulties and problems they encounter and ascertain what marketing activities can be used to overcome these and ensure their success in export marketing. In pursuing these issues, the findings illustrate the value of networking as an aid for entrepreneurial exporting activities.
METHODOLOGY FOR THIS STUDY

This study focused on how, when and why SME owner/managers start to export. Criteria for the selection of the companies were that firms should have been trading for at least five years. This was designed to avoid some of the growth volatility normally associated with the start up phase, especially in the first four years of trading (Storey and Johnson, 1986; Storey, 1989). Secondly, that they employed at least 10 but not more than 250 people, in accordance with the definition adopted by the European Commission. These companies were all growth firms and were currently exporting outside of their local regional market (N.I). Also these companies had begun exporting in current owners/managers time so that he/she could recall the events and reasons for decisions in relation to the companies exporting activities.

In order to gain in-depth and detailed understanding of how, when and why SME owners/managers start exporting, a qualitative methodology was employed. In short, qualitative research is centrally concerned with the understanding of things rather than measuring them (Patton, 1987). In-depth interviews were carried out with eleven SME owner-managers in a regional economy. Based on the specific aims of this research, in-depth interviewing was deemed to be the most appropriate means for collecting the relevant data. The interviews were tape recorded, transcribed and analysed, and the key findings are presented in the following section. These interviews were conducted at the SMEs business premises and each lasted 40-60 minutes. The open-ended questions and discussion topics focused on the background of the company, how, when and why they considered exporting, the importance of exporting to the business, any problems, difficulties, barriers encountered in exporting and how these were overcome. Documentary material such as brochures, marketing material and company records were collected and content analysed. Key findings are presented below.

EXPORT STIMULATION

In this study the SMEs decision to export was stimulated by external stimuli in most cases. Owners/managers realised that their home market was limited and business growth and survival depended upon the company’s success in exporting. Some of these managers had also been influenced by government sponsored trade missions to encourage exporting. These SMEs did not consciously follow any sequential steps into international markets.
Instead they moved rapidly from initial stimulation of exports, to exploring other markets or experimenting in a new market.

DIFFICULTIES AND PROBLEMS ENCOUNTERED WHEN EXPORTING

Despite the substantial body of literature (Erdner & Kothari, 1984; Yang et al, 1992; Leonidou, 1995, Ramaseshan & Soutar, 1995) about the difficulties encountered in exporting, the owners/managers in this study did not perceive any real problems when exporting. While they did encounter various difficulties and problems, which varied from place to place, these were ‘not insurmountable’. The biggest specific problem that SMEs described encountering was that of exchange rates and the current strength of sterling, which was beyond their control and to this end they were highly critical of current government policies. The other problem specifically mentioned was national xenophobia, especially encountered when exporting to France where the owner/managers perceived barriers due to the patriotism of the locals.

MARKETING FACTORS/ACTIVITIES FOR EXPORT SUCCESS

The study found that some elements of the marketing mix were more important than others for export success. These owner/managers did not differentiate on price, but on the quality of the product. All companies mentioned quality, innovation, continuous development and customer service when discussing what contributed to competitive advantage in international markets. The importance of promotion was recognised and owners/managers emphasised the value of trade shows for establishing a presence in the market. The value of advertising was discounted because these owners/managers prefer to use promotional methods that allow them to get closer to the market and advertising tends to be too expensive for SMEs. Also SMEs are unable to engage in procedures demanded by the standards of formal or conventional marketing. They operate in niche or narrow markets. Within these markets there is a good flow of information and communication and all key players become well known to each other and to their customers. This results in the bulk of marketing factors/activities revolving around the development of relationships and the maintenance of close contact with customers. Use of the internet was held in high regard among these owner/managers as something for their future and they are currently assessing how and when it can make a useful contribution.
USING NETWORKING FOR EXPORTING

In assessing the findings from this study an overwhelming issue came to light - the use of networking as an entrepreneurial aid for exporting activities. These owners/managers inherently focused on developing a network for useful personal contacts – at trade shows, exhibitions, through agents and other companies. These personal contacts or networks were used to gather information about developing and adapting appropriate marketing activities for exporting and to overcome any perceived difficulties and barriers to exporting. These SMEs exerted much effort into the development of a network of personal contacts and use the medium of trade shows to achieve and further enhance these. The choice of channel was also perceived to be important not only in terms of distribution but also for developing relationships over time and to maintain close contact with markets and customers in the channel. Some of these owners/managers preferred to use their own sales team rather than employing an agent/distributor for this reason. All companies in this study felt that the use of networks and personal contacts was the single most important activity in running their business.

Further research proposes to widen the study to other regions of similar size and demographics. For example similar studies in selected regions of the UK and Ireland could be carried out for comparative results. Also a more in-depth look at network paths and network building in this context and how they change over time would provide a useful extension to this study. This study could be developed to provide some useful insights for policy-makers and better guidance for SMEs considering exporting activities.

CONCLUSION

Overall a lack of resources was not sufficient reason to prevent the SMEs in this study from ‘successfully’ exporting. Marketing activities were employed to overcome any difficulties and problems and ensure successful exporting activity. Although involvement in international markets required market knowledge and experience it did not have to be the result of any long complicated international process. The value of networks and use of networking in initiating and developing exporting activity was perceived to be extremely important.
REFERENCES


