THE INFLUENCE OF A RELATIONAL VERSUS A TRANSACTIONAL MARKETING APPROACH ON EXPORT PERFORMANCE

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The Influence of a Relational versus a Transactional Marketing Approach on Export Performance

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ABSTRACT

Previous empirical research on export performance has examined the impact of many variables on export performance. In general, this research found that export performance is influenced by internal forces, external forces and export marketing strategy. The link between relational dimensions and export performance has been suggested in the literature; however, few studies include many relational dimensions. This study combines the two bodies of literature in an empirical study that investigates the influence of a marketing approach (relational versus transactional) on export performance.

The proposed model was tested using path analysis on a sample of 246 manufacturing exporters in British Columbia. The framework was tested on two different models using different measures of export performance as the dependent variable. Model one used export intensity (the ratio of exports to total sales) and model two used perceived level of success.

The findings indicate that the variables "personal visits" and "retaining customers" had a positive influence on export performance for both models. "Customer treatment" had a moderately negative relationship on export intensity in model one. The variable "thanks given to customers" had a positive influence on level of export success in model two. This study also substantiated existing literature in its findings of a significant relationship between "management commitment" and export performance. Contrary to the proposition, it was found that technology had a negative direct influence on

export intensity. It was also found in model two that size had a negative relationship on the perceived level of export success.

This study provides support that some relational dimensions of the marketing approach should be included in a comprehensive export performance model. This study also provides support for the influence of firm factors in existing export performance research and contributes to the operationalization of a relational marketing approach that can be used in future research. In addition, the questions of 1) measuring relational and transactional dimensions on a continuum and 2) the use of export intensity as a measure of export performance are raised.

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I want to thank Dr. Hemant Merchant and Dr. Bert Schoner for their excellent advice and direction as supervisors of this work. I appreciate greatly their efforts. I also thank Dr. June Francis for her insight and contribution as an external reader. Lastly, I want to thank my family for their continued support throughout.

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1. INTRODUCTION

The combination of globalization of markets and competition has made exports a viable method of entry into foreign markets as well as a good opportunity for domestic firms to increase their sales. Exporters are continually looking for ways to increase their performance. Research into export performance has looked into many factors of success or influences of export performance. The growing importance of relationship marketing has been widely acknowledged. The link between relational dimensions and export performance has been suggested in the literature (Madsen, 1988; Rosson and Ford, 1982; Styles and Ambler, 1994). However few studies include many relational dimensions. Empirical research that focuses on the influence of a relational marketing approach on export performance is virtually non-existent.

This study combine the two bodies of export performance and relationship marketing literature in an empirical study that analyzes the influence of a relational versus a transactional marketing approach on export performance. Of interest is the research question of whether a relational marketing approach contributes to higher export performance vis-à-vis transactional marketing. In this study, a marketing approach, combining both relational and transactional dimensions is analyzed within an export performance framework. This leads towards asking the questions of which firm factors, if any have an influence on the marketing approach.

The purpose of the chapter is to: 1) to provide the reader with an introduction to relationship marketing, 2) to explain the importance of relationship marketing for exporters, 3) to provide the reader with an understanding of the research design of this study, and 4) to outline the chapters presented in this thesis.

1.1 Definition of Relationship Marketing

1.1.1 Relational and Transactional Marketing Approach

Relational exchanges as opposed to discrete exchanges assumes exchanges between parties who have an exchange history and plans for future interactions (Weitz, 1995). Relationship marketing can be described as "all marketing activities directed towards establishing, developing, and maintaining, successful relational exchanges" (Morgan and Hunt, 1994, p.21). The concept of relationship marketing includes "thinking of yourself and your firm as having clients, not just acquiring customers" (Melchinger, 1995, p.88). The focus is on protecting, retaining and servicing customers to lead to better trusting relationships.

The dimension of relations is often looked at as a continuum between discrete and long-term relational exchanges (Dwyer, Schurr and Oh, 1987; Macneil, 1980). The discrete transactions are characteristic of transaction marketing and the relational exchanges are characteristic of relationship

marketing (Juttner and Wehrli, 1994). In the literature, relationship marketing and transactional marketing have been described as opposite marketing strategies (Lehtinen, Hankimaa and Mittila, 1994).

Transaction marketing focuses on short-term sales and single transactions (Cowles, 1994). Exchanges are said to be discrete where there is no past history between parties and no future plans for interaction between them (Weitz, 1995). An example of a purely discrete exchange is a one-time, out-of-town purchase of unbranded gasoline from an independent station paid for by cash (Dwyer, Schurr and Oh, 1987). In exports this purely discrete form of an exchange is rare. For the purposes of this research, transactional marketing can be defined as the use of a marketing strategy that focuses on gaining, finding, attracting and acquiring new customers (Melchinger, 1995). The main focus of selling is on the product rather than the relationship.

1.1.2 Is Relationship Marketing a Paradigm Shift?

The growing importance of relationship marketing has been widely acknowledged. Evert Gummerson (1994) has gone to the extent of transforming the four Ps of marketing to 30*R*'s of relationship marketing. Relationship marketing concepts can be seen in marketing research as well as in channel management. The traditional separation of suppliers, sellers, intermediaries and customers may no longer exist in the coming century (Berling, 1993).

Changes are occurring in how firms interact:

> "...the growing interest in relationship marketing suggests a shift in the nature of general marketplace transactions from discrete to relational exchanges- from exchanges between parties with no past history and no future to exchanges between parties who have and exchange history and plans for future interactions" (Weitz, 1995, p. 305).

The shift from discrete transactions to long term relationship exchanges has been acknowledged by many (Anderson and Narus, 1990; Kotler, 1991; Parvatiyar and Sheth, 1994; Weitz and Jap, 1995). There has been a radical departure from what may be called the "conventional philosophy of relationship management" which dealt with the bargaining power relative to the buyer or supplier maintaining a deliberate "arms length distance" to avoid any form of commitment. In contrast, "the emerging industry trends reflect a desire on the part of industrial buyers to craft stronger ties with suppliers" (Heide and Stump, 1995, p. 57). Historically, companies have always been interested in maintaining a long-term relationship with their good accounts. Some look at this change as a genuine paradigm shift (Ambler, 1994; Anderson and Narus, 1990; Gronross, 1994; Gummersson, 1994; Kotler 1990; Parvatiyar and Sheth, 1994; Weitz and Jap, 1995) while others feel it can it be seen as a form of a "rebirth" in the marketing concept (Webster, 1992). Regardless, the increasing importance of relationships in business cannot be overlooked in research and in practice.

1.1.3 Why Do Buyers and Sellers Enter into Relational Marketing (RM) Practices?

Today, marketers are often more concerned with customer satisfaction and relationships than on exchanges (Parvatiyar and Sheth, 1994). In the recent competitive environment, relationships with buyers are a necessary requirement for a company's competitive advantage (Webster, 1992). Relationships between buyers and sellers can be more efficient over the long run than can pure market transactions (Frazier, Spekman and O'Neal, 1988). Reciprocity as the structural and social bonding of integration results in barriers to competition (Turnbull and Wilson, 1989) which can increase the length of the customer life-cycle (Dwyer, Schurr and Oh, 1987) adding to the long-term sales of a company. Consequently relationship marketing is a means through which the choice behavior of a buyer and seller is influenced by the commitment and trust that develops between the buyer and seller and can create a monopoly effect of decision making through a multitude of bonds (Madhavan, Shah and Grover, 1994).

Relational marketing can benefit the customer by providing long-term satisfaction, minimizing risk, and simplifying choice. The economic benefits found that arise from relationship marketing practices include: reduced marketing and transaction costs (Williamson, 1979; Gronross, 1995), higher sales volume per customer through personalized selling and cross-selling (Shani and Chalasani, 1992), core group for test marketing (Wehrli and Juttner, 1994),

improved market research using customer contact for collecting data (Wehrli and Juttner, 1994), mass customization (Wehrli and Juttner, 1994) and the increased likelihood for future transactions (Crosby, Evan, and Cowles, 1990).

1.2 The Importance of Relationship Marketing for Exporters

1.2.1 Reasons for Using Relationship Marketing in Exporting

Exploratory research suggests the importance of using RM practices in international settings (Ambler, 1994; Styles and Ambler, 1994). Several dimensions of exporting indicates that relationship marketing may be an appropriate strategy to use in exporting. These dimensions are: 1) complex exporting procedures, 2) higher cost to develop customers, 3) physical distance, 4) cultural distance, 5) the use of part-timers (described in detail later), 6) new technologies in international applications, and 7) the international environment.

Efforts to engage in exporting requires commitment. The function of exporting is more complex than that of domestic sales because of such factors as trade regulations, shipping across borders, foreign exchange, international contracts, international law, and international payments. Higher costs occur because of such additional expenses as duties, licenses, export taxes, shipping, brokerage, insurance and long distance communications. Lead times for receiving orders are often longer because of the logistics in exporting a product

across borders. Companies often implement greater minimum order sizes to compensate for the higher costs, which increase the volume of an export order.

It is more expensive financially to get new customers in more distant markets. Research, prospecting and communications are more difficult and costly. As a result exporters will work harder to maintain long-term relationships with their customers. The greater the physical distance, the greater is said to be the need for stronger ties to keep firms together (Styles and Ambler, 1994). Many cultures (such as in Asia) place a higher value on relationship formation than do Western cultures. In China, the term "Guanxi" is associated with the development and use of relationships in business (Ambler, 1995). The Japanese concept of "Keiretsu", a network of affiliated companies who cooperate with one another for financial, commercial and strategic reasons is very much a highly developed form of relationship marketing.

The greater differences among cultural perceptions and communications of an international exchange may lead to more difficulty in establishing relationships, thus requiring greater efforts at relationship marketing. Llanes and Melgar (1993) researched antecedents of behavior in cross-cultural environments. Their study specifically looks at the exporter-importer dyad between a developing country (the Philippines) and importers from Asia, Europe, USA and Australia. Results indicate the buyer and seller both perceive each other through different antecedents of behavior. Research by Katsikaes and Piercy (1990) showed that low degrees of conflict in the relationship resulted

from a defined role by each party, commitment to the long-term relationship and insignificant communication difficulties. They also acknowledge that there are perceptual differences due to the different roles, backgrounds, norms, values and predisposition's (from the environment). In addition, a recent study by Johnson, Sakano, Cote and Onzo (1993) on interfirm power and its repercussions in US-Japanese channel relationships reveal that the Japanese differentiate the use of power in different ways than in the US..

The use of part-timers has often been said to be one of the dimensions of relational marketing (Gronross, 1995). The intricate detail of exporting procedures often require the use of sub-contractors such as freight forwarders, custom brokers, international lawyers, marketing consultants, and translators etc. Other departments and individuals may more often be involved in export exchanges. In some companies when larger volumes of orders are being considered, many upper level managers and even the president may be involved in the negotiations and development of the relationship. The involvement of more people and specialists (called "part-timers") is said to be one of the dimensions of relationship marketing.

New technologies such as the facsimile, e-mail, Internet, video conferencing and information technology (IT) database marketing, have helped improve international communications which can only help improve relation building strategies.

It is now much easier and less expensive for companies to engage in relationship marketing strategies. According to Pearson (1994):

> "The growth of internal telecommunications networks will support shared access to centralized and distributed customer databases. International reporting and decision support will be enhanced. Relationships with multinational customers can be coordinated across countries and managed effectively (p.29)."

In addition, the greater uncertainty and increased competition in the international environment is conducive to forming long-term relationships. Both buyers and seller form relationships to overcome the risk of uncertainty (Heide and Stump, 1995). Greater competition results in the need for sellers to try to use relationship marketing to develop a competitive advantage (Dwyer, Schur and Oh, 1987).

1.2.2 Why this Topic is Important for Exporters

Globalization and increased competition worldwide has resulted in the need for companies to consider expansion into export markets. Canadian exporters with a limited sized domestic market, are continually faced with the need to expand into international markets to increase their sales and to gain economies of scale. There are many modes of entry available to companies to expand into international markets. However a large number use some form of exports either as an initial stepping stone or on an ongoing basis. Many reasons exist for a company to export (for example using excess capacity, receiving

unsolicited orders, loss of domestic market share, greater profits overseas, new markets for older technology, opportunity to increase marginal efficiencies, and allows for growth with growing markets).

Exports are becoming increasingly important to British Columbian manufacturers. The increasing importance of international trade and the limited size of the Canadian domestic market influences Canadian firms to export to maintain their required level of growth. Exports in British Columbia in 1995 were over 13 billion dollars.[1] The province's close proximity to the Pacific region results in a large percentage of exports going to Pacific Rim Countries.[2]

Whether an exporting firm sells through direct sales or through other modes of distribution, a relationship develops between the exporter and the importer. Relationship marketing across borders requires greater effort by the exporter. Developing interfirm relationships with buyers from another country becomes more difficult, complex and costly with distance and differences in language, culture and external environments. Consequently, there is a growing need for a better understanding of the use of relational marketing in exporting. As Canadian firms look outwards towards export markets, the development of international relations and maintaining a relationship between the exporter and importer becomes increasingly important.

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[1] Source Statistics Canada, BC Stats database, Victoria

[2] 1994 exports to USA 54.1%; Japan 24.8%; South Korea 3.2% West Germany 2.0%; Italy 1.8% Taiwan 1.6% UK 1.4% Belgium 1.3% China 1.3% Australia 1.1% Source: British Columbia Fact Sheet, Trade Intelligence Division, BC Trade Development Corporation

1.3 Research Design

1.3.1 Purpose of Thesis

This study seeks to identify the effect of a marketing approach (made of transactional and relational dimensions) on export performance by reviewing existing theoretical frameworks in the export performance literature and by combining this with relationship marketing principles. The study examines findings from relationship marketing research to determine dimensions of transactional and relational marketing strategies used by exporters. It is felt that relational marketing research can provide valuable insight for international marketing (Styles and Ambler, 1994).

The primary purpose of this research is to find support that there is a link between a marketing approach and export performance. The export performance framework will also analyze firm factors that may have an influence on export performance and the marketing approach. This study will also provide support for existing export performance research and contribute to the operationalization of a relationship approach to be used in subsequent relationship marketing research.

1.3.2 Research Questions

The previous section outlined the importance of relationship marketing for exporters. It will be demonstrated in chapter two that the use of relationship

marketing in the export performance literature is limited. As a result, there is a growing need for research in the area of relationship marketing used by exporters. This leads to the development of several research questions that are important for exporters. The questions that provide the framework for this study are:

1. Do relational marketing dimensions have a positive influence on export performance?
2. Do transactional marketing dimensions have a negative influence on export performance?
3. What are the factors that can be used to measure the intensity of the relationship marketing?
4. Do different dimensions of relationship marketing impact export performance differently?
5. Which , if any, firm specific factors have an influence on export performance?
6. Which, if any, firm specific factors can be used to influence relational marketing dimensions?
7. Is there a difference between the different measures of export performance (export intensity and success level of exports)?

1.3.3 The Proposed Model

These questions are answered by combining the literature of export performance with relationship marketing research. A diagram of the theory base for this thesis is presented in Figure 1. A model is developed to test the influence of a relationship marketing approach within an export performance framework. The export performance model initiated by Aaby and Slater (1989) and later refined by Cavusgil and Zou (1994), is used as the base of the

framework for this model and is discussed in detail in chapter two (section 2.14 and 2.15). The research areas of relationship marketing, contract law and transaction costs analysis contribute to the operationalization of a relationship marketing approach to be used in the export performance framework.

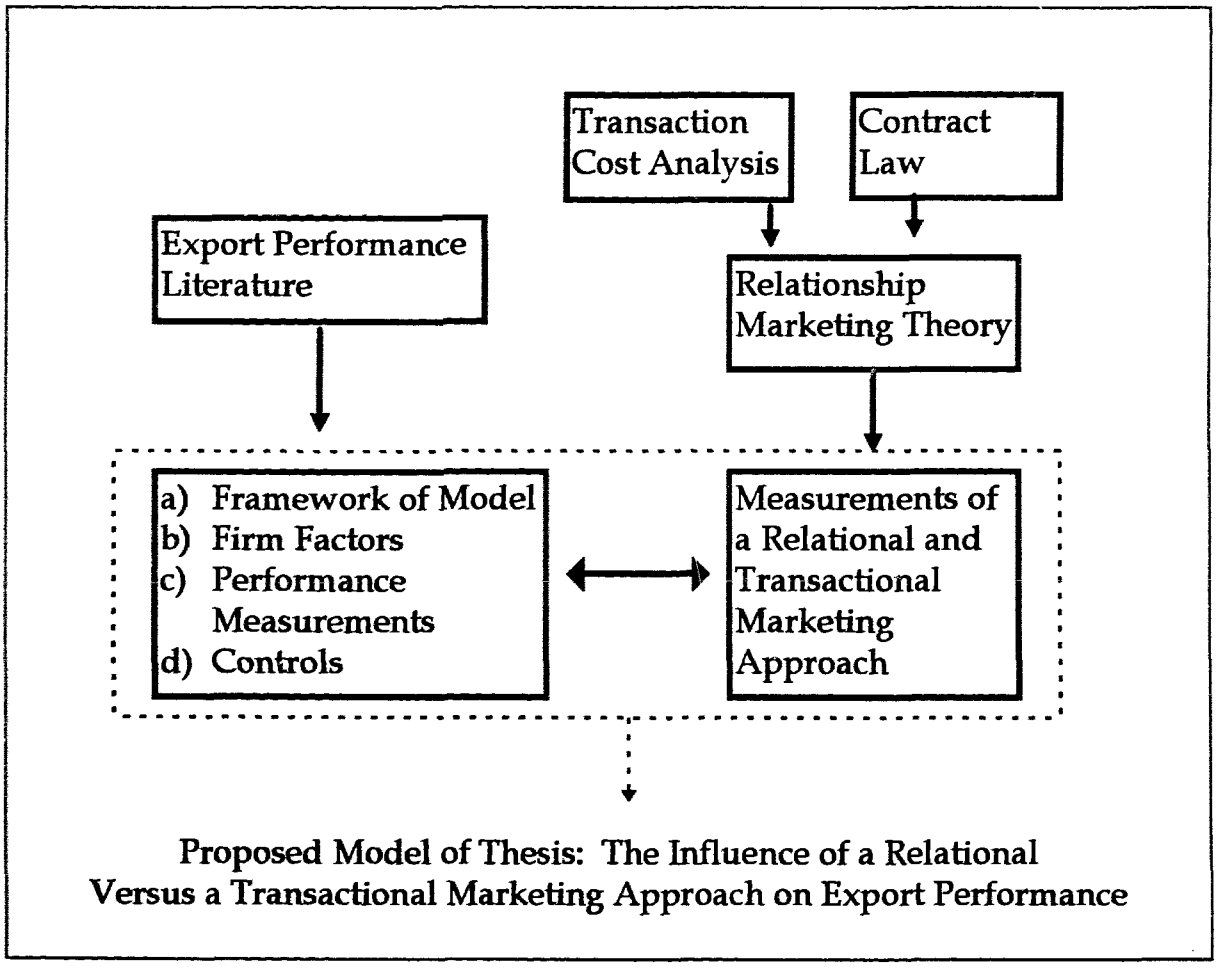

Figure 1 Theory Base of Research

In the proposed framework (Figure 2), both internal and external factors have a direct relationship on the firms marketing approach. The type of marketing approach used is directly related to export performance. Past research has also shown a direct relationship between firm factors and export performance. The marketing approach replaces the marketing strategy in the export performance framework developed by Cavusgil and Zou (1994) that is discussed in the next chapter. Relationship marketing research contributes the marketing approach dimensions used in this study.

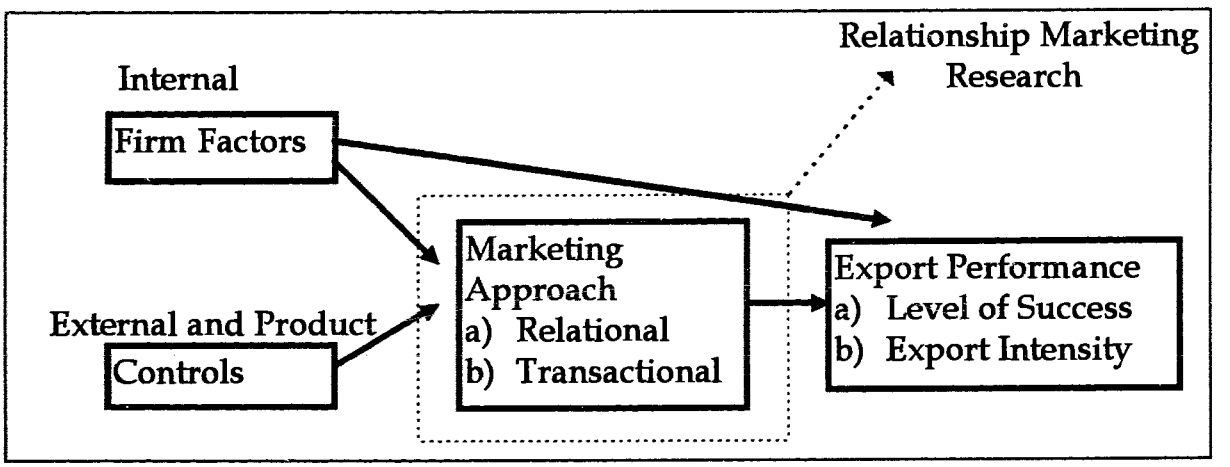

Figure 2 Summary of Proposed Model

The proposed model is developed into two separate models using two different measures of export performance as the dependent variable. These are model one, which uses export intensity[3] and model two, which uses a subjective level of export success. The two measures of performance are used separately as

opposed to an aggregate measurement of performance to determine if there are any differences between the two measurements. Research in the past has used many measures of export performance independently (Coeurderoy, 1995) or in some cases in aggregate (Bonaccorsi, 1992). Correlations between the variables have not always been high. As a result it would seem logical to look at each dependent variable separately in an effort to raise any questions to its construct validity.

1.3.4 Testing of the Proposed Model

The proposed model is tested through path analysis using multiple regression on a sample of manufacturing exporters in British Columbia. A multiphase research design is used to first operationalize the proposed model, secondly to test the proposed model through path analysis and third to test the overall revised model. The first step (4.2) consists of confirmatory factor analysis of relational and transactional marketing approach dimensions as well as firm factors. The proposed conceptual framework is then operationalized into two empirical models to test the propositions.

The second step (4.3) consists of three parts: 1) path analysis performed on the full model to find explanatory variables, 2) path analysis on revised model with only significant variables, and 3) multicolinearity tests to refine the revised model into its final format. The third step consists of testing the

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[3] Export intensity is defined as the ratio of the level of export sales to total sales.

predicted correlations of the revised model against the actual correlations on the hold-out sample. This last step provides a test of the overall model using a chi square.

1.3.5 Outline of Thesis

Chapter one has provided an introduction to the topic of this study. Chapter two will review the literature that provided guidance for the proposed model. The literature review looks at export performance literature (2.1) and relationship marketing research (2.2) and the limitations found in the research (2.3). In chapter three, the theory base for the proposed model is reviewed (3.1) and the relationships of the proposed framework are described (3.2). The components of the proposed model are discussed (3.3), followed by a review of the research questions (3.4) and the development of the propositions (3.5). Chapter four, methodology outlines the research design (4.1), operationalization of the model into a testable format (4.2) and the statistical analysis used to test the model (4.3).

The results of the analysis are presented in chapter five which presents the findings for each model separately using the different dependent variable of export performance. The chapter starts off with an overview of the findings for the export intensity and level of success final revised models (5.1). More detailed results are presented from path analysis for the full models (5.2), path analysis and multicollinearity testing of the revised models (5.3) and testing of the fit of the data on the two final revised models using Bartlette's Test of

Sphericity. The chapter concludes with a summary of empirical support for the propositions tested (5.5).

Chapter six presents a discussion of the results of the overall test of the model (6.1). This is followed by a discussion of the implications of the empirical results for each of the research questions (6.2). The limitations of the study are also discussed in section 6.3. Directions for future research are detailed in chapter eight. This is followed by implications of the findings for exporters (chapter nine) and general conclusions of this study (chapter 10).

2. LITERATURE REVIEW

The purpose of this chapter is to provide the reader with an overview of the research leading towards the development of this thesis. Previous research in the areas of export performance and relationship marketing provides the theoretical background for this study. The studies most relevant to this research are looked at in greater detail later in the chapter. The first section (2.1) reviews export performance literature. The second section (2.2) addresses relationship marketing research. This is followed by the third section (2.3) which consists of a summary of the limitations found in both bodies of research and describes how the research questions are dealt with by incorporating the concept of relationship marketing within an export performance framework.

The first section (2.1) provides a general overview of export marketing literature to give the reader an understanding of the foundation of export performance research. Four relevant export performance studies and their limitations are reviewed. The studies include "Manufacturer-Overseas Distributor Relations and Export Performance" (Rosson and Ford, 1982), "Management Influences on Export Performance: A Review of the Empirical Literature 1978-88" (Aaby and Slater, 1989), "Marketing Strategy-Performance Relationship: An Investigation into the Empirical Link in Export Market Ventures" (Cavusgil and Zou, 1994), and "Successful Export Practice: The UK Experience" (Styles and Ambler, 1994).

The study by Rosson and Ford (1982) provides insight into the importance of relationships in overseas distributor export performance. "Aaby and Slater's Export Model" (1989), developed from a review of the empirical literature on export performance during the period 1978 to 1988 is the first comprehensive model of export performance. Research by Cavusgil and Zou adapted this model and empirically tested it. It is the model of Cavusgil and Zou (1994) which forms the basis for the export model in this thesis. The proposed Relational Paradigm Model developed by Styles and Ambler provides support for the inclusion of relationship marketing in an export performance model.

The second section (2.2) begins with a broad overview of relationship marketing literature. It then focuses on research which provides guidance in finding a measurement of relationship marketing used by companies. This is very important as it provides insight into the ability to measure a relationship marketing strategy used by an exporter.

Relational constructs are found in contract law literature as well as transaction cost literature. The literature review discusses the relevant aspects of "MacNeil's Relational Contracting Model". The aspects of transaction cost which are relevant to relationship marketing are also addressed. This is followed by a review of two studies that measured relationship marketing used by firms in the domestic market. These are "A Framework for Measuring the Extent of a Relational Marketing Strategy" by Daniel McCort (1994) which looks at a hospital's strategy to gain donors and "On Measuring the Intensity of Relationship Marketing" by Lehtinen, Hankimaa, Mittila (1994) which looks at

three hotels.

The third section (2.3) of the literature review concludes with a summary of the limitations addressed in each section. This is followed by suggestions on how improvements can be made to the existing theory in order to gain better insight into the use of relationship marketing by exporters. The research questions are dealt with by combining the concept of relationship marketing within an export performance framework.

2.1 Export Performance Literature

2.1.1 Export Marketing Literature

The purpose of this section is to give the reader an understanding of the wide body of research from which export performance literature belongs. Export marketing literature has focused on such topics as: Reasons for companies initially exporting (Bilkey 1978, Bilkey and Tesar 1977; Cavusgil, Bilkey and Tesar, 1979); entry mode choice (Agarwal and Ramaswan, 1992; Anderson and Gatignon 1986; Erramilli, 1990; Kwon and Konopa, 1992; Root, 1971); selection of international markets (Zinn, 1994), stages of internationalization (Dalli, 1994; Douglas and Craig, 1983; Suzman, 1975); export marketing research (Hart, Webb and Jones, 1994); information acquisition (Belich and Dubinsky, 1995; Evergen, 1993); adaptation versus standardization of the marketing strategy (Cavusgil, Zou and Naidu, 1993); and export performance

(Aaby and Slater 1989; Bilkey 1978; Cavusgil and Zou, 1994). The types of companies researched have included services (Erramilli, 1990), industrials, and high technology firms in a variety of industries, size and channels. The following section will look at export performance literature in more detail.

2.1.2 Export Performance Literature

Research into the determinants of export performance[4] has been an important area of international marketing for the last 25 years. A great deal of research on export performance of firms looks at predictors of success or critical success factors. Other studies about export performance have focused on comparisons between successful and unsuccessful companies (Das, 1994); inhibiting factors (Kedia and Chokar, 1986); regional comparisons (Beamish, Craig and McLellan, 1993; Kaynak, 1992; Seringhaus, 1993); and entrepreneurship (Yeoh, 1994).

Export performance literature in the past has been highly fragmented. Aaby and Slater reviewed 55 studies from 1978-1988 and combined them with the findings from Bilkey's review (1978) to form a broad framework that directly relates managerial factors to export performance. Both the external environmental (macro-economic, social, physical, cultural and political aspects) and internal firm factors (managerially-controlled factors) have been found to be important determinants of the export performance of firms (Aaby and Slater,

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[4] Export performance in early research is also named export behavior.

1989; Reid, 1980). Other factors of success that have been researched include: length of time and experience (Axinn 1988; Madsen 1988; Ogbuehi and Longfellow, 1994; Welch and Weidersheim-Paul, 1980), market structures (Bodur, 1994; Nolle, 1991); R&D subsidies (Klodt, 1987) and size (Ali and Swiercz, 1991; Bonaccorsi, 1992; Calof, 1994; Culpan, 1989; Reid, 1981; Wagner, 1995).

It is hoped that the previous sections have outlined export performance research and its fit within export marketing literature. The above mentioned sources are not a complete list but rather are meant to provide the reader with an introduction to the topic. The following section will look in more depth at several export performance studies which have contributed the most towards the development of this thesis.

2.1.3 Manufacturer-Overseas Distributor Relations and Export Performance (Rosson and Ford, 1982)

A study by Rosson and Ford on manufacturer-overseas distributor relations and export performance investigated 41 Canadian and UK dyads. The dyads consist of Canadian exporting firms with a distributor representing their product in the UK. The study successfully supports a link between the nature of the relationship and performance level existing between Canadian manufacturers and their overseas distributors. Performance is measured by sales trend (measured on a 5-point scale) and total sales in the UK. This study

looks at the relationships between participant variables (stake of the relationships, experience and uncertainty), relationship dimensions and outcomes (see Figure 3).

Findings from this research linking relationship and outcomes show the strongest positive results for intensity.[5] The construct intensity in Rosson and Ford's study is defined as the level of contact and resource exchange between the parties. The measures used that provided the greatest significance were number of letters, stock carried and effort expended. Standardization, defined as the stability of roles and routines had been hypothesized to have a positive impact on performance, however the results indicate the reverse. This reveals that adaptability is important. Conflict, as predicted, had a negative impact on sales growth.

This study is a very effective first step at measuring the link between relationship dimensions and level of performance. The findings suggest strongly that high performance is associated with certain manufacturer-distributor relationship characteristics. Characteristics that should be included in a relationship marketing strategy should include adaptability, commitment to developing the business together and shared decision making.

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[5]This is a different measurement than the construct intensity used in this thesis. Rosson and Ford are referring to the intensity of the relationship. This study uses the name intensity as a measurement of export performance.

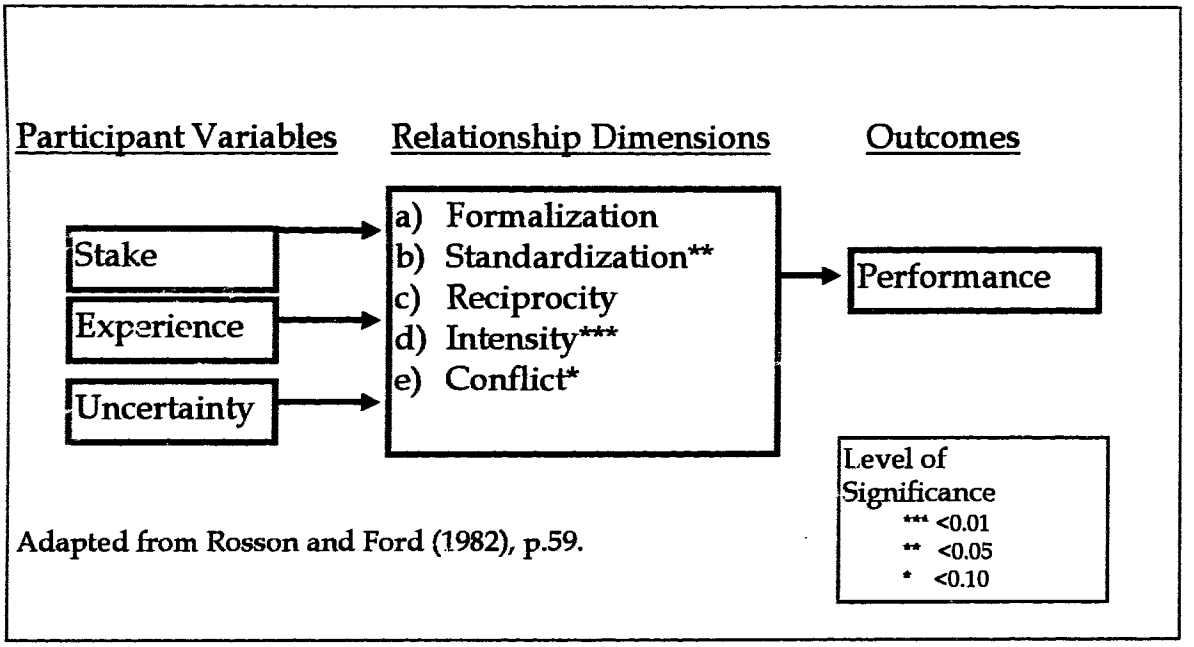

Figure 3 The Model of Manufacturer-Overseas Distributor Relations and Export Performance by Rosson and Ford (1982)

The study by Rosson and Ford (1982) focused heavily on the relationship dimensions, however it did not include many of the other factors of export performance, such as management commitment and export experience that proved important in later export models. The subsequent literature review conducted later on by Aaby and Slater (1989) reveals a more comprehensive model of export performance. Rosson and Ford's study is also limited in the number of relationship dimensions it measured to describe a relationship marketing strategy. In addition, this study only examines relationships between manufacturers and distributors. It is mentioned by Rosson and Ford (p.69) that "the role of the distributor is clearly crucial because the manufacturer's

marketing policy is made operational mostly by his foreign partner." Consequently it should be important in a broader study of all types of exports to differentiate between direct and indirect exporters since the use of distributors or agents may require greater use of relationship marketing characteristics to achieve success.

2.1.4 Aaby and Slater's "Strategic Export Model" (1989)

Aaby and Slater reviewed 55 studies from 1978-1988 and combined them with the findings from Bilkey's review (1978) to form a broad framework that directly relates managerial factors to export performance. Aaby and Slater's (1989) "Strategic Export Model" investigated managerially controlled factors: firm characteristics, firm competencies, and firm strategy. The framework divides the independent variables into external (uncontrollable) and internal (controllable by the firm) variables. In their review they suggested that a firm's competencies and strategies directly influences export performance, while strategy acts as an intervening variable between firm competencies and characteristics and export performance (see Figure 4).

The research prior to this paper was highly fragmented. Aaby and Slater classified a comprehensive review of the export performance literature according to their model. A summary of the general findings from the review can be seen in Appendix 1. Of importance is knowledge that the relationship between firm characteristics, firm competencies and firm strategy are complex. Aaby and

Slater realized that other factors such as stage of market development need to be controlled. They suggest that future research should consider more complex relationships.

Aaby and Slater proposed a general model of causal relationships by reviewing the literature. They did not conduct an empirical test of their proposed framework. The research by Cavusgil and Zou discussed in the following section empirically tests this model. In addition, a meta-analysis of 111 studies by Chetty and Hamilton (1993) confirmed the validity and relative importance of the key variables of the "Aaby Slater Export Model." However, their review did not find strong support for the relationships in their proposed framework.

Even though the concept of relationships or relationship marketing has not yet been fully explored, the "Strategic Export Model" by Aaby and Slater (1989) provides an important backdrop for further research and has given many researchers guidance into the determinants of export performance. It is a critical stepping stone in the export performance literature.

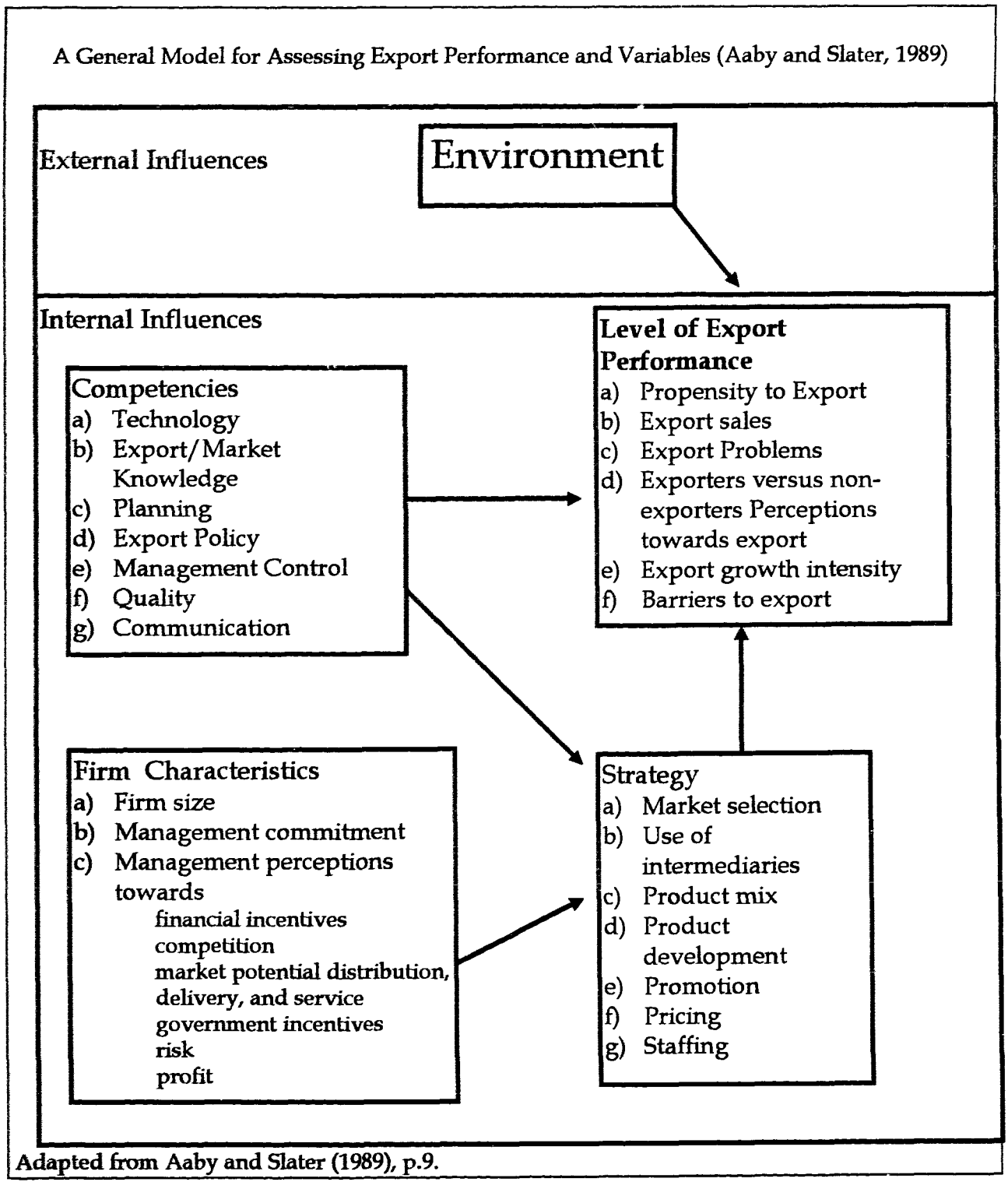

Figure 4. The Aaby and Slater Strategic Export Model (1989)

2.1.5 Marketing Strategy-Performance Relationship by Cavusgil and Zou (1994)

Few studies have attempted to empirically test comprehensive models (Ambler and Styles, 1994). A recent comprehensive study by Cavusgil and Zou (1994) analyzed 202 export ventures from 70 firms. This study provides empirical support for the "Aaby and Slater Model." Their study which modified the "Aaby and Slater Model" shows that the main determinants of export performance are export marketing strategy, international competence of the firm and managerial commitment. This model proposes that both external and internal factors influence the export marketing strategy (see Figure 5). The principal theoretical perspective adopted in this model is that of "strategy-environment coalignment" which according to Cavusgil and Zou states that:

> "The fit between strategy and its context- whether it is the external environment or organizational characteristics has significant positive implications for firm performance" (Cavusgil and Zou, 1994, p. 3).

In other words, the link between the factors and performance are partially mediated by the export marketing strategy.

Their model limited the export marketing strategy to standardization and adaptation. Although a relational construct was not included in the study, it did include "support to foreign distributor/subsidiary" as one of the factors of success in their marketing strategy. This research provides a testable model of export performance. A benefit of the framework presented in general terms is that it allows for inclusion of different constructs (such as relationship

marketing) in future research. The four features of their study that are important for the purposes of this thesis are:

1. the model is presented in general terms using an export marketing strategy,
2. the findings that the constructs, firm competence and management commitment and marketing strategy all have a direct impact on export performance,
3. export performance includes strategic and economic indicators,
4. the methodology uses path analysis to test the relationships as well as a test of the overall model fit.

For the purpose of this study, Cavusgil and Zou contribute a general framework in which a relationship marketing approach can be used as the marketing strategy. In this thesis, a comprehensive relationship marketing approach should include adaptability[6] as well as measurements defining support to the importer. This will broaden the export marketing strategy tested by Cavusgil and Zou.

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[6] Adaptability was also demonstrated as being an important dimension in the study by Rosson and Ford (1982).

Their research used factor analysis to form measurements of many of the internal and external firm factors. This procedure defined many measurements of constructs that had not been well defined in previous literature. The significant factors found in their research are used as firm factors in this thesis. In addition, the importance of using both strategic and economic measurements of export performance is highlighted.

The Cavusgil and Zou (1994) study uses path analysis to test relationships among constructs in the model. They also test their predictive model by comparing the actual correlations on a holdout sample with the predicted results based on their analysis. An overall test assesses the fit of the model.

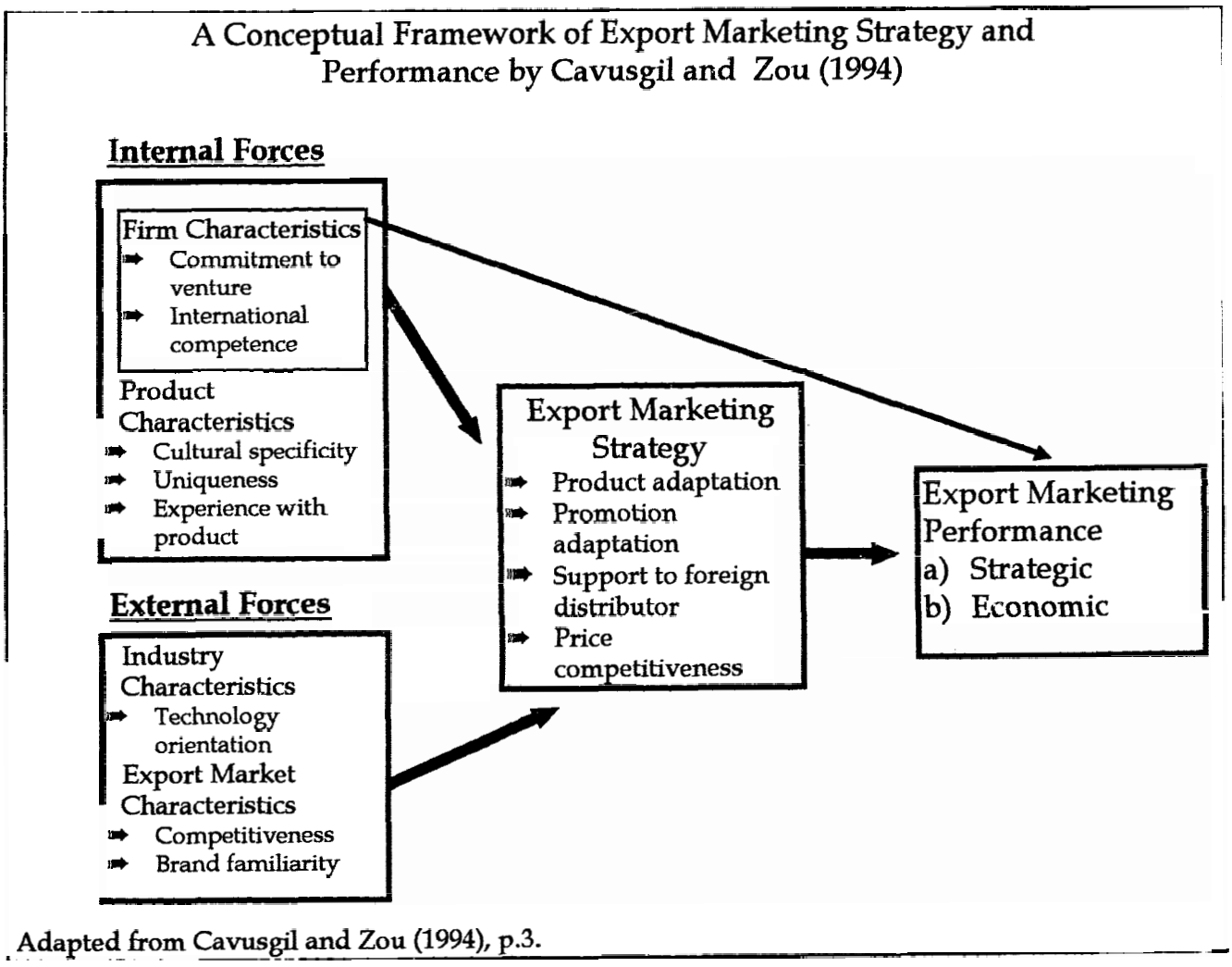


Figure 5. A Conceptual Framework of Export Marketing Strategy and Performance by Cavusgil and Zou

2.1.6 Relational Paradigm Model by Styles and Ambler (1994)

Research by Styles and Ambler (1994) to identify recent changes in UK export practices led to their introduction of the "relational paradigm" as a framework to approach export marketing. Their study looked at 67 winners of the 1992 Queen's Award for Export Achievement in the UK. Questionnaires were sent to export managers asking their perceptions and recollections of their respective firms' marketing activities.

The relationship marketing paradigm was introduced in chapter one. Research has noticed the shift from discrete transactions to long term relationship exchanges (Anderson and Narus, 1990; Kotler, 1991; Parvatiyar and Sheth, 1995; Weitz and Jap 1995). Styles and Ambler analyzed a number of relational paradigm models which included the International Marketing Policy (IMP) group interaction model (Turnbull and Valla, 1985), channel relationship models (Anderson and Narus, 1984; 1990; Anderson and Weitz, 1989; Heide and John, 1988) and buyer and seller relationships (Dwyer, Schurr and Oh, 1987). They concluded that "these models aim to explain and predict relationship processes and outcomes, but not marketing performance" (Styles and Ambler, 1994, p. 24).

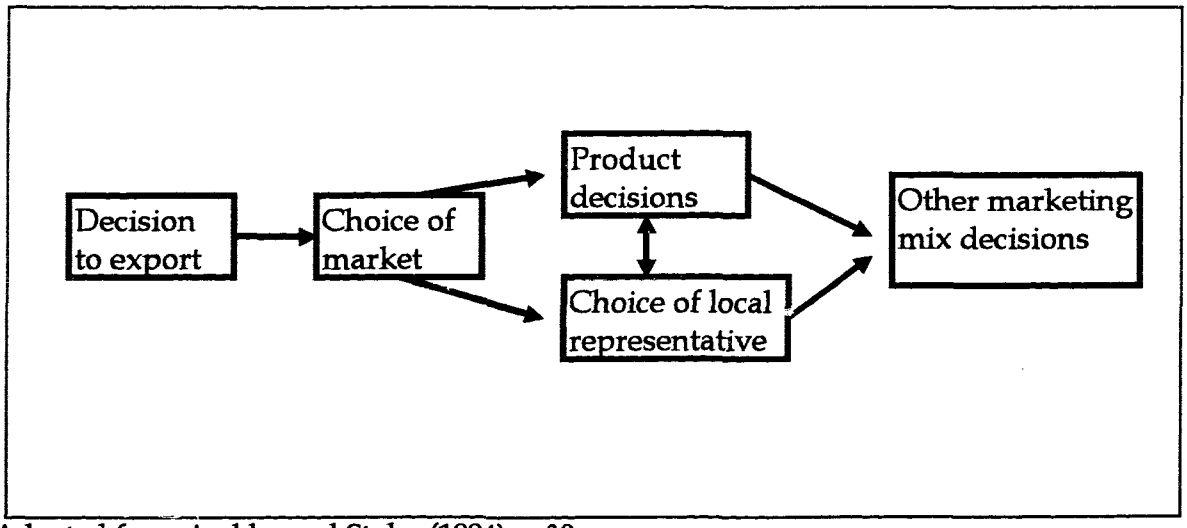
In the research of Ambler and Styles (1994), managers were asked to rate the importance of success factors to their own success from a list of 26 success factors. The findings were comparable with Mitchell's 1979 study however there was a significant difference in the mean scores of personal visits, after sales

service, and word-of-mouth. Ambler and Styles added frequent two way communications and maintaining good relations to the list which ranked seventh and eleventh respectively. This demonstrates that relational dimensions are important in the export process.

Ambler and Style's use of the relational paradigm in exporting stems from Johanson and Vahlne's (1977) theory of psychic distance where "a firm begins the exporting process by forming relationships that will deliver experiential knowledge about a market, and then commits resources in accordance with the degree of experiential knowledge it progressively gains from those relationships" (p. 11). The model of Johanson and Vahlne (1977), a theory of internationalization tells us that firms enter markets that are easy to understand and there is a movement to less familiar markets as the firm gains experience. Research has shown that firms usually chose international markets that are familiar to their own. The measure of this used by researchers has been termed "psychic distance". This refers to the degree a firm is uncertain of the characteristics of a foreign market and is influenced by differences in culture and language of the home and target countries (Kogut and Singh, 1988).

Of interest to relationship marketing are the questions asked in the survey on export decision making sequence and valued sources of information. In decision making, the results support the sequence diagrammed in Figure 6. In the neo-classical approach the sequence is: 1) decision to export, 2) choice of market, 3) development of marketing mix and 4) implementation of marketing mix which includes selection of a distributor. The appointment of a local

representative often before product decisions and nearly always before other marketing mix decisions supports the relational paradigm. Evidence in their study also suggests that 'information gathered from interaction with network members' is valued higher than other marketing research.



Adapted from Ambler and Styles (1994), p.38.

Figure 6. Decision Making Sequence Suggested by Styles and Ambler

In concluding their article, Styles and Ambler propose an untested "Revised Hybrid Model of Export Performance" updating the "Aaby Slater Model" that can be used for further research (see Figure 7). In their revised model, relationships are looked at as a factor that influences a broader export strategy (such as choice of market, segmentation and marketing mix). This thesis however looks at relationship marketing as a marketing approach in itself. The format of the export model used in this thesis will more closely resemble the

model developed by Cavusgil and Zou (1994).

The dimensions of the relationship construct proposed by Styles and Ambler (1994) does give insight into relational marketing dimensions. Relationships are comprised of the inclusions of important actors in the network, the intensity of relationships, the degree of reciprocity in decision making and the extent of long-term commitment. Although Styles and Ambler do not use relationship marketing as a marketing strategy, their work is very important in the development of this thesis. They introduce the relational paradigm into the export performance literature and provide support for the importance of relationships an export performance model.

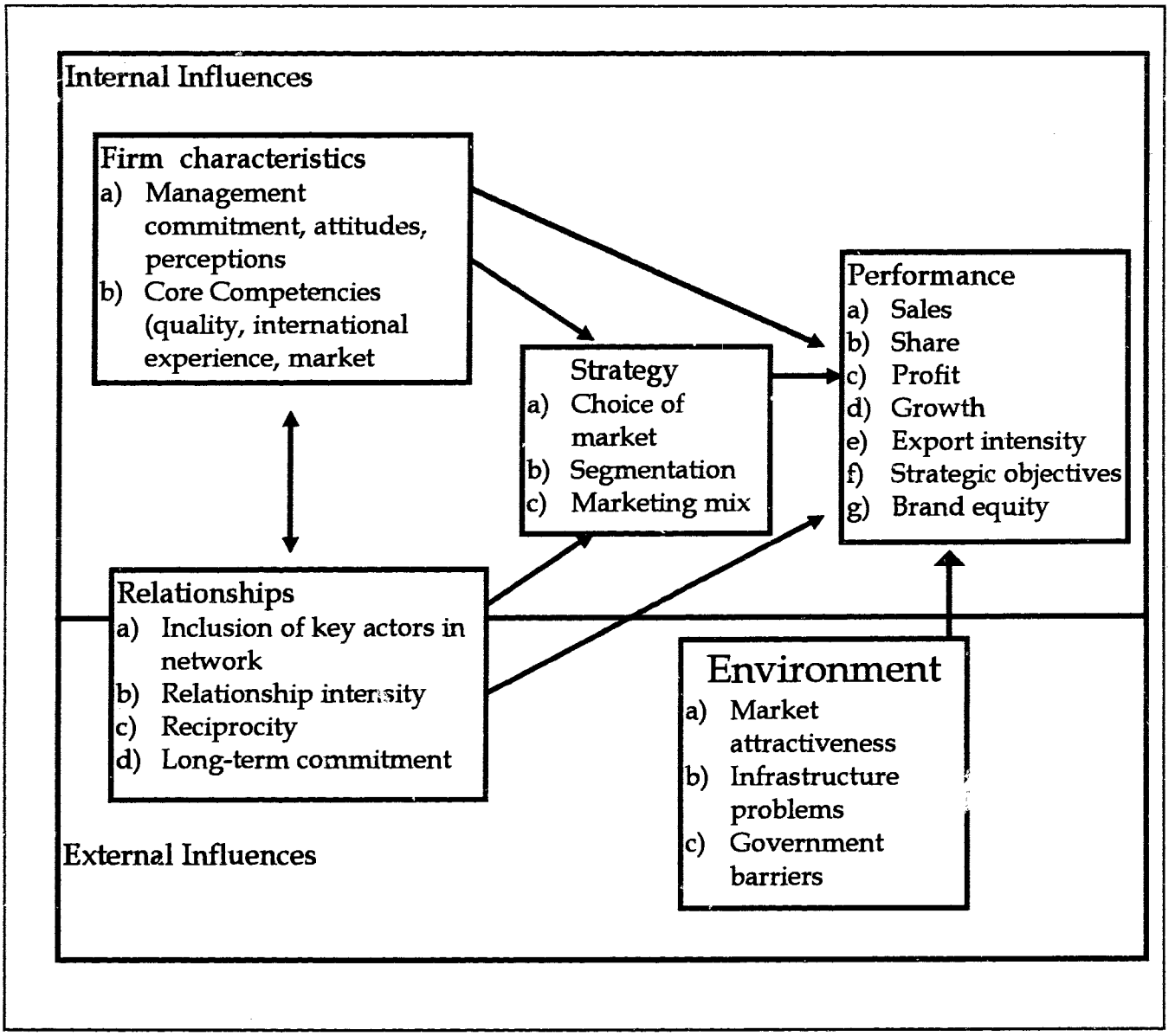


Figure 7. Hybrid Model of Export Performance Proposed by Styles and Ambler (1994)

2.2 Relationship Marketing Research

2.2.1 Overview of Relationship Marketing Research

The purpose of this section is to give the reader an understanding of relationship marketing literature. Relationship marketing (RM) research is limited in export performance literature. However it can be found in marketing literature, channel management literature and overseas distribution literature. This section will be followed by a more in depth analysis of the studies which contribute towards identifying a relationship marketing approach and its dimensions.

Much of relationship marketing research to date has focused on developmental stages and classification of the relationship in terms of bi-lateral controls and influencers of relationships (Heide, 1994) and longer term nature relative to discrete-transactions (Dwyer, Schurr and Oh, 1987). Other characterizations included the power symmetry-asymmetry in a dyad and the valence of the relational quality: cooperative or competitive (Iacobucci, 1989). Much literature is available on the topics of dependence, power, control, conflict, cooperation, and trust. Other elements that have been studied include contractual obligations, commitment to relationship, idiosyncratic investments, communication, influence strategies, and negotiation. Relationship marketing

has been researched primarily in first order levels of relationship.[7] The types of relationships looked at have included interfirm (Anderson and Weitz, 1992; Dwyer, Schurr and Oh, 1987; Frazier, Speckman and O'Neal, 1988), services (Crosby, Evans and Cowles, 1990) and more recently consumer goods (Sirgy and Lee, 1994). The topics have been analyzed individually, in dyads and theorized in network structures.

Relationship Marketing has been described in terms of developmental stages or processes between channel members (Ford, 1980; Dwyer, Schurr and Oh, 1987; Wilson and Moller, 1990). Dwyer, Schurr and Oh (1987) describe the development of a buyer-seller relationship in five phases: awareness, exploration, expansion, commitment and dissolution. These stages involve evaluation of the outcomes with either satisfaction leading to reinforced loyalty or termination of the relationship (Biong, 1994). Heide (1994) described three relationship processes: relationship initiation, maintenance and termination. Wilson and Moller (1990) later looked at development in terms of an iterative process. Madhavan, Shaw and Grover (1994) looked into motivators for relationships. Their framework for explaining the range of motivating rationales for relationship formation includes control, learning, efficiency, stability, legitimacy.

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[7] First order relationships include all possible relationship of the firm with parties in the firm's environment. Second order relationships are competitive and strategic in nature, and include all possible relationships in the firm's environment excluding the firm. Third order relationship include all possible relations to the parties that are internal to each other.

Heide (1994) proposed a framework using unilateral and bilateral forms of non-market governance to classify relationships. This is a broader definition than control which includes aspects of establishing, structuring, monitoring and enforcement of relationships. Weitz and Jap (1995) proposed a method for classifying channel relationship management research based on channel structure and mechanisms to control channel activities using authority, contracts and norms to organize exchanges between channel members. Nevin (1995) adds that this framework could be strengthened if the structure of channel relationships and the relationship developmental process were included. According to Weitz (1995), the above research is limited to a conceptual framework for identifying and characterizing channel relationships.

The concept of relationships are commonly noted in overseas distribution literature (Rosson and Ford, 1982; Leonidou, 1989). However extensive research into the use of relationship marketing in overseas exports is limited. According to Moore (1991) much of the literature on manufacturer-overseas relations is descriptive. Research is primarily limited to states of development (Rosson and Ford, 1982; Moore, 1991), developing country exporter-developed country importer dyads (Katsikaes and Piercy, 1991; Leonidou, 1989; Llanes and Melgar, 1993), and choice of channel entry (Anderson and Coughlan, 1987; Bello and Lohtia, 1995).

It has been shown that much of the research in relationship marketing deals with the processes and factors that influence the relationships. Researchers have addressed the conditions that make for a good relationship. Little however

has been done to answer the question of whether a relationship marketing strategy increases export performance. In order to answer this question, one needs to be able to measure the intensity of a relationship marketing strategy. This would increase the ability to analyze the importance of a relationship approach used in exporting (Lehtinen, Hankimaa, Mittila, 1994). Empirical research in this area is limited.

Several areas of research provide guidance in determining a measurement of the transactional and relational extent of a relationship. These include "MacNeil's Relational Contracting Model", transaction cost perspective, as well as two studies that measured relationship marketing used by firms in the domestic market ("A Framework for Measuring the Extent of a Relational Marketing Strategy" by Daniel McCort (1994) and "On Measuring the Intensity of Relationship Marketing" by Lehtinen, Hankimaa, Mittila (1994)). The following sections will review the research that provided guidance towards determining the dimensions of the marketing approach used in this study.

2.2.2 Macneil's Relational Contracting Model

Macneil's research on contracts (1974, 1980, 1981, 1983) has led to further insight into the RM-TM dimensions[8]. Macneil looks at the use of contracts in relationships. Many of his properties may be of consequence in buyer-seller

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[8] It was described in chapter one that relationship marketing (RM) and transaction marketing (TM) are looked at as opposites on a continuum. As a result a relationship marketing strategy would consist of dimensions that are high in RM and Low in TM or vice versa.

exchanges (Dwyer, Schur and Oh, 1987). Macneil's 12 Behavioral Concepts from 1974 (Appendix 2) form the basis of expanding the concept of discrete transactions to relational transactions in contract law and in a marketing context (Nevin 1995). According to Macneil, contracts capture the relations between parties and these relations project exchange into the future (1985). His "behavioral concepts of contract" (1974) list each element as bi-polar extremes from transactional to relational. Macneil expressed three types of contract norms as common, discrete, and relational (1980). Common contract norms are common to all exchanges in order for transactions to occur (Appendix 2)

Relationships are also governed not only by contracts but also by common industry practices or rules (Nevin 1995). This leads to the study of norms of relationships. From MacNeil's ten common contractual norms, Nevin (1995) describes several relational contract norms that effect the success of the relationship:

1. role integrity: roles develop building interdependencies that must be maintained for a successful relationship;
2. preservation of the relation: desire to resolve conflict;
3. harmonization of the social matrix: resolve conflicts through formal procedure or reaching a joint agreement;
4. proprietary of means: an intricate web of relations between parties;
5. supracontract norms: broader norms such as "distributive justice, liberty, human dignity, social equality and inequality, and procedural justice (Macneil, 1980, p. 70)."

Macneil's work as well as other research using his concepts afterwards contributes greatly to the understanding of transactional and relational marketing by expressing exchanges as opposite dimensions on a continuum. The continuum assumption of relational and transactional exchanges is an important concept in this thesis.

The framework for developing buyer-seller relationships by Dwyer, Schurr and Oh (1987) adapted Macneil's contractual dimensions into situational and process contractual elements that are either discrete or relational (see Table 1). These elements provide a starting point for determining the relational and transactional dimensions of a marketing approach.

Table 1. A Comparison of Discrete Transactions and Relational Elements of Exchange by Dwyer, Schurr and Oh (1987)

Contractual Element	Discrete Transactions	Relational Exchanges
Situational Characteristics		
Timing of Exchange	distinct beginning short, sharp ending	traces to previous agreements longer, ongoing process
Number of Parties	two	often more than two
Obligations	offers, custom, standard	includes promises, customized
Expectations for Relations	differing goals, cash payments, no interdependence after	conflicts counterbalanced by trust
Process Characteristics		
Primary Personal Relations	minimal, ritual-like	important, non-economic satisfaction, formal and informal communications used
Contractual Solidarity	social norms, rules...	legal and self regulation
Transferability	complete	limited
Cooperation	no joint efforts	joint efforts related to performance and planning adjustments common
Planning	on exchange only no future anticipated	significant, detailed, changing
Measurement and Specificity	little attention performance obvious	specific attention to performance quantified
Power	up until exchange completed	increases by interdependence
Division of Benefits and burdens	sharp division to exclusive parties	sharing

Adapted from Dwyer, Schurr and Oh (1987), p. 13

2.2.3 Transaction Cost Analysis Perspective

The transaction cost analysis (TCA) perspective refers to the design of efficient mechanisms for conducting transactions where they have potential costs associated with them such as writing, negotiating and enforcing contracts (Heide and Stump, 1995; Williamson, 1985). The concept relevant to relationship marketing is transaction specific assets: also known as idiosyncratic investments (Weitz and Jap, 1995). The existence of idiosyncratic investments increased commitment by parties in a relationship (Anderson and Weitz, 1992). The main concern of transaction cost analysis (TCA) is to organize transactions in order to "safeguard them against the hazards of opportunism" (Williamson, 1985, p.32). The principal safeguard explored in TCA is vertical integration of which relationships are a step in the process.

Heide and Stump (1995) developed a transaction-cost conceptual model of performance in industrial purchasing relationships between OEM manufacturers and their component suppliers. According to their theory, the costs of transactions can become significant in the presence of transaction-specific investments (unique assets tailored to an exchange that have low value outside the relationship i.e., training) and uncertainty (volatility which create adaptation and contractual costs). An itemized scale of performance was measured in terms of the buyer's evaluation of the seller. Performance measures were regressed against buyer-specific assets, volume unpredictability, continuity expectations, and their interactions. Results indicate that abandoning "arms-length"

interaction may be a desirable strategy in the presence of transaction specific assets and uncertainty.

Research by Webster (1992), while looking at the changing role of marketing in organizations, described a range of marketing relationships that develops from transactions through to vertical integration (see Figure 8). This thesis looks at the difference between transactions and long-term relationships. For economic reasons it can be seen from the range of marketing relationship that ideally in TCA a firm faced with transaction specific costs will try to be able to depreciate the costs over a greater number of transactions. The ideal situation may be vertical integration according to TCA however other reasons may prevent this. A firm will consequently try to overcome the risk of losing its investment by ensuring that they will have a greater frequency of transactions. This can be accomplished by contracts, developing relationships or by formalizing the relationship between parties.

It can be concluded from this area of research that one dimension of a relationship marketing approach would be sharing of resources (a transaction-specific investment). According to the TCA theory, this would result in a greater amount of transactions which should increase sales and ultimately export performance.

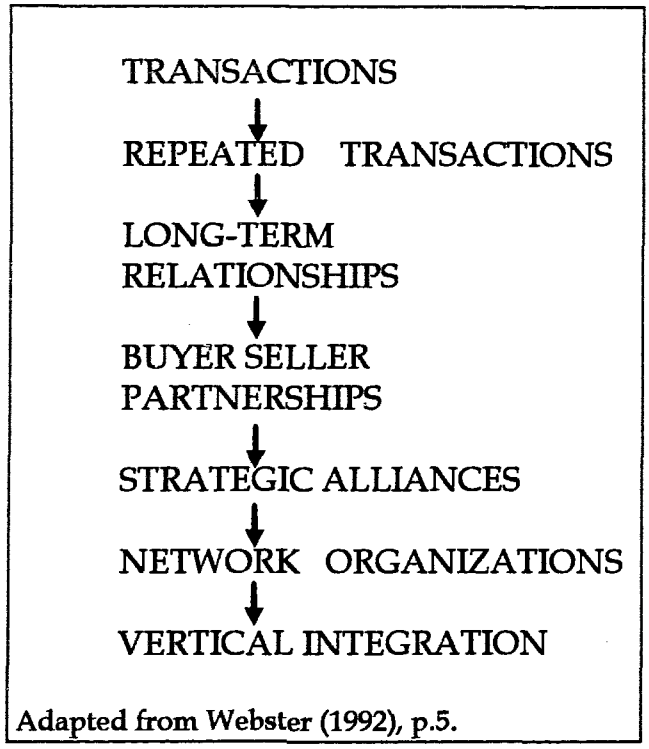


Figure 8. Range of Marketing Relationships by Webster (1992)

2.2.4 A Framework for Measuring the Extent of a Relational Marketing Strategy (Daniel McCort, 1994)

This study provides a framework for operationalizing the extent of a relationship marketing strategy based on Roger's interpersonal theory (1959) in non-profit organizations looking for donors. Roger's person-centered theory of psychology identified three basic needs: maintenance (desire to maintain the status quo which must be overcome to establish a relationship), enhancement (desire to grow, learn and change) and positive regard (need to be loved, liked and accepted). McCort (1994) operationalized these for a marketing strategy (see Table 2).

The sample included 26 non-profit Christian organizations. Each group was asked to send out to the researchers their entire correspondence with donors. The researchers then counted aspects of the materials that related to the measures operationalized and used correspondent analysis to find a five dimensional solution that put the dimensions on an axis or continuum. This study does not provide any link with performance and it is limited to non-profit organizations. However it does provide support that relational and transactional dimensions fall on a continuum. Although it is not an empirical study it does provide examples of some measurements of a relational strategy that may be useful in an export setting such as communications, commitment, training, and expressions of gratitude.

Table 2. Operationalizing a Relationship Strategy by Daniel McCort (1994)

Maintenance	Enhancement	Positive Regard
Access	**Training**	**Gifts**
800 number	training materials	
return envelopes		**Expressions of gratitude**
call us remarks		
access to patron		**Personal**
Communications		
		tone
Accountability	**Education**	salutation
annual report sent	educating materials	signature
market research conducted		personal comments
member of ECFA		miscellaneous
evidence of fulfilling mission		
Commitment		
number of written contacts		

Adapted from McCort (1994), p.57.

2.2.5 On Measuring the Intensity of Relationship Marketing (Lehtinen, Hankimaa, Mittila, 1994)

Lehtinen, Hankimaa and Mittila (1994) compared companies' transactional and relational marketing on basic dimensions. Their study uses a qualitative, multi-case method that interviewed five hotels. Each hotel was assessed according to their relational intensity. Their study selected dimensions that "could be thought to be indifferent to the core product, i.e. the dimensions that can be evaluated by all kinds of manufacturer and service companies" (1994, p. 1).

Research on measuring the intensity of relationship marketing is limited. Further, there is a lack of empirical evidence using any constructs. As a result this study included a large number of dimensions that in some cases might be over-represented or interdependent in order not to accidentally reject any important dimension. These dimensions included: time perspective, focus of marketing, marketing definition, target of marketing activities, dominating marketing function, price elasticity, communication, advertising media, measurement of customer satisfaction, customer information system, system of collecting customer information, recording of customer data, main utilizer of customer information system, dominating quality dimension, production of quality, customer service emphasis, the role of internal marketing, and interdependence between marketing and other functions of the firm. A listing of the dimensions defined with opposites on continuum can be seen in Table 3 .

This study is limited in its ability to generalize its findings because it was measured through a limited number of case studies. However it does provide a comprehensive list of dimensions that can be used to define the type of marketing approach used by a firm.

There is a second important contribution that this study makes. The findings also demonstrate that some form of mixed marketing may result for some companies. The choice of a service industry (hotels) implies a higher use of relational marketing because of the service element of the product. The findings of the research was able to describe the four companies in terms of differing relational strategies. This demonstrate that differences in relational

intensity can show up in firms that all have some relationship component. A mixed marketing approach would be one in which some relationship marketing dimensions have a positive influence on performance while other relationship marketing dimensions have a neutral or negative influence on performance.

Table 3. Dimensions of Transaction and Relationship Marketing (Lehtinen, Hankimaa and Mittila (1994)

Construct	Transactional	Mixed	Relational Marketing
Time Perspective	short-term		long-term
Marketing Focus	product	customer	customer relationship
Marketing Definition	mass	segmentation	customer
Target of Marketing	gaining new customers		maintaining old customers
Dominating Marketing Function	marketing mix		interactive marketing
Price Elasticity	price sensitive customers		less price sensitive
Communication	campaigns	ongoing	interactive
Advertising media	mass media	direct media	interactive direct media
Measurement of Customer Satisfaction	monitoring market share		managing the customer base
Customer Information System	ad hoc surveys		real-time feedback
Collecting Customer Information	marketing research		dialogue with customers
Recording Customer Data	disintegrated system		integrated database
User of Customer Info	marketing department		all contact people
Dominating Quality Dimension	output		interactions
Production of Quality	concern of production		concern of all
Customer Service	low		high
Role of Internal Marketing	limited importance to success		strategically important towards success
Interdependency Between Functions	no importance		high importance

Adapted from Lehtinen, Hankimaa and Mittila (1994), p.4.

2.3 Limitations of Export Performance and Relationship Marketing Research

The preceding literature review revealed that the relationships between the factors and export performance are complex. Research on export performance suggests that firm factors and export marketing strategy both have a direct influence on export performance. The export marketing strategy also acts as an intervening variable between firm factors and export performance. Relationship marketing research suggests that it is possible to measure the intensity of a relationship marketing approach on a continuum between transactional and relational dimensions.

Aaby and Slater (1989) proposed a general framework for export performance that did not include many relational constructs. Cavusgil and Zou (1994) developed a testable model of export performance using standardization versus adaptation as the export marketing strategy. Research by Styles and Ambler (1994) led to their introduction of "relational paradigm" as a framework to approach export marketing. The results of their study gave support for the use of relational dimensions in exporting. However, the aspects of relationship marketing have only briefly been touched upon in export research and a direct link between relationships and export performance is limited to one study by Rosson and Ford (1982).

Relationship marketing research in the past has primarily been limited to characterizing relationship management (i.e., methods used to control channel activities or stages of development) in the domestic context. Research on

measuring the relative intensity of relationship marketing has been limited and empirical tests are rare (Lehtinen, Hankimaa, Mittila, 1994; McCort, 1994). The performance issues for uses of particular forms of relationships are virtually undocumented in present literature (Heide and Stump, 1995) and research into the use of relationship marketing in exporting is limited (Styles and Ambler, 1994).

The research questions introduced in chapter one still remain unanswered. It is these questions which provide the framework for this study:

1. Do relational marketing dimensions have a positive influence on export performance?
2. Do transactional marketing dimensions have a negative influence on export performance?
3. What are the factors that can be used to measure the intensity of the relationship marketing?
4. Do different dimensions of relationship marketing impact export performance differently?
5. Which , if any, firm specific factors have an influence on export performance?
6. Which, if any, firm specific factors can be used to influence relational marketing dimensions?
7. Is there a difference between the different measures of export performance (export intensity and success level of exports)?

Improvements can be made to existing theory in order to gain better insight into the use of relationship marketing by exporters. The research questions are dealt with by combining the dimensions of a relationship

marketing approach within an export performance framework. The following chapter will address a theoretical model which combines the elements of relationship marketing within an export performance model.

3. THEORETICAL DEVELOPMENT

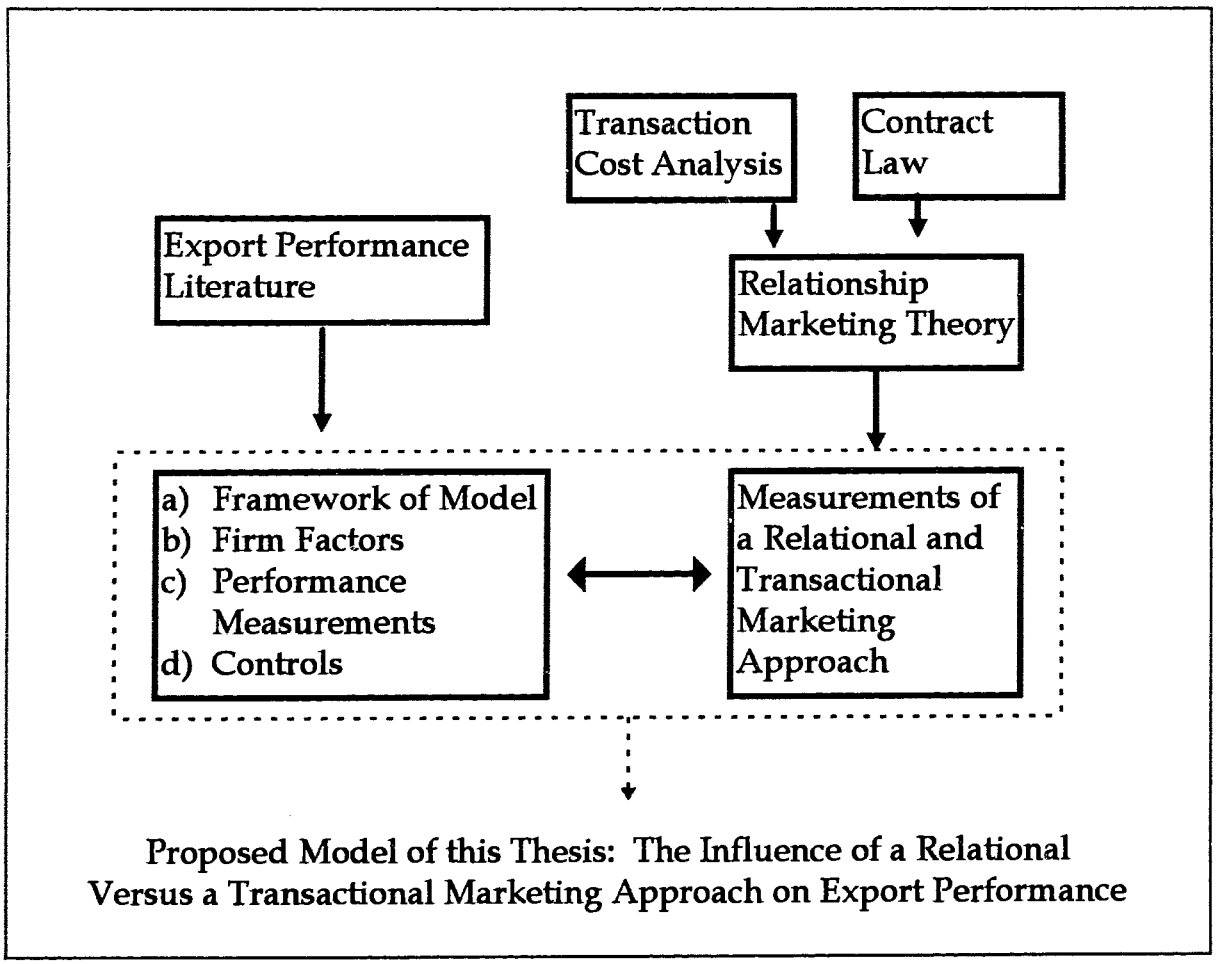
The purpose of this chapter is to describe the details of the proposed model and outline the propositions that form the basis for providing a testable framework. The first section of this chapter gives an overview of the theory base for the proposed model. The proposed model, its constructs, testable measures and propositions will be described afterwards.

3.1 Theory Base for the Proposed Model

Many separate studies have been conducted in the area of either export performance or relationship marketing. However few studies have applied both research areas together in exporting. The export marketing strategy framework proposed by Aaby and Slater (1989) and later refined by Cavusgil and Zou (1994) provides the base for the theoretical framework of this study. The proposed "Relational Paradigm" framework by Styles and Ambler (1994) indicates that relational dimensions should be included in the export performance model. Past research on measuring the intensity of a relationship or transaction marketing strategy is limited to a select number of published studies (Lehtinen, Hankimaa and Mittila, 1994; McCort 1994) which have provided some insight into relational and transactional dimensions. The research in this area has described relationship marketing and transactional

marketing as opposite marketing strategies (Dwyer, Shur and Oh, 1987; Nevin, 1995). Research in contract law (Macneil, 1974, 1980, 1985) and transaction cost analysis (Heide and Stump, 1995, Weitz and Jap, 1995; Williamson, 1979) has contributed to defining the dimensions of a relationship marketing approach.

The previous literature review in chapter two has demonstrated that the theory base used in this thesis has been derived from export performance literature and relationship marketing theory. Theory on measuring the intensity of a relationship marketing strategy has also included support from contract law and transaction cost analysis. An illustration of the theory base is shown in Figure 9.



Proposed Model of this Thesis: The Influence of a Relational Versus a Transactional Marketing Approach on Export Performance

Figure 9. Theory Base for Research

The basis for the proposed model is the framework used by Cavusgil and Zou (1994) in their empirical study on export performance (discussed in chapter two). In their study the significant export marketing strategy found was standardization versus adaptation. This study will replace their marketing strategy with a relationship marketing approach (RMA). The relationship marketing approach used in this thesis includes a combination of relationship

marketing and transaction marketing dimensions. The marketing approach in this proposed conceptual framework is broader and includes aspects of standardization and adaptation as a relational dimension because increased adaptation or customization requires greater relationship development with buyers (Rosson and Ford, 1982).

The study by Rosson and Ford (1982) described in chapter two supports a link between relationships and performance. The importance of relationship marketing for exporters was addressed in chapter one. It should follow then that a relationship marketing approach should lead to higher export performance than a transaction marketing approach. The reader should be reminded here that relationship marketing and transaction marketing are seen as opposites. The assumption according to the theory is that RM and TM lie on opposite ends of a continuum (Dwyer Shur and Oh, 1987; Macneil, 1974, 1980, 1985; Nevin, 1995). This follows that a firm with a high rating in a relationship marketing dimension would have a low rating in a transaction marketing approach. Conversely, a firm exhibiting a low rating in a transactional dimension would be high in a relationship approach for that dimension.

This thesis investigates the use of relationship marketing by exporters. Each company's marketing approach is measured by several dimensions. There are dimensions for both relationship marketing (RM) and transaction marketing (TM) elements. The main proposition is that relational marketing dimensions will have a positive influence on export performance; and since RM and TM are seen as opposites, transactional marketing dimensions will have a negative

influence on export performance. More detailed propositions will be addressed later in the chapter (3.5).

The significant firm-specific factors used in export performance models that influence export performance are investigated. The influence of these factors on the marketing approach is also analyzed. Some, which are specific to the industry or firm are used as control variables. The significance of greater knowledge of controllable internal firm factors will help exporters to be able to better position themselves to attain superior export performance through a relationship marketing approach should they desire. The following section will look at, in greater depth, the constructs used in the proposed framework.

3.2 Proposed Framework

In the proposed framework both internal and external factors have a direct relationship on the firm's marketing approach. The type of marketing approach used is directly related to export performance. Past research has also shown a direct relationship between firm factors and export performance. Figure 10 shows a diagram of the proposed relational marketing approach (RMA) export performance framework.

A comprehensive export performance model is complex (Aaby and Slater, 1989) and there is often a trade-off between using a wide array of constructs and reliability. The primary purpose of this research is to determine the influence of the marketing approach on export performance. This study's focus is on using a

wide number of relational and transactional variables and has therefore minimized the number of firm factors to those that are thought to be most significant.

The firm factors, international competence and managerial commitment were significant in the study by Cavusgil and Zou (1994). Technology level of the firm was included based on relationship marketing research by Madhavan, Shaw and Grover (1994)and is discussed later. The purpose for including size is to add insight into the existing results of its effect on export performance which has had mixed results in the export performance literature. In addition, it is interesting to see if size has an influence on the marketing approach.

The external forces and type of product are not analyzed in the system but are controlled for in the analysis. The factors that will be controlled for are the channel of distribution used, export market as well as the type of product. These will be described in more detail in the following section.

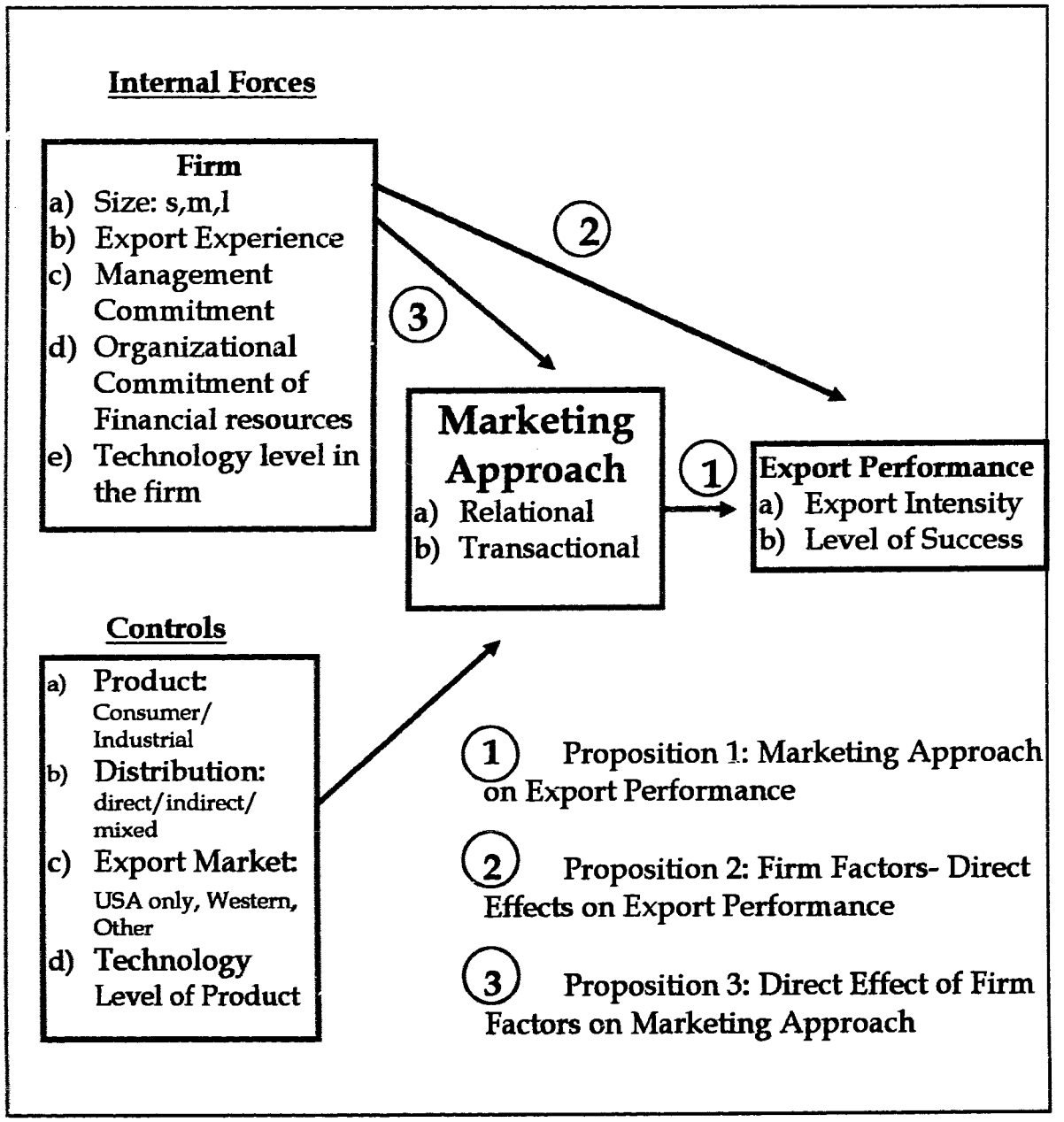


Figure 10. Proposed Conceptual Framework

3.3 Components of Proposed Framework

The proposed framework is made up of marketing approach constructs, performance measurements, firm factors and controls. Details on the constructs and the measurements are described in the following section.

3.3.1 Relationship Marketing and Transaction Marketing

The dimension of relations in this study is looked at as a continuum between discrete transactional and long-term relational exchanges (Dwyer, Schurr and Oh, 1987; Juttner and Wehrli, 1994; Macneil, 1980). The characteristics of each of these constructs has been obtained from a review of the literature in relationship marketing literature, transaction cost theory and Macneil's contract law. Only the dimensions that are relevant to exporters and that can be measured through a survey are used.

Relational dimensions of the marketing approach are proposed to a positive influence on export performance in this thesis. Since relational and transactional dimensions are argued to be opposites in the literature, it should follow that transaction marketing dimensions should have a negative influence on export performance. Findings from the empirical study by Rosson and Ford (1982) suggested that relational dimensions have a favorable influence on performance for manufacturers and their overseas distributors. In addition the research by Styles and Ambler (1994) gives support that relational dimensions should be included in an export performance model. The economic benefits of

relationship marketing highlighted in chapter one should indicate a positive influence on performance.[1]

Relationship Marketing is a long-term, continuous process where sellers look at the life-time value of the customer. There is interdependence between the buyer and seller and customers are well known to the seller to the extent that the relationship becomes informal. Marketing activities are geared towards retaining old customers through customer service, interactive communications, direct advertising and problem solving. Price becomes less of an issue through a combination of a close relationship and valued added services offered.

Customer information and feedback is gathered through direct conversations with the customers. The recording of customer data is integrated where the database is accessible and updated by all customer contact people. The information gathered includes personal relationship information such as children, hobbies and detailed company information (ordering seasons, company goals, other suppliers, customized specifications, and feedback received).

Part-timers within the firm often contribute to the relationship development. These are other employees besides the sales representative that have contact with the customer. A part-timer may include accounting, shipping,

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[1] The economic benefits reviewed were: reduced marketing and transaction, higher sales volume per customer through personalized selling and cross-selling, core group for test marketing, improved market research using customer contact for collecting data, mass customization, and the increased likelihood for future transactions.

manufacturing and can even include contracted services outside of the firm. Internal marketing is stressed to other people in contact with the customer and there is greater coordination between marketing sales and other functions of the firm (such as collections, production, and technical support).

Policies, such as extended payments terms, custom packaging, and customized product specifications, are adapted as the relationship develops. The firms are also involved in transaction specific assets (idiosyncratic investments) that are unique assets tailored to an exchange that have a low value outside the exchange. Transaction specific assets are those assets that require an investment by either party (i.e., research and development and training).

Transaction marketing dimensions are considered to be opposite to relational dimensions. A summary of relationship marketing dimensions and their opposite transaction marketing dimension are presented in Table 4

Table 4. Dimensions of Marketing Approach

Marketing Element	*Transactional Marketing (TM)*	*Relational Marketing (RM)*
Time Orientation	short term	long-term
Exchange	discrete high turnover	continuous
Investment	limited, short-term shorter break-even	long-term investment customer value over lifetime
Marketing Customers	gaining new customers product and price	customer retention service problem solver
Customer Information	non-integrated database or none separate files by departments limited information no personal information	integrated database access by all contact people detailed company information personal buyer information
Feedback	non-regular surveys and marketing research, complaint boxes	direct conversations direct complaints regular contact sharing information appreciation recognized
Company Policies	line of credit with normal industry standards, standard product standard packaging	extended credit terms customized product specifications customized packaging
Customer	highly price sensitive more anonymous	less price sensitive, other services add value well-known customer more involved
Buyer-Seller Relationship	independent formal only two people involved	interdependence informal; social exchange more than two often involved "part-timers" internal marketing inside firm coordination between functions
Transaction-Specific Assets	none	idiosyncratic investments such as training, resource sharing common

Dimensions of measurement of marketing strategies collected from theoretical literature discussed in literature review (McCort, 1995; Lehtinen, Hankimaa and Mittila, 1994; Macneil 1970,1981,1983; Cowles, 1994; Gummerson, 1994; Gronross, 1994; Anderson and Narus 1984; Heide and John 1988; Dwyer, Schurr and Oh, 1987; Juttner and Wehrli, 1994)

3.3.2 Firm Export Performance Assessment: Measurements

A variety of measurements of export performance have been used in the past. However, a uniform measure of export performance on its own has not been determined (Cavusgil and Zou, 1994). At the macro-level market share, balance of trade statistics, and target market import statistics have been used. Most often firm level or micro measurements such as sales and profitability are used. This has developed into the usage of the term export intensity (the ratio of export sales to total sales) as a measurement of performance (Axinn, 1988; Bonaccorsi, 1992). Fenwick and Amine (1979) used the six measures of Queen's Award in a multidimensional approach which included: the average export ratio, growth in export ratio, average export sales, and a subjective evaluation scale. Cavusgil and Zou (1994) determined a measurement of performance using the firm's product-market export venture as the unit of measurement. The performance measurements looked at were 1) perception of achieving strategic goals, 2) perceived success of the venture, 3) average sales growth over first five years, and 4) average profitability over first five years.

This study considers the performance of an overall relationship marketing approach that includes all export customers rather than measuring the export venture. This method facilitates the use of surveys. In the study by Cavusgil and Zou (1994), in-depth interviews were used to help focus on the most representative ventures to use. Relationships between buyers and sellers are

often at varying stages of development because of different lengths of time working together and frequency of exchanges. Using the export venture as a measure will give rise to problems associated with determining the level of development of that relationship or venture.

The assumption made in this thesis is that a firm on average using a relational marketing approach towards most or all of their customers should have a higher number of further developed relationships. Under this assumption, the firm should exhibit higher export performance. The reader should be aware that there is a possibility that a firm uses different RM and TM approaches for different customers and that the results may cancel each other out due to aggregation. This limitation is dealt with in chapter six.

One problem that exists with measuring performance associated with a relationship marketing strategy is timing. The concept of relationship marketing includes a long-term dimension and looks at the life-time value of a customer. As a result, measuring the performance over a short period of time may not give an indication of successful recent uses of relationship marketing because the profits show up in later years after the relationship has developed. There may even be cases where a company just starting to use a relationship marketing strategy may have initially lower levels of performance measured by the annual export intensity because of higher costs associated with investing in the relationship. In order to minimize this problem, this study also measures

subjectively the level of success.[2] This study uses two measures of export performance in which a separate model is developed for each. These measurements are export intensity[3] (exports to sales ratio) and a subjective evaluation of the success of exports. A separate model, as opposed to an aggregate of the measures, allows for the ability to see if any differences exist.

3.3.3 Internal Firm Factors

Size

Size has been a controversial measurement of export performance which has had little agreement (Aaby and Slater, 1989). The most common argument is that larger firms have size related advantages such as availability of resources and economies of scale (Bonaccorsi, 1992). Different studies have had differing results using it as a factor of success (Ali and Swiercz ,1991, Culpan, 1989; Wagner, 1995). It has commonly been measured in the past as the number of employees and amount of sales (Cavusgil and Zou, 1994). It is of interest in this research to try to substantiate past research as well as see if there is any indirect relationship with a relational marketing approach. This study uses the amount

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[2] Growth was also measured: however, it was not used in the model because of the instability of the variable and high number of missing responses for the question. The variable had irregular standardized residuals. Profitability was asked in the questionnaire however there was not a sufficient response level to the question.

[3] It should be noted that total sales and export sales were asked separately and then compared to this total to make certain the question was understood. Where differences existed, export intensity was re-calculated according to the total sales and total exports figures given.

of assets to indicate size.[4] Sales are recoded into small, medium, and large to see if there is any non-linear relationship (see Appendix 3 for recoding). The direct relationship of firm size and performance should be more substantial for the larger firms which have greater resources and often have more international experience (Reid, 1982).

In this study the proposition is that a greater use of relational dimensions will be used by small and large firms over medium sized firms. Smaller firms are less departmentalized, more integrated, and often have greater involvement by management in exporting. This suggests that management's involvement would be more of a relational than a transactional nature. In addition simple inexpensive database and communication technology is readily accessible by small firms. However, large companies have greater resources, improved communication technology (video conferencing, Internet) and the ability to increase commitment through inventory/shared database technology (i.e., just-in-time JIT, information technology IT). They also will have the resources to be able to make a larger investment in a relationship for a longer time before needing to recoup its costs. It is possible that medium sized firms are lacking in the resources for expensive communication technology and are less likely to have the more "personal" interaction that a small business has.

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[4] Both assets and sales were deemed to be better measures with a correlation of 0.9982; assets and employees were 0.3888; sales and employees were 0.3712. Whenever a value was missing for assets, sales was used and then employees. Sales were used for 7 cases and employees for 1 case. See recoding in Appendix 3 for details.

International Experience

International competence was one of the significant determinants of export performance in the empirical research conducted by Cavusgil and Zou (1994). A study by Hart, Web and Jones (1994) uses number of years exporting as a measurement of export experience. Cavusgil and Zou give a broader measure of international involvement by including the number of markets in which the firm operates. This study uses the number of years exporting for a measure of export experience.[5] The proposition in this study is that export experience should have a positive influence on the relational dimensions (and conversely a negative influence on the transactional dimensions). It would seem logical that firms that have exported for a longer time would have better developed relations with their customers. Firms that have exported for some time should be in a stage of exporting that is beyond initial exports that are often transactional.

Commitment

Managerial commitment is also a significant determinant of export performance (Cavusgil and Zou, 1994; Aaby and Slater, 1989). The level of management commitment to exporting is defined as a general willingness by management to devote adequate financial, human and/or managerial resources

to exporting activities (Donthu and Kim, 1995). The unit of measure used by Cavusgil and Zou refer to the export venture. This study will look at broader measures related to overall exports which include the extent of management commitment to exporting and the amount of resources for overall export development. Increased involvement by the managers, more people involved in exporting as well as access to greater resources to build relationships should result in a higher usage of relational dimensions. In the proposed model commitment is split into two constructs: 1) management commitment measured by a) management's overall commitment to exports, b) planning time involved in exporting, and c) management involvement in exports, and 2) organizational commitment to financial resources measured by financial resources available for development.

Technology

Technology was not used in the Cavusgil and Zou (1994) study. However it was one of the proposed dimensions of firm competence in the "Aaby-Slater Model" (1989). This study includes a measurement of a firm's level of technology. It is possible that many of the new database technologies (UPC, JIT, interactive databases) and communications (facsimile, Internet, e-mail, video conferencing) are very useful in developing and maintaining relationships with

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5 The survey also asked respondents the number of markets exporting to. However, correllations between the two measurements were low indicating that reliability would be poor if they were used as a joint measurement. It appears in this sample that number of years is a better measurement for international experience. It could be that the number of markets exporting to is more dependent on the type of product than the level of international competence.

customers. Database technologies can increase the ability to keep track and remember details of the relationships while communication technologies improves upon the ease in which contact can be made.

In relationship marketing research, Madhavan, Shaw and Grover (1994) investigated the attributes of relationship marketing arrangements. They concentrated on organizational memory which facilitates a vendor's willingness and ability to respond through customization to unique requirements of the customer. In the RM context, "the memory associated with a buyer-seller relationship is the stored information from the history of the relationship that influences present decisions about the relationship (p.4)." Memory in a relationship allows the seller to more efficiently offer products or services ("memory-based customization") and increases the chance of the relationship continuing when faced with competition by discouraging switching. This research describes different levels of memory: database, individual, organizational which have in their respective order increasing customer-oriented flexibility. Of importance is that Madhavan, Shaw and Grover (1994) propose that there is a continuum of relational strategies associated with differing levels of memory given different levels of technology. Consequently, it should follow that higher levels of database technology should facilitate the use of greater relational dimensions.

3.3.5 External Factors and Controls

The external environment and product variables are not analyzed in this model. The factors of channel of distribution used, export market and the type of product will be used as controls. These will help isolate the more controllable firm factors specified in the model. Survey respondents were asked to assess the product and export environment on a variety of indicators. However there was a low response to many of these questions. A select number of interviews afterwards revealed that these questions were difficult to assess on a scale. This was especially difficult for companies that had a diversified product range and exported to multiple regions. The following controls used in this study had underlying theory that justified their use in the model. In addition they were easily understood in the survey technique used.

Type of product

The type of product or service may play a part in the use of RM practices. Industrial products that are sold business to business should lend their marketing to more of a relational approach than do consumer durables which usually are mass-marketed (Lehtinen, Hankimaa and Mittila, 1994). Additionally, high technological products that are complex and require training and specialized servicing may require a RM approach. This study measures and controls for: 1) whether the product exported is an industrial or a consumer

product and 2) the level of technology of the product sold. The level of technology of the product should not be confused with the level of technology in the firm. The level of technology of the product is associated with high tech products which require additional instructions and servicing. [6]

Channels of Distribution

In export situations, companies often use some form of indirect distribution. More often, alternate channels of distribution are used to facilitate distribution and selling in the non-domestic market (Rosson and Ford, 1982). There is also a need for companies to have local representation. The use of agents and distributors characterize larger concentrated sales by dealing indirectly through an agent or distributor rather than selling to many customers directly. This concentration of efforts helps increase the time that can be spent on developing relationships which, in turn, can generate economies and consequently can increase performance.

It should be noted also that there is the possibility that relationships can worsen when more than one channel is used. Frazier and Kersi (1995) acknowledge the trend towards RM in many channel relationships. However they comment that there is a trend in some areas where relationships weaken under competitive circumstances. For example, the relationships with agents and distributors can worsen if the manufacturer is also selling direct into their

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[6] In contrast, the level of technology in the firm looks at computerization, databases, e-mail, fax machines etc.

territory. Many businesses use multiple channels to increase market share and to reduce their dependency on one form of distribution. Consequently relationships can worsen when multiple channels are used. This thesis will control for companies which use direct distribution, indirect distribution or a combination of distribution forms (mixed distribution).

Location of Export Market

The export market location may also influence the marketing approach used. Markets that have relationships as an underlying part of their business culture (such as many Asian countries) may necessitate predominant use of a relational marketing approach. A geographically or culturally distant country may also have higher environmental uncertainty which has been proven to lead to the formation of stronger relationships (Ganesan, 1994). In this study, the export market is grouped into three categories: 1) primarily to USA, 2) primarily to Western countries, 3) Rest of the world. The coding of this variable is detailed further in Appendix 3.

3.4 Propositions

The previous sections in this chapter outlined the proposed model and its constructs that provide a testable framework. In chapter one several research questions were identified. The literature review in chapter two revealed that these questions were still unanswered. The research questions that provide the

framework for this study are formalized into testable propositions. The propositions used to test the model and answer the research questions are presented in the next section.

This study evaluates the use of relationship marketing in exports by measuring companies in terms of marketing approach dimensions. It is hypothesized that relational marketing dimensions will have positive influence on export performance while transactional marketing dimensions will have a negative influence on export performance. Performance is measured by export intensity[7] and perceived level of export success. The relationship between firm factors and marketing approach will be tested as well as the direct effect between the firm factors and export performance. Factors which are specific to the industry or product are used as control variables. The significance of greater knowledge of controllable internal firm factors will help exporters to be able to better position themselves to achieve greater success through a chosen marketing approach.

A separate model is investigated for each performance measure. This allows for determining if there are differences in the results for each model. The propositions for export intensity and level of success are detailed in the following section.

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[7] export intensity is calculated as the ratio of total exports to total sales

3.4.2 Model One: Export Intensity

Proposition 1: Marketing Approach on Export Performance

1a Relational marketing dimensions will have a positive relationship with export intensity.

1b Transactional marketing dimensions will have a negative relationship with export intensity.

Proposition 2: Firm Factors-Direct Effects on Export Performance

Size

2a Larger firms will have a higher positive relationship with export intensity than small and medium sized firms.

Export Experience

2b Export experience will have a positive relationship on export intensity.

Technology Level in the Firm

2c Technology level of the firm will have a positive relationship with export intensity.

Commitment

2d Management commitment will have a positive relationship on export intensity

2e Organizational commitment of financial resources will have a positive relationship on export intensity

Proposition 3: Direct Effects of Firm Factors on Relational Marketing Dimensions[8]

Size

3a Smaller firms and larger firms will use more of a relational marketing approach than medium sized firms.

Export Experience

3b Export experience will have a positive relationship on relational marketing dimensions.

Technology Level in the Firm

3c Technology level of the firm will have a positive relationship on relational marketing dimensions.

Management Commitment

3d Management commitment will have a positive relationship on relational marketing dimensions.

3e Organizational commitment of financial resources will have a positive relationship on relational marketing dimensions.

3.4.3 Model Two: Level of Success

Proposition 1: Marketing Approach on Export Performance

1a Relational marketing dimensions will have a positive relationship with level of export success.

1b Transactional marketing dimensions will have a negative relationship with level of export success.

Proposition 2: Firm Factors-Direct Effects on Export Performance

Size

2a Larger firms will have a higher positive relationship with level of export success than small and medium sized firms.

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[8] Factor analysis revealed only three transaction marketing dimensions: turnover, price competitiveness and focus on gaining customers. Price competitiveness is very much dependent on industry. Gaining customers is used commonly in conjunction with a relationship marketing strategy. Consequently there is not assumed to be a negative relationship with a transaction marketing approach.

Export Experience

2b Export Experience will have a positive relationship on level of export success.

Technology Level in the Firm

2c Technology level of the firm will have a positive relationship with level of export success.

Commitment

2d Management commitment will have a positive relationship on level of export success.

2e Organizational commitment of financial resources will have a positive relationship on level of export success.

Proposition 3: Direct Effects of Firm Factors on Relational Marketing Dimensions

Size

3a Smaller firms and larger firms will use more of a relational marketing approach than medium sized firms.

Export Experience

3b Export experience will have a positive relationship on relational marketing dimensions.

Technology Level in the Firm

3c Technology level of the firm will have a positive relationship on relational marketing dimensions.

Commitment

3d Management commitment will have a positive relationship on relational marketing dimensions.

3e Organizational commitment of financial resources will have a positive relationship on relational marketing dimensions.

A summary of the propositions is shown in Table 5. The following chapter discusses the research design and procedures used to test the propositions.

Table 5. Summary of Propositions

Model One: Export Intensity

Proposition 1: Marketing Approach on Export Performance

1a Relational marketing dimensions will have a positive relationship with export intensity.

1b Transactional marketing dimensions will have a negative relationship with export intensity.

Proposition 2: Firm Factors-Direct Effects on Export Performance

2a Larger firms will have a higher positive relationship with export intensity than small and medium sized firms.

2b Export experience will have a positive relationship on export intensity.

2c Technology level of the firm will have a positive relationship with export intensity.

2d Management commitment will have a positive relationship on export intensity

2e Organizational commitment of financial resources will have a positive relationship on export intensity

Proposition 3: Direct Effects of Firm Factors on Relational Marketing Dimensions

3a Smaller firms and larger firms will use more of a relational marketing approach than medium sized firms.

3b Export experience will have a positive relationship on relational marketing dimensions.

3c Technology level of the firm will have a positive relationship on relational marketing dimensions.

3d Management commitment will have a positive relationship on relational marketing dimensions.

3e Organizational commitment of financial resources will have a positive relationship on relational marketing dimensions.

Model Two: Level of Success

Proposition 1: Marketing Approach on Export Performance

1a Relational marketing dimensions will have a positive relationship with level of export success.

1b Transactional marketing dimensions will have a negative relationship with level of export success.

Proposition 2: Firm Factors-Direct Effects on Export Performance

2a Larger firms will have a higher positive relationship with level of export success than small and medium sized firms.

2b Export Experience will have a positive relationship on level of export success.

2c Technology level of the firm will have a positive relationship with level of export success.

2d Management commitment will have a positive relationship on level of export success.

2e Organizational commitment of financial resources will have a positive relationship on level of export success.

Proposition 3: Direct Effects of Firm Factors on Relational Marketing Dimensions

3a Smaller firms and larger firms will use more of a relational marketing approach than medium sized firms.

3b Export experience will have a positive relationship on relational marketing dimensions.

3c Technology level of the firm will have a positive relationsliip on relational marketing dimensions.

3d Management commitment will have a positive relationship on relational marketing dimensions.

3e Organizational commitment of financial resources will have a positive relationship on relational marketing dimensions.

4. METHODOLOGY

The purpose of this chapter is to provide the reader with an understanding of the research design and procedures used in this study. The first section of the chapter (4.1) starts off with details on the overall design, instrument design, and data collection and a description of the overall design of the study. The second section (4.2) describes operationalizing the model through factor analysis and re-coding of variables. The third section (4.3) discusses in detail the statistical procedures used to test the models.

4.1 Research Design

4.1.1 Overall Design

There is a lack of well defined measurements of relational and transactional constructs in the relationship marketing literature. Consequently a multiphase research design is used to first operationalize the proposed model, second to test the proposed model through path analysis and third to test the fit of the final revised model. The first step consists of confirmatory factor analysis of relationship marketing and transaction marketing variables.[1] These factors

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[1] A holdout sample was not used in the factor analysis because of the large number of variables to be factored with a limited sample size. There were 35 variables entered into the factor analysis for the sample size of 246. According to Hair, Anderson, Tatham and Black (1992, p. 444) the sample size should be large enough compared to the number of estimated parameters. A minimum level is five observations for each parameter.

are then refined to be used as an average score in the subsequent model. Common factor analysis is used to operationalize the firm factors. The proposed conceptual framework is then operationalized into an empirical model to test the proposed hypotheses.

The second step consists of path analysis procedures performed on a callibration sample for each model to find explanatory variables. A separate model for each dependent variable of export performance is tested. Step two includes: 1) path analysis of the full model to find the significant variables , 2) path analysis of the revised model using only the significant variables, and 3) revising the model for multicollinearity problems.

The third step consists of testing the predicted correlations of the final revised model against the actual correlations on the hold-out sample. This last step provides a test of the fit of the overall model. A holdout sample of 97 cases was randomly selected from the original sample of 244 usable cases. The sample sizes were base on using 3/5 for the callibration sample in path analysis and 2/5 for the hold-out correlations. A diagram of the methodology is depicted in Figure 11.

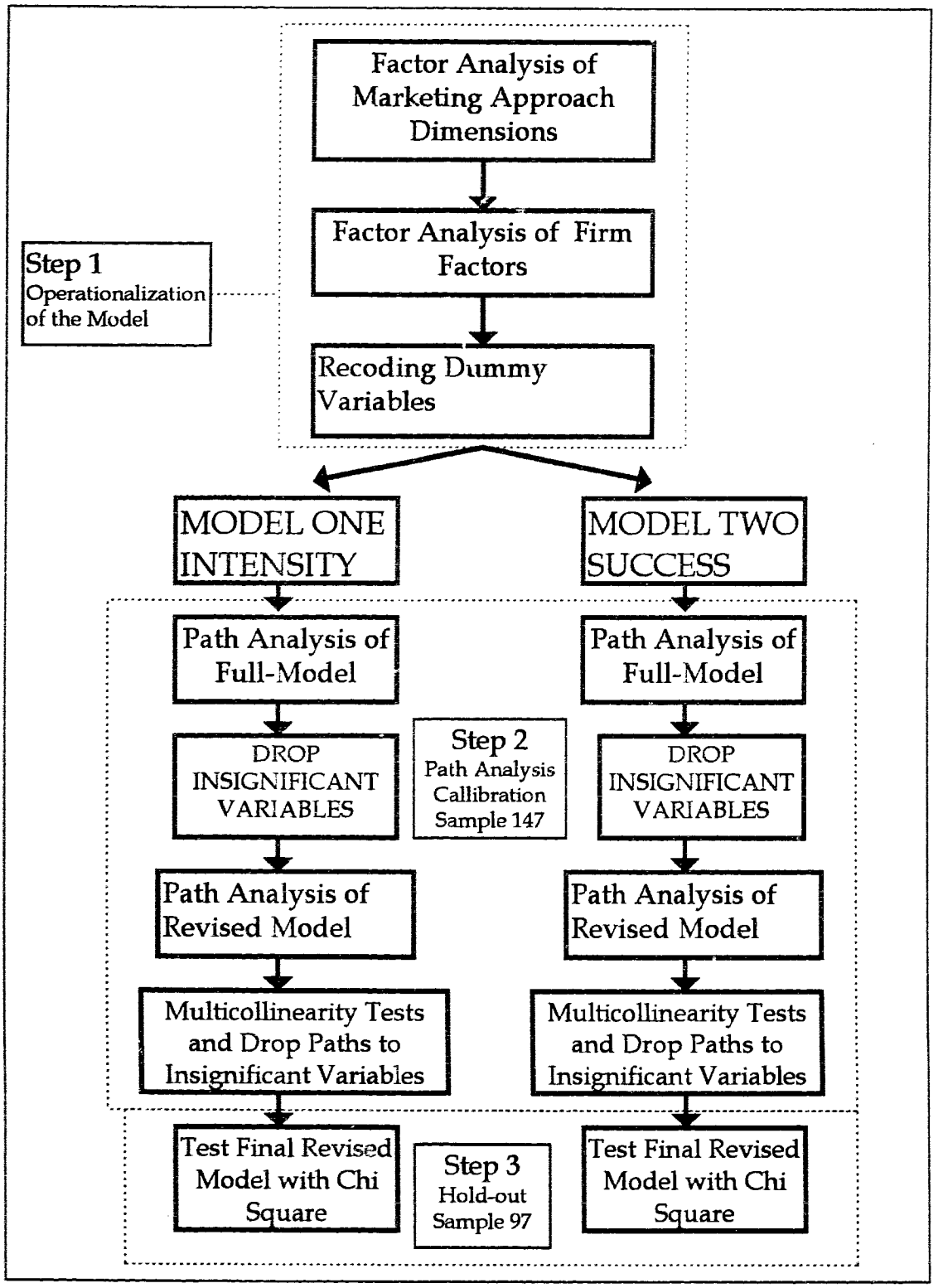

Figure 11 Diagram of Methodology

4.1.2 Instrument Design

The findings from previous studies on export performance and relationship marketing provided guidance for the measurements used in the questionnaire. Pre-testing was conducted with several exporters, researchers, and an export consultant to modify the questionnaire into its present format (Appendix 4). This preliminary testing served the purpose of refining the theoretical constructs to be more easily interpreted by the respondents. A 7-point scale was used to generate interval scaled data that could be used in multiple regression.[2] A structured questionnaire was developed that contained multiple measurements of commitment,[3] technology level, firm size, international experience, relationship marketing dimensions, transaction marketing dimensions and export performance. Measurements were also taken to control for the product's technology, whether the product is an industrial or a consumer product, type of distribution used, and export region.

A cover letter (see Appendix 5) was included that told exporters that the general purpose of the research was export performance. It did not mention that the marketing strategy being analyzed was a relational marketing approach. A

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[2] Madsen (1988) used a seven point scale; Cavusgil and Zou (1994) used a five point scale; and Styles and Ambler (1994) used a three point scale.

[3] It was later determined that commitment of financial resources should be used separately from other forms of management commitment in testing the model.

respondent who knew that their relational marketing approach was being analyzed may be inclined to respond with higher relational scores. The marketing approach under investigation was not revealed in order to avoid any response bias leading towards higher relational scores.

4.1.3 Data Collection

The choice of British Columbia manufacturers that export provided for a sample of a variety of industries (commodities, industrial products, consumer durables, and high technology products). The selection of respondents was based on three criteria: 1) the company is located in the Greater Vancouver area,[4] 2) the company is currently an exporter, and 3) the company is a manufacturer. A list of 1010 BC manufacturers who indicated that they were exporters was obtained from the BOSS directory.[5] The survey was distributed to the export managers of 1010 of BC manufacturers in the lower mainland by fax. A total of 78 fax numbers were no longer operational and 18 companies responded that they were no longer exporting. A sample of 246 usable surveys were returned during the period from February to March 1996. This represents a response rate of 27%.

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[4] The Greater Vancouver Area includes the cities surrounding Vancouver, British Columbia.

[5] The Business Opportunities Sourcing System (BOSS) is a computerized databank containing information on over 26,000 Canadian manufacturers of goods and services. The system is operated by the federal department of Industry, Science and Technology in cooperation with the provinces. Information can be searched by a variety of parameters including exporters and manufacturers. Each establishment is re-contacted annually to amend existing information and non-respondents are deleted.

The final sample obtained represents a diversity of sizes, product types (industrial and consumer), distribution type, regions exporting to and experience (measured by number of years in business and exporting). Industry Standard Industrial Codes (SIC) codes collected reveal a diverse range of manufacturing industries. A profile of the sample studied can be seen in Tables 6a and 6b.

Table 6a. Profile of Sample

Product Type (PRODTYP)

Label	Value	Frequency	Percent
Industrial	1	159	64.6%
Consumer	2	85	34.5%
Missing	.	2	0.9%
Total		246	100.0%

Distribution (DISCODE)

Label	Value	Frequency	Percent
Direct	1	86	35.0%
Indirect	2	95	38.6%
Mixed	3	65	26.4%
Total		246	100.0%

Direct >80% Direct
Indirect >80% Indirect
Mixed: all others

Export Market Regions (R_CODE)

Label	Value	Frequency	Percent
Primarily USA	1	90	36.6%
Western Countries	2	29	11.8%
Rest of the World	3	113	45.9%
Missing	.	14	5.7%
Total		246	100.0%

Primarily USA >= 90% USA
Western Countries: >=90% Western Europe, Australia, New Zealand, South Africa, USA
Rest of the World: All others

Number of Years in Business (YRBUS)			**Number of Years Exporting** (EXPYR)	
Value Label	Frequency	Percent	Frequency	Percent
1-5 years	24	10.0%	65	26.5%
6-10 year	49	20.0%	67	27.0%
11-20 years	67	27.0%	62	25.0%
21-30 years	37	15.0%	20	8.0%
31-40 years	20	8.0%	5	2.0%
41-50 years	23	9.5%	6	2.5%
50 and over	11	4.5%	0	0.0%
missing	15	6.0%	21	9.0%
Total	246	100.0%	246	100.0%
Mean	22.273		12.518	
Median	17.000		10.000	
Std dev	18.262		10.015	

Table 6b. Profile of Sample

ASSETS **SALES**

Value Label	Frequency	Percent	Frequency	Percent
0 <$500,000	51	21.0%	19	7.7%
$500,000<$10,000,000	35	14.0%	31	12.6%
$10,000,000<$20,000,000	87	35.5%	115	46.8%
$20,000,000 and more	42	17.0%	64	26.0%
missing	31	12.5%	17	6.9%
Total	246	100.0%	246	100.0%
Mean	44908465.1		51435414.8	
Median	2500000.00		4000000.00	
Std dev	355842275		350484459	

Number of Employees (EMPL)

Value Label	Frequency	Percent
0 < 10	45	18.3%
10<25	46	19.0%
25<50	61	24.7%
50<100	50	20.3%
100<500	33	13.4%
500 and over	8	3.3%
missing	3	1.0%
	246	100.0%

Mean	80.893
Median	30.000
Std dev	226.240

Intensity (INTENSIT)
Percentage of total exports to total sales

Value Label	Frequency	Percent
0<10%	34	13.8%
10<25%	39	15.9%
25<50%	51	20.7%
50<75%	38	15.5%
75<90%	40	16.3%
90-100	40	16.3%
missing	4	1.5%
	246	100.0%

Mean	49.248
Median	48.000
Std dev	32.706

4.2 Operationalization of the Model

A large number of marketing approach variables are used in this study for the purpose of generating a broad measurement of a relational approach. Factor analysis was used to summarize the number of variables into a workable number of meaningful factors. The measurements of the firm factors which had been operationalized in previous literature were factored together to provide valid measures of the constructs. The control variables, with the exception of technology level of the product were re-coded into dummy variables for use in the multiple regression analysis. The variable technology level of the product was already in an interval scale format.

4.2.1 Factor Analysis of Relationship Marketing Dimensions

Principal component analysis (PCA) using a varimax rotation was initially used to explore the relationship marketing factors.[6] The PCA method was chosen to summarize the large number of relationship marketing variables. The definition of relationship marketing dimensions used in this study is believed to be the first of its kind so no assumptions were made regarding their underlying factor structure. Factors included in the model were chosen based on their

[6] An oblique rotation of the variables was also factored and revealed the same groupings.

loadings (greater than .50) and interpretability.[7] Variables that did not load well onto factors but that had important theoretical considerations for the proposed model were included as individual variable scores.

The relationship marketing dimensions used in the model are: coordination within the export firm, resource sharing with export customers, sharing information with export customers, standardized versus flexible and customized policies, customer treatment (investment), relationship marketing emphasis on service, training, problem solving, giving thanks to export customers, customer involvement, customer relationship (well-known and long-term), and communication frequency.

It should be reiterated that the literature suggests that relationship marketing and transaction marketing fall on opposite ends of a continuum. As a result, a firm with a low score in relationship marketing dimension is exhibiting transactional marketing characteristics. Conversely, a firm with a high score in a transaction marketing dimension is exhibiting a low relational approach and vice versa. Two transaction marketing factors were revealed: price competitiveness and turnover of parties in the relationship. The labels for the factors are based on a name chosen that best represents each group of variables.

There were some theoretically important variables that did not fit within the final factor matrix structure. Relationship marketing variables that were

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[7] Factors were chosen based on loadings greater than 0.5 which is considered to be very significant (Hair, Anderson, Tatham, and Black (1992, p 239).

used as individual scores in the path analysis included: personal visits, socializing outside of work, complaints handled immediately by the receiver, customer feedback from direct conversations, focus on retaining customers, and training of personnel outside of sales force. One transaction marketing variable, focus on gaining customers, was used individually. An explanation of the rationale behind the individual variables used and variables not used in the model is presented in Appendix 6.

The factor loadings, their reliability alpha test and variables used in the model to the marketing approach dimensions are presented in Table 7 along with the individual variables in the model. Rather than using factor scores, the variables in each group were averaged together. This gives a score the reflects only the measurements of the variables used in the factor group. Using factor scores would also include the small amount of variance explained by the other variables that also loaded on the factor.[8]

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[8] Missing variables were replaced with the average value for that variable that loaded on the given factor was missing. For more than one missing variable, the factor was left as a missing value for that case to be used in the subsequent regression analysis. The number of cases missing for each variable ranged between three and eight.

Table 7. Operationalization of Relational and Transactional Dimensions of the Marketing Approach

Dimensions Included in the Model	SCALE	Alpha	Factor Loading	%of Var Explained	Eigen values
MARKETING APPROACH: Relational Dimensions					
COORDINATION (F1COORD)		0.907		17.80	6.2429
coordination between all departments (COORD4)	L to H		0.904		
coordination between sales and production (COORD3)	L to H		0.860		
coordination between sales and finance (COORD2)	L to H		0.839		
coordination between sales and marketing (COORD1)	L to H		0.830		
RESOURCE SHARING (F2RESHR)		0.867		10.60	3.7172
with export customer on inventory managment (RESHAR4)	L to H		0.858		
with export customer on plant and facility (RESHAR3)	L to H		0.849		
with export customer on manpower (RESHAR2)	L to H		0.796		
with export customer on research and development (RESHAR1)	L to H		0.694		
SHARING INFORMATION (F3SHARIN)		0.862		7.00	2.4421
sharing info with export customer on market expansion (COM13)	R to F		0.872		
sharing info with export cusotmer on product development (COM12)	R to F		0.837		
sharing info with export customer on goals of company (COM11)	R to F		0.795		
STANDARDIZED VERSUS FLEXIBLE POLICIES (F4POLSTD)		0.743		6.30	2.205
packaging (POL3)	std/cust		0.793		
payment terms (POL1)	std/flex		0.744		
product (POL2)	std/cust		0.735		
contract (POL4)	std/flex		0.697		
CUSTOMER TREATMENT (F5CUSTR)		0.742		5.30	1.8698
willing to invest time in a customer (COM17)	R to F		0.829		
look at lifetime value of customer (COM16)	R to F		0.759		
willing to invest money in a customer (COM15)	R to F		0.705		
RELATIONSHIP MARKETING EMPHASIS IN EXPORTING (F7RMDIM)		0.751		4.60	1.6169
marketing emphasis on service (MKTG2)	L to H		0.795		
marketing emphasis on training (MKTG4)	L to H		0.736		
marketing emphasis on problem solving (MKTG5)	L to H		0.675		
GIVING THANKS (F8THANKS)		0.667		3.90	1.3597
holiday cards or birthday cards (COM20)	R to F		0.756		
presents given (COM21)	R to F		0.743		
thank-you notes (COM19)	R to F		0.724		
CUSTOMER INVOLVEMENT (F9CUSINV)		0.788		3.40	1.186
customer involvement in mutual problem solving (CUST8)	L to H		0.839		
customer involvement in mututal decision making (CUST9)	L to H		0.799		
CUSTOMER RELATIONSHIP (F10CUSRE)		0.747		3.30	1.138
customer relationship anonymous to well known	AN to WE		0.853		
customer relationship is short-term or long term	ST to LT		0.827		
COMMUNICATION FREQUENCY (F12COMM)		0.410		3.00	1.03283
by fax machine (COM3)	R to F		0.766		
average contact with customer (COM1)	R to F		0.694		
RETAINING CUSTOMERS (MKTG 7)	L to H	1.000	na		
PERSONAL VISITS (COM9)	L to H	1.000	na		
SOCIALIZING OUTSIDE OF WORK (COM10)	L to H	1.000	na		
COMPLAINTS HANDLED IMMEDIATELY BY RECEIVER (COM15)	L to H	1.000	na		
FEEDBACK FROM CONVERSATION WITH CUSTOMERS (COM26)	L to H	1.000	na		
TRAINING OF ALL PERSONNEL ON CUSTOMER SERVICE (TRAIN1)	L to H	1.000	na		
MARKETING APPROACH: Transactional Dimensions					
TURNOVER (F6TURNV)		0.635		4.90	1.7263
turnover of customers (CUST2)	L to H		0.811		
turnover of buyer's in customer's firm (CUST3)	L to H		0.782		
turnover of sales people in own company (MKTTURN)	L to H		0.662		
PRICE COMPETITIVENESS (F11PRICE)		0.558		3.20	1.111
marketing emphasis in exporting on price (MKTG3)	L to H		0.816		
export customer is price sensitive (CUST4)	L to H		0.781		
GAINING NEW CUSTOMERS (MKTG6)	L to H	1.000	na		

SCALE KEY

L to H: Low to High

R to F: Rarely to Frequently

std/flex: standardized/flexible

std/cust: standardized/customized

AN/WE: anonymous/wellknown

ST/LT: short-term/long-term

4.2.2 Factor Analysis of Firm Factors

Principal axis factoring using a varimax rotation was used to provide groupings for the firm factors of: 1) commitment and 2) technology level in the firm. These results can be seen in Table 8 along with the other measurements used in the model. The variable scores were added together to maintain consistency. The variable, financial resources committed to exporting, did not load highly on management commitment so it was used separately in the model. It has been named organizational commitment of financial resources throughout the remainder of this study. One possible reason for its independence from the other commitment variables may be that many smaller and medium sized firms have limited financial resources relative to larger firms.

It should be noted that the four control variables were not factored. Three of the controls were re-coded into dummy variables which are discussed in the following section.

Table 8. Operationalization of Firm Factors, Export Performance and Control Variables

Measurements Included in the Model

	SCALE	Alpha	Factor Loading	% of Var Explained	Eigen values
FIRM FACTORS					
MANAGMENT COMMITMENT (F2_1RES)		0.845		34.20	2.7331
management commitment available for exporting (RESMGT)	L to H		0.856		
management involvement in exporting (RESMGT)	L to H		0.829		
planning time available for exporting (RESPLAN)	L to H		0.699		
TECHNOLOGY LEVEL (F2_2TEC)		0.786			
computer technology (TECH2)	L to H		0.863	17.90	1.4356
communication technology (TECH3)	L to H		0.813		
inventory technology (TECH1)	L to H		0.634		
ORGANIZATIONAL COMMITMENT OF FINANCIAL RESOURCES	L to H	1.000	na		
TECHNOLOGY LEVEL IN THE FIRM	L to H	1.000	na		
EXPORT EXPERIENCE: Number of Years Exporting		1.000	na		
SIZE: DUMMY VARIABLE S, M, L (Based on Assets) (S<1,000,000; 1,000,000>=M< 10,000,000; L > 10,000,000	DUMMY	1.000	na		
EXPORT PERFORMANCE					
EXPORT PERFORMANCE: Intensity- Ratio of Exports to Total Sales		1.000	na		
EXPORT PERFORMNCE: Perceived Level of Success	L to H	1.000	na		
CONTROLS					
TYPE OF PRODUCT: Consumer/Industrial	DUMMY	1.000	na		
DISTRIBUTION: Direct/Indirect, Mixed	DUMMY	1.000	na		
EXPORT MARKET: Primarly USA, Primarly Western, Other	DUMMY	1.000	na		
TECHNOLOGY LEVEL OF PRODUCT	L to H	1.000	na		

SCALE KEY
L to H: Low to High
R to F: Rarely to Frequently
std/flex: standardized/flexible
std/cust: standardized/customized
AN/WE: anonymous/wellknown
ST/LT: short-term/long-term

4.2.3 Re-coding of Variables

The firm factor of size was re-coded into small, medium and large to assess if there is any non-linear relationship between the marketing approach and export performance. The export market location was grouped into three areas: 1) primarily to USA only, 2) primarily to Western Countries[9], and 3) rest of the world. Distribution type was grouped into 1) direct distribution where exports are sold directly to customers, 2) indirect distribution where exports are sold through an agent or distributor, and 3) mixed distribution which is a combination of direct and indirect methods of exporting. The control variable product type: consumer or industrial had been coded 1's and 0's from the questionnaire. The last control variable, technology of the product is used as an interval variable ranging from low (one) to high (seven). Appendix 3 shows the criteria used for classifying the dummy variables.

4.3 Statistical Procedures to Test the Model

Path analysis was chosen as the method to analyze the model. This section begins with an explanation for the choice of the procedure used to test the model. Multicollinearity issues are then discussed. This is followed by an

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[9] Primarily to Western countries excludes cases grouped into primarily USA. These cases would be countries where greater than 80% are to Western countries but not including cases that are >80% to the USA.

outline of the regression procedures, path analysis of the full model and path analysis of the revised model. The chapter concludes with details on testing of the overall model fit.

4.3.1 Reasons for Choice of Path Analysis through Multiple Regression Technique

Path analysis is a useful method of testing a model which allows for studying the direct and indirect effects of variables in a path model of causes and effects (Pedhazur, 1982). Path analysis as defined by Hair, Anderson, Tatham and Black (1992, p.430) is:

> "The process of employing simple bi-variate correlations to estimate the 'true' causal relationships between the two variables/constructs in a system of structural equations. The method is based on specifying all possible effects that are contained in a correlation and then estimating the amount of correlation attributable to each effect."

In this thesis, regression analysis is used to calculate the relationships between the variables for each path in the model. Standardized betas are used to facilitate comparisons and are easier to interpret. Betas present a measurement of the weight of each path coefficient which can be used to assess the relative importance and direction of the path. "A path coefficient indicates the direct effect of a variable taken as a cause of a variable taken as an effect" (Pedhazur, 1982, p.583). The symbol used for a path coefficient is P_{xy}, where x represents the effect (the dependent variable) and y represents the cause (the independent

variable). The solution for a path coefficient takes the form of the standardized regression coefficients (standardized betas) which are symbolized by r_{yx}.[10] Structural equation modeling (such as Lisrel) was also suited to the proposed model but could not be used because of its requirement for larger sample sizes.[11]

In addition, path analysis through multiple regression is a good method to observe indirect effects for exploratory research of this nature. The path coefficients can be multiplied together to determine indirect effects. This procedure will be discussed in more detail in the section on regression procedures. Significance levels of less than 0.01, 0.05 and 0.10 are shown. Larger significance levels of less than 0.10 are included in the final results because it is exploratory research.

The primary purpose of this research is to determine if a relationship marketing approach leads to higher export performance than a transaction marketing approach. Path analysis is used because there is an implication of causality in the theoretical model. The predicted correlations determined through multiple regressions are not proof of causation but rather suggest causality exists based on the theory. Path analysis, as explained by Pedhazur (1982) "is not a method for discovering causes, but a method applied to a causal model formulated by the researcher on the basis of knowledge and theoretical

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[10] A derivation of this relationship can be seen in Pedhazur (1982), p 584.

[11] According to Hair, Anderson, Tatham and Black (1992, P. 444), the sample size should be large enough compared to the number of estimated parameters. A minimum level is five observations for each parameter. Structural equation modeling was not used since this thesis had a large number of variable used in measuring the marketing approach dimensions.

considerations (p. 580)." This suggests that a the method should be theory driven.

4.3.2 Multicollinearity Issues

Multicollinearity problems occur when the correlations among the independent variables (in this case the marketing approach dimensions) are too high. Difficulties arise in the ability to draw causal inferences on the basis of the regression estimates because path estimates can differ dramatically from one sample to another (Asher, 1991).

The marketing approach dimensions (RM/TM) determined through factor analysis are in essence measuring facets of either relationship marketing or its opposite, transaction marketing. The interdependence among these dimensions could lead to multicollinearity problems in path analysis. Multicollinearity tests analyzed during factor analysis did not reveal any major problems.[12] In the multiple regressions the tolerance and variance inflation factor (VIF) did not suggest any problems were evident.[13] However some problems did occur in the revised model. A few variables that were significant in the full model are not significant in the revised model. This would suggest that some variables that covary with other variables from the full model are

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[12] In factor analysis, the bivariate correlations are mostly below 0.3 (test used by Madsen, 1988).

[13] According to Hair, Andersen, Thantham and Black (1995) no VIF value should exceed 10.0. The results from multiple regression in this study were well below this threshold. Further the test by looking at the condition indices was satisfactory (Hair, Andersen, Thantham and Black, 1995, p.153).

picking up the effects of those variables that are no longer in the model. These occurrences are dealt with in chapter five.

4.3.3 Multiple Regression Procedures

According to Hair, Andersen, Thantham and Black (1995) and others, multiple regression has four main assumptions: 1) linearity of the phenomenon measured, 2) constant variance of the error terms, 3) independence of the error terms, and 4) the normality of the error term distribution. These were assessed through partial linear plots, residual plots and normal probability plots. The analysis revealed two cases that were not used in the analysis.[14]

Ordinary Least Squares regression was used (OLS) in the statistical program SPSS. The model was developed using the enter method of forced entry in which variables in the block are entered in one step. This method was chosen because the theory has revealed the variables that were to be used in the model. The enter method allows for each variable to be assessed simultaneously to find the best fit of the model. Selection search methods such as forward or backwards stepwise procedures in contrast will selectively add or delete variables until a specified criterion measurement (such a given alpha level in an F test) is reached.

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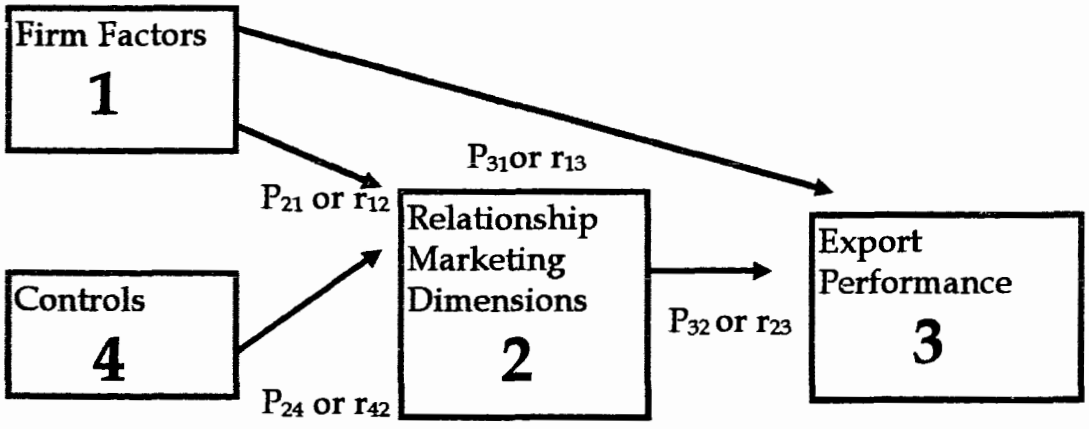
[14] Here the residuals were greater than 2 standard deviations. For those removed the regression models were redone which demonstrated that the cases inclusion had changed the equation.

4.3.4 Path Analysis of Full Model

Multiple regressions are calculated for each path in the proposed full model (see Figure 12) using all variables theorized. The calibration sample consisted of 147 cases (3/5 of total). Paths that are not statistically significant ($p < 0.10$) are dropped from the model. Path analysis was conducted separately for both the model using export intensity and level of success as an indicator of export performance. The general path procedure that was followed is detailed in the following sections.



Note: The symbol used for a path coefficient is P_{xy}, where x represents the effect (the dependent variable) and y represents the cause (the independent variable). The solution for a path coefficient takes the form of the standardized regression coefficients (standardized betas) which are symbolized by r_{yx}.[15]

Figure 12. Summary of Proposed Model

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[15] A derivation of this relationship can be seen in Pedhazur (1982), p 584.

Estimating P_{32} and P_{31}: The effect of Marketing Approach on Export Performance and the Direct Effect of the Effect of Firm Factors on Export Performance

Export Performance (3) is regressed on the marketing approach dimensions (2) and the firm factors (1) to determine the significant relational marketing dimensions (P_{32} or r_{23}) and the significant direct effect of the firm factors (P_{31} or r_{13}).[16]

Estimating $P_{21,4}$: The Effect of The Firm Factors and Controls on the Marketing Approach Dimensions

The marketing approach dimensions (2) are regressed on the firm factors (1) and controls (4) to determine the direct impact of the firm factors on the marketing dimensions and to see if there are any difference by distribution, type of product, export region and technology level of product. Each marketing approach variable is a dependent variable in its own regression equation. There are separate regressions for each of the 19 marketing approach dimensions identified via the analysis.

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[16] The reader should be reminded that the variable growth of exports and profitability from exports were not used because the data obtained were not satisfactory. The distribution of residuals was not normal which does not follow the assumption in regression of normality of the residuals. In addition, there was a low response rate to the questions. Follow up to the question indicated that projecting growth into the future was too difficult to estimate for many respondents and many could not determine the profits contributed from exports.

Estimating Total Effect of P_{31}: Estimating the Total direct Effect of the Firm Factors on Export Performance

The total direct effect of 1 on 3 is calculated. This includes both the P_{31} path as well as each of the indirect path determined by $P_{21} * P_{32}$. The indirect effect of the firm factors going through the relationship marketing dimensions are calculated by adding the $P_{21} * P_{32}$ for each of the dimensions and then combining this with P_{31} for each firm factor. For example, management commitment's total direct effect on export performance includes the direct path (P_{31}) in addition to the sum of all of the indirect paths through each significant marketing approach variables (sum of all $P_{21} * P_{32}$'s). These calculations prove interesting for investigating the breakdown of the total effect between the firm factors and export performance.

4.3.5 Path Analysis of Revised Model

The regressions are run again using SPSS with only the significant paths from the full model. Those variables that do not show up as significant in the revised model are assessed for multicollinearity.[17] The total effects are calculated using only the significant relationship marketing variables (i.e., 1 through significant 2's). The paths from the firm factors that lead to insignificant

marketing variables were dropped. The revised model includes only those factors that contribute to the explanatory power of the model.

4.3.6 Testing of the Revised Model

The revised model is tested for significance using a chi-square test of the model. This test looks at the deviation between the predicted scores from the regression model and the actual correlations from a holdout sample. The predicted correlations are determined from the estimated path coefficients in the revised models. The predicted correlations include the total effect of all the indirect effects on a path which occur because of correlations among the exogenous variables (firm factors). The calculations are presented in chapter five. This test has the purpose of measuring how well the model is able to predict the hold-out sample.

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[17] Regressions were used to determine if the relationship marketing variables that show up insignificant in the revised model should be replaced by variables that are better predictors. The problem variable is regressed on the missing variables from the model to see if there is any collinearity and if any of those variables are better predictors (Asher, 1991). The significant variables are reintroduced into the revised model until the best fit is found.

Bartlett's Test of Sphericity is used to test whether the deviations are close to zero. This test uses an identity matrix with 1's along the diagonals. The null hypothesis is that the matrix is an identity matrix. A chi square can be calculated by the formula:

$$\text{Chi Square} = -\{[N-1]\}-[(2k + 5)/6]\}\text{Log}_e \mathbf{R}$$
$$\text{with df of} \quad k(k-1)/2$$

where N is the sample size, k is the number of variables, **R** is the determinant of the correlation matrix and df is degrees of freedom at a selected level of alpha. The determinant is a unique number associated with a square matrix that can vary between and 1 (linear dependency) and 0 (no linear dependency) (Pedhazur and Pedhazur-Schmelkin, 1991, p. 595). An identity matrix exists when the determinant is equal to 1 and all of the correlations in the matrix are 0. The null hypothesis can be rejected at a determined level of significance if the chi square is high.

It should be realized however that this test is affected greatly by sample size. When N is large the null hypothesis will almost always be rejected (Pedhazur and Pedhazur-Schmelkin, 1991, p. 596). It consequently becomes more important to look at the magnitude of the chi square value.

This chapter presented a test of the overall model as well as testing of the paths in each of the models. The general procedures used to test the propositions developed in chapter three have been detailed. The results generated from statistical analysis are presented in the next chapter.

5. RESULTS

This chapter will begin with an overview of the findings for each of the two final revised models of export performance. Step two of the methodology (outlined in Figure 11 in chapter four) begins with path analysis of the full model to determine the significant paths to be included in the revised model. The revised model is then assessed for multicollinearity to determine the variables included in the final revised model of export performance. The detailed results in the following sections will include 1) an overview of findings from the final revised export intensity model and level of success model (section 5.1), 2) results of path analysis for full model (section 5.2), 3) results of path analysis for the revised model (section 5.3), and 4) testing of the final revised model (section 5.4). The chapter concludes with a summary of the propositions supported by the results presented (section 5.5).

5.1 Overview of the Findings of the Final Revised Model

This study looks at the relationship between firm factors, marketing approach and export performance as seen in a summary of the proposed model in Figure 13. The model proposes that the type of marketing approach has a direct influence on export performance. Firm factors are proposed to have a direct influence on export performance as well as an indirect influence on export performance through the marketing approach. The two dependent variables of

export performance: 1) export intensity and 2) level of export success, are investigated separately through the use of two separate models.

In model one (Figure 14), results suggest in the final revised model that customer treatment, personal visits and retaining customers have an influence on export intensity. The firm factors that influence specific relationship marketing approach dimensions are management commitment and technology level in the firm. Management commitment and technology both have a direct influence on export intensity.

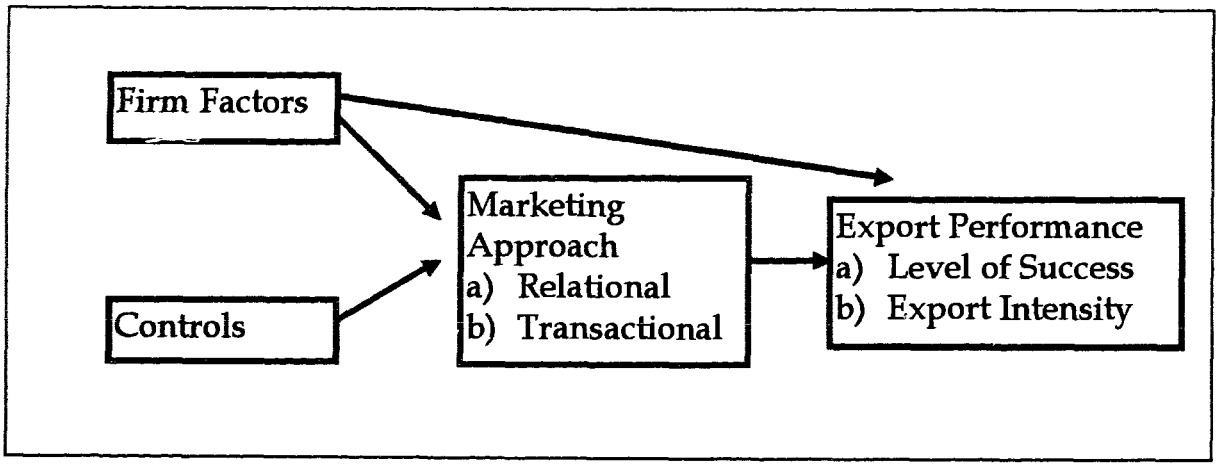

Figure 13. Summary of the Proposed Model

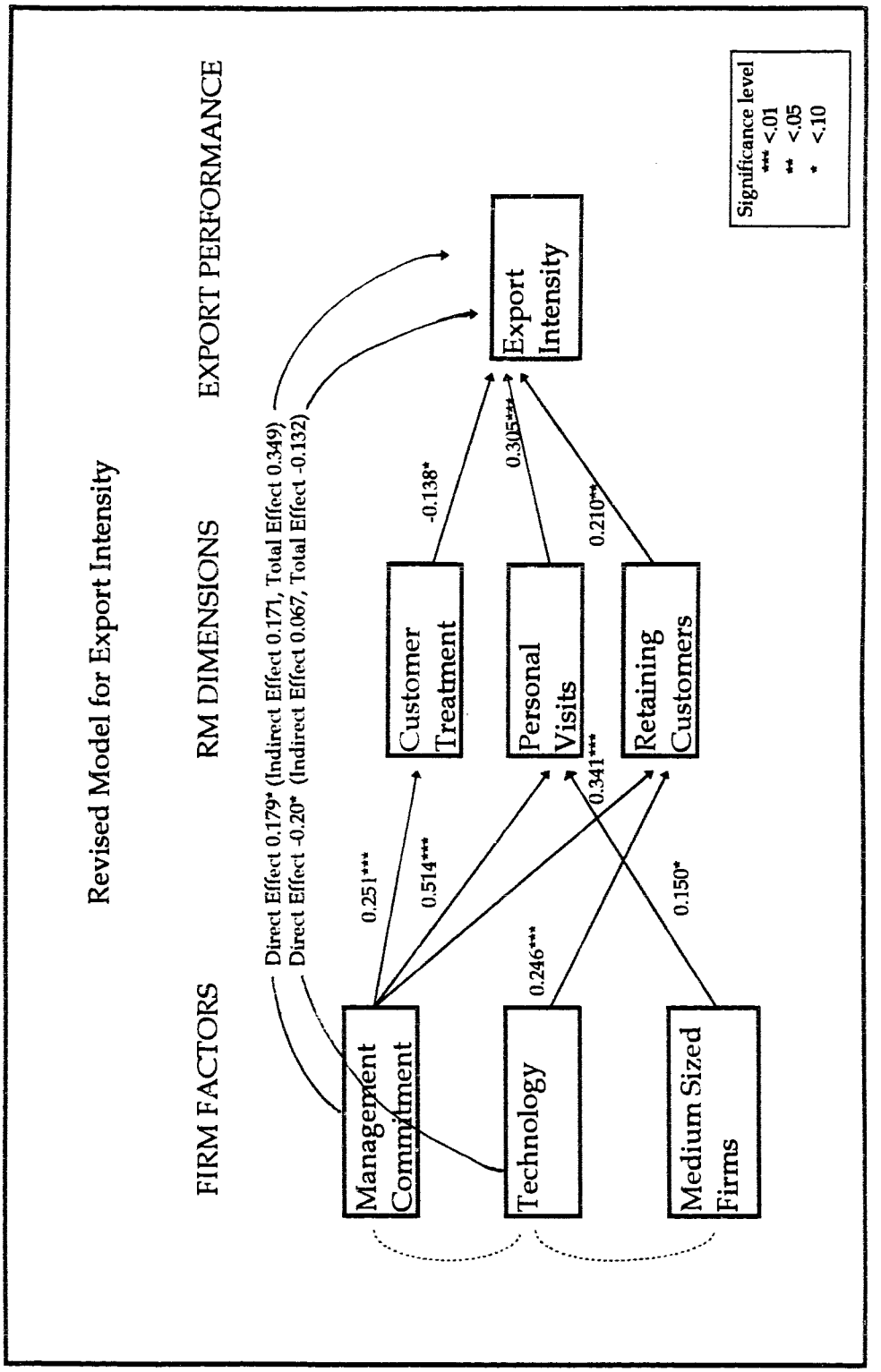

Figure 14. Final Revised Model for Export Intensity

In model two (Figure 15), results suggest in the revised final model that thanks given to customers, personal visits and retaining customers have an influence on level of export success. The firm factor that influence specific relationship marketing approach dimensions is management commitment. Management commitment and size have a direct influence on level of success.

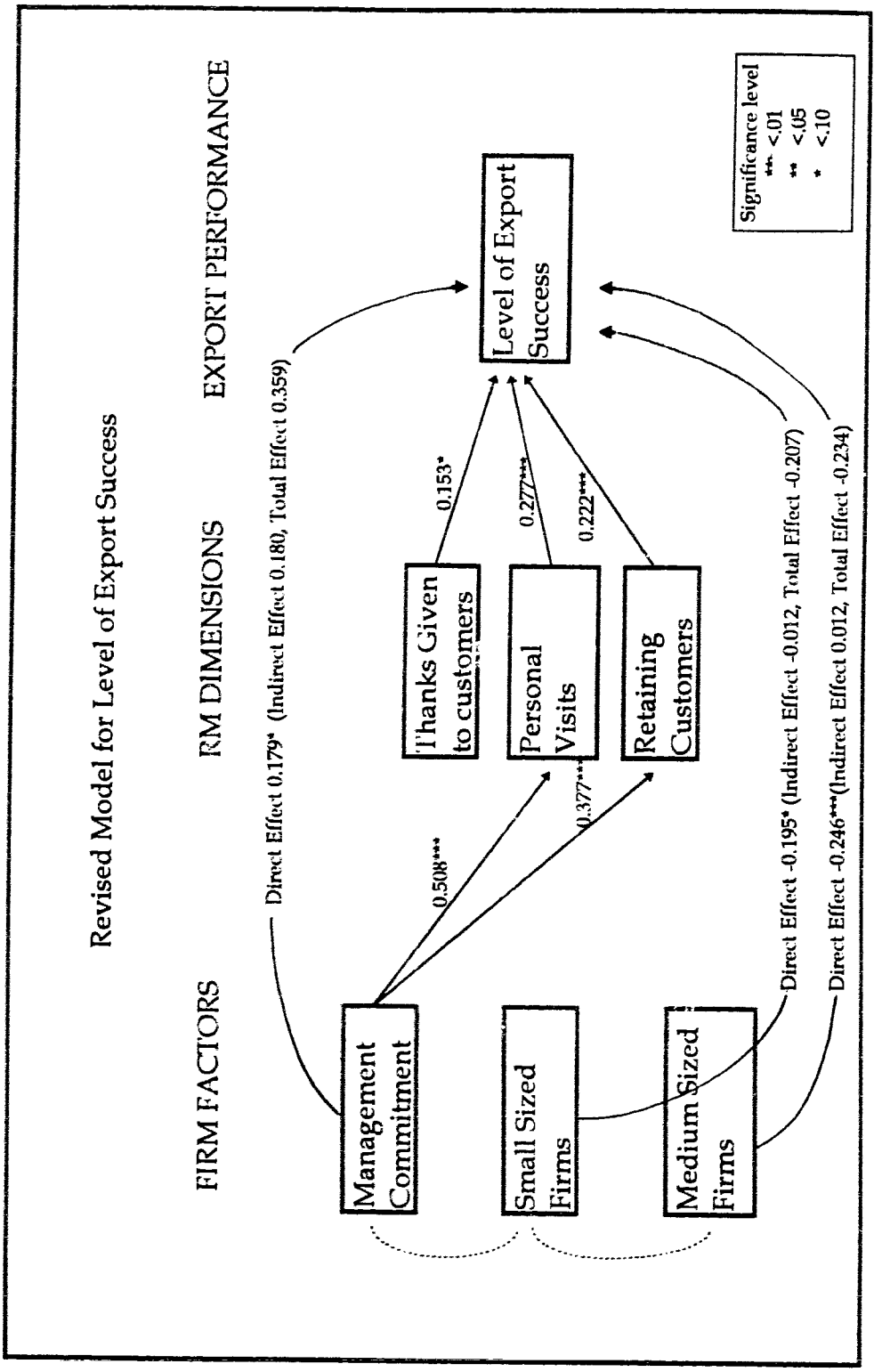

Figure 15. Final Revised Model for Level of Success

5.2 Full Model Results of Path Analysis

This section provides the results of the full model analysis for each of the two export performance models. These findings provide the basis for the final revised model summarized in section 5.1 and in reviewed in greater detail in section 5.3.

5.2.1 Model One: Export Intensity

The first regression model (r_{23}) of export intensity on the relational and transactional marketing dimensions of the marketing approach resulted in an R^2 of 26% ($p < 0.0097$). The path coefficients and their t-test significance levels can be seen in Table 9. Significant dimensions in the model were customer treatment (standardized beta symbolized as Beta Std of -0.215), personal visits (Beta Std 0.280), complaint handled immediately by the receiver[1] (Beta Std 0.169), and focus on retaining customers (Beta Std 0.173).

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[1] this variable (complaint handling) is later removed in the revised model because of multicollinearity problems. It was no longer significant when only the significant variables were left in the model.

Table 9. Full Model Path Coefficients and Significance Levels for Export Intensity Regressed on Marketing Approach

DEPENDENT VARIABLE	INTENSITY		
	R square	0.26081	
	Adj R square	0.13541	
	F	2.07983	
	Sig F	0.0097	
INDEPENDENT VARIABLES	B	Beta St	Sig T
F10CUSRE	-1.7270	-0.0565	0.5828
F11PRICE	-1.6413	-0.0580	0.5372
F12COMM	-2.1546	-0.0688	0.4829
F1COORD	-1.1047	-0.0407	0.6776
F2RESHAR	-3.0621	-0.1287	0.2134
F3SHARIN	1.5496	0.0743	0.4989
F4POLSTD	-3.1749	-0.1395	0.1164
F5CUSTR	-6.0593	-0.2149	**0.0492**
F6TURNOV	-1.7120	-0.0581	0.5236
F7RMDIM	0.4224	0.0170	0.8764
F8THANKS	2.9435	0.1148	0.1436
F9CUSINV	3.1719	0.1336	0.1802
COM9	5.3159	0.2800	**0.0086**
COM10	-0.0789	-0.0039	0.9715
COM15	3.3188	0.1690	**0.0828**
COM26	-1.8353	-0.0748	0.4685
MKTG6	2.8783	0.1127	0.2697
MKTG7	4.1579	0.1730	**0.0939**
TRAIN1	-0.5096	-0.0275	0.7715

The direct effects of firm factors on export intensity must consider the correlation of P_{31} as well as the indirect effect through each of the paths P_{21} and P_{32}. This means that each direct effect includes the 19 paths through the relationship and transaction marketing dimensions. The calculations of this can be seen in Appendix 7. A summary of the results are presented in Table 10.

Table 10. Full Model: Summary of Total Effects of Firm Factors on Export Intensity

	Direct Effect P_{31} Std Beta	Indirect Effect $P_{21}*P_{32}$ Std Beta	Total Effect	Significant Beta[1]
Management Commitment	0.122	0.205	0.327	High
Technology in the Firm	-0.226	0.154	-0.072	None
Export Experience	-0.005	0.024	0.019	None
Financial Resources	0.011	0.010	0.119	None/weak
Small Sized Firms	0.059	-0.070	-0.011	None
Medium Sized Firms	0.007	0.022	0.029	None

[1]Reference to Hunter, Gerbing and Boston (1982) for rankings used by Cavusgil and Zou (1994) where beta >0.25 is strong/high, beta >0.15 to<0.25 is moderate, and beta <0.15 is weak/none.

The findings suggest that only the construct management commitment has a large enough effect on export intensity. The joint effect on technology of the firm on export performance is interesting. Directly there is a negative effect of Beta Std. of -0.226 ($P<0.05$). However the total effect through the marketing variables has a mitigating effect which reduces its impact.

The results for the direct effects of firm factors on relational dimensions are also presented in Appendix 7. Of interest to this model are the significant firm variables that have an impact on the significant relational marketing approach dimensions. This is because one of the research questions is to know which firm factors have the greatest influence on the relationship marketing dimensions that effect performance. The significant relationships are shown in Table 11.

Table 11. Full Model- Intensity: Influence of Significant Firm Factors on Relationship Marketing Variables

Cause and Effect	Std Beta	Sig. T p<
Commitment on customer treatment	0.222	0.05
Commitment on personal visits	0.510	0.01
Commitment on complaint handling[2]	0.168	0.10
Commitment on retaining customers	0.278	0.01
Technology of the firm on retaining customers	0.287	0.01
Small sized firms on complaint handling[3]	0.219	0.10
Medium sized firms on customer treatment	0.245	0.05

[2] this variable (complaint handling) is later removed in the revised model because of multicollinearity problems. It was no longer significant when only the significant variables were left in the model.

[3] Same as footnote above.

5.2.2 Model Two: Level of Success

The first regression model (r_{23}) of level of success on the marketing approach dimensions resulted in an R^2 of 32% ($p < 0.0004$). The path coefficients and their t-test significance levels can be seen in Table 12. Significant dimensions in the model were resource sharing[4] (Beta Std -0.215), giving thanks (Beta Std 0.201), personal visits (Beta Std 0.246), and direct feedback (Beta Std -0.171).

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[4] this variable (resource sharing) is later removed in the revised model because of multicollinearity problems. It was no longer significant when only the significant variables were left in the model. It was found that retaining customers put back in the model was a better significant predictor than both resource sharing and direct feedback.

Table 12. Full Model Path Coefficients and Significance Levels for Level of Export Success Regressed on Marketing Approach

DEPENDENT VARIABLE	SUCCESS		
	R square	0.3199	
	Adj R square	0.20555	
	F	2.79752	
	Sig F	0.0004	
INDEPENDENT VARIABLES	B	Beta St	Sig T
F10CUSRE	0.0243	0.0154	0.8752
F11PRICE	-0.1652	-0.1139	0.2052
F12COMM	0.0096	0.0059	0.9493
F1COORD	0.1923	0.1373	0.1427
F2RESHAR	-0.2348	-0.1913	**0.0533**
F3SHARIN	0.1533	0.1423	0.1723
F4POLSTD	-0.0502	-0.0429	0.6084
F5CUSTR	-0.2220	-0.1526	0.1418
F6TURNOV	0.0183	0.0121	0.8897
F7RMDIM	0.1526	0.1189	0.2552
F8THANKS	0.2105	0.2010	**0.0341**
F9CUSINV	0.0513	0.0418	0.6591
COM9	0.2409	0.2461	**0.0155**
COM10	0.0447	0.0427	0.6802
COM15	0.1305	0.1291	0.1632
COM26	-0.2162	-0.1707	**0.0848**
MKTG6	0.0260	0.0198	0.8366
MKTG7	0.1675	0.1350	0.1701
TRAIN1	-0.0355	-0.0372	0.6784

Similar to model one, the direct effects of firm factors on level of success must consider the correlation of P_{31} as well as the indirect effect through each of the paths P_{21} and P_{32}. The calculations of this can be seen in Appendix 8. A summary of the results are presented in Table 13

The findings suggest that commitment of resources has a highly significant relationship with level of success. The variable size was re-coded into small, medium and large categories and used as dummy variables in the regression model. The interpretation of the results is that small sized firms over large and medium have a higher negative relationship with the exporters perceived level of success. Medium sized firms have a moderately significant negative relationship over larger firms with the exporters perceived level of success.

Table 13. Summary of the Total Effects of Firm Factors on Level of Success

	Direct Effect P_{31} Std Beta	Indirect Effect $P_{21}*P_{32}$ Std Beta	Total Effect	Significant Beta[1]
Commitment of Resources	0.136	0.146	0.282	High
Technology in the Firm	-0.126	0.066	-0.061	None/weak
Export Experience	0.086	-0.051	0.036	None/weak
Financial Resources	0.040	-0.032	0.009	None/weak
Small Sized Firms	-0.200	-0.093	-0.293	High
Medium Sized Firms	-0.149	-0.007	-0.156	Moderate

[1]Reference to Hunter, Gerbing and Boston (1982) for rankings used by Cavusgil and Zou (1994) where beta >0.25 is strong/high, beta >0.15 to<0.25 is moderate, and beta <0.15 is weak/none.

The results for the direct effects of firm factors on the relationship marketing variables can also be seen in Appendix 8. Similar to model one, the interest is in the significant firm variables that have an impact on the significant relationship marketing variables. The significant relationships are presented in Table 14.

Table 14. Significant Firm Factors on Relationship Marketing Variables

Cause and Effect	Std Beta	Sig T p<
Commitment of resources on personal visits	0.510	0.01
Commitment of resources on direct feedback[5]	0.173	0.10
Technology of the firm on resource sharing	0.264	0.01
Small sized firms on thanks	-0.152	0.15

[5] this variable (complaint handling) is later removed in the revised model because of multicollinearity problems. It was no longer significant when only the significant variables were left in the model.

The small sized firm's relationship on thanks was not significant within ten percent. It is included here in order to further discuss in the next chapter its relatively high indirect effect which contributes to the total effect of size on level of success.

5.3 Revised Model

The purpose of export performance research is to be able to best predict export performance for management. In this thesis, the revised models use only the significant variables of the full model. This is for the purpose of having a final model that is simple but still is equivalent in its ability to predict. This can be shown by finding a regression model which has the highest coefficient of determination (R^2) with the fewest variables.[6]

5.3.1 Model One: Export Intensity

The revised model includes only those variables that were significant contributors in the full model. The problem of multicollinearity became apparent at this stage. The problems of multicollinearity is an issue that was discussed in the previous chapter. The reader should be aware that problems can interfere with the ability to draw inferences of causality. A solution to the problem of correlated independent variables is to remove one or more of the variables from the regression model (Asher, 1991, p.50). Multicollinearity was

assessed by regressing each independent variable on all the others and analyzing the R^2s (Lewis and Beck, 1980, p. 59-61). According to Asher, (1991, p. 53):

> "To the extent that an obtained R^2 is high, this means that one independent variable can be expressed as a linear combination of the others and hence that high collinearity is present."

This also allows for identifying which variables have the highest collinearity. Regressions were used to determine if the relationship marketing variables that show up insignificant in the revised model should be replaced by variables that are better predictors. The problem variable is regressed on the missing variables from the model to see if there is any collinearity and if any of those variables are better predictors. The significant variables are reintroduced into the revised model until the best predictive fit is found.

When regressions were run on the revised model, some of the originally significant variables were no longer significant (see Appendix 9). In model one (export intensity), complaints handled immediately were no longer significant, suggesting a weak or non existent relationship. The new simplified model without the variable did not lose much predictive power (R^2 of 0.153 versus R^2 of 0.166).

The total direct effects of firm factors on export intensity are calculated in Appendix 10.[7] The direct and indirect effect of commitment of resources on

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[6] The adjusted R square for each regression model is reported in the corresponding appendix.

[7] The indirect effects are calculated for only the variables in the final revised model.

export intensity suggests a strong positive relationship. The positive indirect effect of technology mitigates the significant direct effect of technology on export intensity. A summary of the results can be seen in Table 15.

Table 15. Revised Model: Summary of Total Effects of Firm Factors on Export Intensity

	Direct Effects P_{31} Std Beta	Indirect Effects $P_{21}*P_{32}$ Std Beta	Total Effect	Significant Beta[1]
Management Commitment	0.179	0.171	0.349	High
Technology in the Firm	-0.200	0.067	-0.132	Weak/None

[1]Reference to Hunter, Gerbing and Boston (1982) for rankings used by Cavusgil and Zou (1994) where beta >0.25 is strong/high, beta >0.15 to<0.25 is moderate, and beta <0.15 is weak/none.

A diagram of the revised model was shown in Figure 14 at the beginning of the chapter. Again, only the firm factors leading to significant relationship marketing dimensions are included. Personal visits (Std Beta 0.305) and retaining customers (Std Beta 0.210) have a positive relationship on export intensity. Customer treatment has a negative relationship (Std Beta - 0.138). The total effect of management commitment on export intensity is highly significant (Std Beta 0.349). The significant negative direct effect of technology (Std Beta -

0.200) on export intensity is mitigated by the positive indirect effects through the relationship dimensions (total Std Beta of 0.067) to give a total effect of -0.132.

The paths P_{21} are shown in Appendix 10. Management commitment has a strong positive relationship on customer treatment (Std Beta 0.251), personal visits (Std Beta 0.514) and retaining customers (Std Beta 0.341). The technology of the firm only has a significant positive relationship with retaining customers (Std Beta 0.246). Medium sized firms had a positive relationship with personal visits (Std Beta 0.150).

5.3.2 Model Two: Level of Success

Multicollinearity was also addressed in model two. The two dimensions resource sharing and direct feedback were not significant in the model. The same procedure as described in the previous section was used to determine if other variables would provide a better explanation. It turns out that the dimension retaining customers provides a better fit of the model. The R^2 increases from 0.193 to 0.218 with fewer variables. Details can be seen in Appendix 11.

A diagram of the revised model was shown in Figure 14 at the beginning of the chapter. Again, only the firm factors leading to significant relationship marketing dimensions are included. Personal visits (Std Beta 0.277), retaining customers (Std Beta 0.222) and thanks given to customers (Std Beta 0.153) have a positive influence on level of success.

The total direct effects of firm factors on export intensity are calculated in Appendix 12.[8] A summary of the results can be seen in Table 16. The total direct and indirect effect of management commitment suggests a strong positive relationship on level of success (total effect of 0.359). Technology does not have any significant relationship. However the results of size suggest a negative relationship on level of success. Medium sized firms have a larger negative relationship (total effect -0.234) with level of success while small firms have a slightly lower negative effect of level of success (total effect -0.207).

The paths P_{21} are presented in Appendix 12. Management commitment has a strong positive relationship on personal visits (Std Beta 0.508) and retaining customers (0.377). Size did not have any influence on the marketing approach dimensions in model two. The following section describes the overall test for the two final revised models.

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[8] The indirect effects are calculated for only the variables in the final model.

Table 16. Revised Model: Summary of Total Effects of Firm Factors on Level of Success

	Direct Effect P_{31} Std Beta	Indirect Effect $P_{21}*P_{32}$ Std Beta	Total Effect	Significant Beta[1]
Management Commitment	0.179	0.180	0.359	High
Small sized firms	-0.195	-0.012	-0.207	High
Medium sized firms	-0.246	0.012	-0.234	High

[1]Reference to Hunter, Gerbing and Boston (1982) for rankings used by Cavusgil and Zou (1994) where beta >0.25 is strong/high, beta >0.15 to<0.25 is moderate, and beta <0.15 is weak/none.

5.4 Overall Test of Fit for the Final Revised Models

The third step, which was detailed in chapter four, consists of testing the final revised model by comparing the predicted correlations from the regression model against the actual correlations on the hold-out sample. The deviations between the two correlations are tested using Bartlett's Test of Sphericity which is used to test whether the deviations are close to zero. The null hypothesis is that the matrix is an identity matrix and that the expected correlations accurately predict the actual correlations. The null hypothesis can be rejected at a determined level of significance if the chi square value is high.

The predicted correlations are calculated by determining the total effect of each path in the model. The standardized betas calculated through multiple regression in the previous sections are used as path coefficients to predict the correlation. The paths between the firm factors and the relationship marketing variables are affected by correlations among the exogenous variable. It follows that each of the predicted correlation for the effect of a firm factor on a relational dimension includes a summation of all possible paths leading to the marketing approach. Calculating the total effect of the correlations follows along the same principal except that actual correlations from the hold-out sample are used to determine the total effects. The actual correlations, predicted correlations, and deviations for both models are presented in Table 17.

Table 17. Deviations of Actual Correlations and the Predicted Correlations

Table of correlations versus calculated correlations from betas using total betas including indirect effects

INTENSITY MODEL

Variable A	Variable B	Holdout-97 Correlation Actual	Callibration: 147 Beta Predicted	Deviation
F2_1RES	F5CUSTR	0.2994	0.2668	0.0326
F2_1RES	COM9	0.3139	0.5354	-0.2215
F2_1RES	MKTG7	0.3426	0.4046	-0.0620
F2_1RES	INTENSITY	0.2426	0.3104	-0.0678
F2_2TEC	F5CUSTR	0.3320	0.0153	0.3166
F2_2TEC	COM9	0.3436	0.0774	0.2662
F2_2TEC	MKTG7	0.4700	0.3359	0.1341
F2_2TEC	INTENSITY	0.2070	-0.0374	0.2445
DUMSIZE_2	F5CUSTR	0.3788	0.1226	0.2562
DUMSIZE_2	COM9	0.0451	0.1401	-0.0950
DUMSIZE_2	MKTG7	0.2036	0.1336	0.0700
DUMSIZE_2	INTENSITY	0.1298	0.1042	0.0256
F5CUSTR	INTENSITY	0.1220	-0.1375	0.2595
COM9	INTENSITY	0.2060	0.3050	-0.0990
MKTG7	INTENSITY	-0.0393	0.2096	-0.2489

SUCCESS MODEL

Variable A	Variable B	Holdout-97 Correlation Actual	Callibration: 147 Beta Predicted	Deviation
F2_1RES	F8THANKS	0.2410	0.0816	0.1594
F2_1RES	COM9	0.2234	0.5059	-0.2824
F2_1RES	MKTG7	0.2343	0.3800	-0.1457
F2_1RES	SUCCESS	0.2024	0.1751	0.0273
DUMSIZE_1	F8THANKS	0.0010	-0.1560	0.1570
DUMSIZE_1	COM9	-0.0128	0.0088	-0.0216
DUMSIZE_1	MKTG7	-0.1302	0.0434	-0.1736
DUMSIZE_1	SUCCESS	-0.2503	-0.0389	-0.2114
DUMSIZE_2	F8THANKS	0.2570	0.0849	0.1721
DUMSIZE_2	COM9	0.1472	0.0485	0.0986
DUMSIZE_2	MKTG7	0.1804	-0.0574	0.2378
DUMSIZE_2	SUCCESS	0.2585	-0.1197	0.3782
F8THANKS	SUCCESS	0.0581	0.1533	-0.0952
COM9	SUCCESS	0.3396	0.2773	0.0623
MKTG7	SUCCESS	0.2382	0.2220	0.0162

As mentioned in the previous chapter, a chi square can be calculated by the formula: Chi Square = -{[N-1]}-[(2k + 5)/6]}Log_e R. The determinant of the correlation matrix calculations and their corresponding chi square and associated probability are detailed in Appendix 13. Table 18 gives a summary of the results which indicate that both models were not accepted according to this test. It would follow that the findings of relationships among certain variables where deviations were greatest should be analyzed with caution.

The results suggest that the model was not able to accurately predict the hold-out sample. It should be realized however that this test is effected greatly by sample size. The null hypothesis will almost always be rejected with a large sample size (Pedhazur and Pedhazur-Schmelkin, 1991, p. 596). A rejection of the nul hypothesis is almost to be expected given the adequately large sample size in this study.

Implications of this test are discussed further in the next chapter. It consequently becomes more important to look at the magnitude of the chi square value.[9] It still proves relevant to look at findings from the path analysis since the magnitude of the chi square calculated is not overly large. The following chapter will discuss the implications of the findings from the path analysis as well as discuss the limitations found in the study.

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[9] The chi square value in future research should be compared to see if it is reduced.

Table 18. Chi Square Statistic of Overall Revised Model

	R	Chi Square	Probability	*df*
Model One: Intensity	0.691	43.25	0.0001	21
Model Two: Success Level	0.686	43.97	0.0001	21

Ho: The model-reproduced correlations from the calibration sample are equal to the observed correlations of the hold-out sample.

5.5 Summary of Support for Propositions

Support for the propositions from the results are summarized in Table 19a and Table 19b. The marketing approach dimensions that do not show up in the final revised model were not significant in the full model and do not support the propositions for those dimensions. The paths leading from the firm factors to only the marketing approach dimensions in the final revised model are analyzed. In other words, the paths leading to the insignificant marketing approach dimensions have been dropped. It also should be noted that none of the control variables were significant in the path analysis of the full model. As a result, they are not included in the revised model.

Table 19a Model One: Summary of Support for Propositions

Model One Export Intensity

Proposition 1: Marketing Approach on Export Performance

1a ***Relationship marketing dimensions will have a positive relationship with export intensity.***

	Std Beta	Sig T	
Customer treatment	-0.138	0.10	negative; positive influence not supported
Personal visits	0.305	0.00	positive influence supported
Retaining customers	0.210	0.01	positive influence supported
Other dimensions	not in revised model		positive influence not supported

1b ***Transaction marketing dimensions will have a negative relationship with export intensity.***

Price competitiveness	not in revised model	negative influence not supported
Turnover	not in revised model	negative influence not supported
Gaining customers	not in revised model	negative influence not supported

Proposition 2: Firm Factors-Direct Effects on Export Performance

2a ***Larger firms will have a higher positive relationship with export intensity than small and medium sized firms.***

	Std Beta	Sig T	
Small Size	not in revised model		positive influence not supported
Medium size	not in revised model		positive influence not supported

2b ***Export experience will have a positive relationship on export intensity.***

Number of years exporting	not in revised model	positive influence not supported

2c ***Technology level of the firm will have a positive relationship with export intensity.***

	Std Beta	Sig T	negative influence suggested, but mitigated
Technology level of the firm	-0.200	0.015	positive influence not supported

[direct effects of -0.200 reduced by indirect effects through RM dimensions of 0.067
total effects of -0.132]

2d ***Management commitment will have a positive relationship on export intensity***

	Std Beta	Sig T	
Management commitment	0.179	0.055	positive influence supported

[direct effects of 0.179 increased by indirect effects through RM dimensions of 0.171
Total effects of 0.349]

2e ***Organizational commitment of financial resources will have a positive relationship on export intensity***

Organizational commitment of fin res.	not in revised model	positive influence not supported

Table 19a Model One: Summary of Support for Propositions

Proposition 3: Direct Effects of Firm Factors on Relationship Marketing Dimensions

3a Smaller firms and larger firms will use more of a relationship marketing approach than medium sized firms.

Medium sized firms influence on:	Std Beta	Sig T	
personal visits	0.150	0.040	not supported, negative influence suggested
customer treatment	0.114	0.140	positive influence not supported
retaining customers	0.123	0.139	positive influence not supported

3b Export experience will have a positive relationship on relationship marketing dimensions.

Number of years exporting not in revised model path not analyzed

3c Technology level of the firm will have a positive relationship on relationship marketing dimensions.

Technology level influence on:	Std Beta	Sig T	
retaining customers	0.246	0.002	positive influence supported
customer treatment	0.071	0.394	positive influence not supported
personal visits	0.085	0.250	positive influence not supported

3d Management commitment will have a positive relationship on relationship marketing dimensions.

Management commitment influence on:	Std Beta	Sig T	
customer treatment	0.251	0.003	positive influence supported
personal visits	0.514	0.000	positive influence supported
retaining customers	0.341	0.000	positive influence supported

3e Organizational commitment of financial resources will have a positive relationship on relationship marketing dimensions.

Organization commitment of fin res. not in revised model path not analyzed

Table 19b Model Two: Summary of Support for Propositions

Model Two: Level of Success

Proposition 1: Marketing Approach on Export Performance

1a ***Relationship marketing dimensions will have a positive relationship with level of export success.***

	Std Beta	Sig T	
Thanks given to customers	0.158	0.053	positive influence supported
Personal visits	0.277	0.000	positive influence supported
Retaining customers	0.222	0.006	positive influence supported
Other dimensions	not in revised model		positive influence not supported

1b ***Transaction marketing dimensions will have a negative relationship with level of export success.***

Price competitiveness	not in revised model	negative influence not supported
Turnover	not in revised model	negative influence not supported
Gaining customers	not in revised model	negative influence not supported

Proposition 2: Firm Factors-Direct Effects on Export Performance

2a ***Larger firms will have a higher positive relationship with level of export success than small and medium sized firms.***

	Std Beta	Sig T	
Small size	-0.195	0.036	indirect effect -0.012, total effect -0.207
Medium size	-0.246	0.009	indirect effect 0.012, total effect -0.234

Findings suggest both small and medium firms have a negative relationship with level export success. Proposition is supported. However relationship is not linear.

2b ***Export Experience will have a positive relationship on level of export success.***

Number of years exporting not in revised model positive influence not supported

2c ***Technology level of the firm will have a positive relationship with level of export success.***

Technology level in the firm not in revised model positive influence not supported

2d ***Management commitment will have a positive relationship on level of export success.***

	Std Beta	Sig T	
Management commitment	0.179	0.047	positive influence supported

[direct effects of 0.179 increased by indirect effects through RM dimensions of 0.180
Total effects of 0.359]

2e ***Organizational commitment of financial resources will have a positive relationship on level of export success.***

Organizational commitment of fin res. not in revised model positive influence not supported

Table 19b Model Two: Summary of Support for Propositions

Proposition 3: Direct Effects of Firm Factors on Relationship Marketing Dimensions

3a ***Smaller firms and larger firms will use more of a relationship marketing approach than medium sized firms.***

Small sized firms influence on:	Std Beta	Sig T	
Thanks given to customers	-0.148	0.155	positive influence not supported
Customer treatment	0.027	0.759	positive influence not supported
Retaining customers	0.033	0.734	positive influence not supported

Medium sized firms influence on:	Std Beta	Sig T	
Thanks given to customers	-0.004	0.969	positive influence not supported
Customer treatment	0.086	0.954	positive influence not supported
Retaining customers	-0.022	0.822	positive influence not supported

3b ***Export experience will have a positive relationship on relationship marketing variables.***

Number of years exporting not in revised model path not analyzed

3c ***Technology level of the firm will have a positive relationship on relationship marketing variables.***

Technology level in the firm not in revised model path not analyzed

3d ***Management commitment will have a positive relationship on relationship marketing dimensions.***

Management commitment influence on:	Std Beta	Sig T	
Thanks given to customers	0.091	0.283	positive influence not supported
Personal visits	0.507	0.000	positive influence supported
Retaining customers	0.377	0.000	positive influence supported

3e ***Organizational commitment of financial resources will have a positive relationship on relationship marketing dimensions.***

Organization commitment of fin res. not in revised model path not analyzed

6. DISCUSSION

The purpose of this chapter is to discuss the empirical results. The chapter begins in section 6.1 with a discussions of the implications of results of the chi square test of the models. The next section (6.2) follows with a discussion of the findings for each research question introduced in chapter one. The limitations inherent in the study's methodology are discussed in detail to provide guidance for future research in section 6.3. These discussions include: 1) the final model is not comprehensive, 2) the continuum assumption, 2) are personal visits driven by exports? 4) the measurement unit, and 5) the long term process of relationship marketing. The chapter concludes with a review of the implications of causality in path analysis (6.4).

6.1 The Test of the Overall Model

The rejection of the overall model discussed previously implies that the data in the hold-out sample may not fit the model entirely. The results of the overall test of the model suggests that the model was not able to accurately predict the correlations of the hold-out sample. As mentioned earlier, the chi square calculated in Bartlette's Test of Sphericity can easily be rejected with a large sample size. A rejection of the nul hypothesis is to be expected given the adequately large sample size in this study.

It has been suggested that the magnitude of the chi square should be used instead (Pedhazur and Pedhazur-Schmelkin, 1991). The chi squares calculated for the model are not disturbingly high especially since the purpose of the research is exploratory. Findings suggest the model does not fit the data perfectly. Nevertheless, the findings found in the path analysis provide insight into the effect of a marketing approach on export performance and are still relevant to exporters. The significant path Coeifficients found in the path analysis still prove useful by providing evidence of the marketing approach dimensions that influence export performance. Further research is still needed to find a comprehensive model that can predict effectively the influence of a marketing approach on export performance.

It would follow that the findings among certain variables where deviations were greatest should be taken with caution. These variables may have a collinear relationship with other variables removed from the model. The variable with the highest deviations can be seen in Table 20. The deviations between management commitment and personal visits in both models are high. However, both correlations are positive suggesting that the problem is not too great for those dimensions. The deviations between export intensity and technology level in the firm, customer treatment and personal visits are high. For these, each correlation was in a different direction suggesting that that these dimensions have more of a problem predicting the correlations on the hold-out sample. In the success model the deviation between medium sized firms and

success is also high and in different directions. Consequently the findings for these variables should be interpreted with some caution.

Table 20 Actual Correlations Versus Predicted Correlations

Actual correlations on hold-out sample of 97
Predicted beta correlations from callibration sample of 147

Variable A	Variable B	Corr	Beta	Deviations
EXPORT INTENSITY MODEL				
Mgt Commitment	Personal Visits	0.314	0.535	-0.222
Technology	Intensity	0.207	-0.029	0.236
Customer Treatment	Intensity	0.122	-0.138	0.260
Retaining Customers	Intensity	-0.039	0.210	-0.025
SUCCESS MODEL				
Mgt Commitment	Personal Visits	0.223	0.506	-0.282
Small Size	Success	-0.250	-0.039	-0.211
Medium Size	Success	0.259	-0.1197	0.378

6.2 Discussion of Empirical Findings

6.2.1 Do Relational Marketing Dimensions have a Positive Influence on Export Performance?

The findings from the path analysis suggest that there is a positive relationship between certain relational marketing dimension and export performance. The results show that the variable personal visits and retaining customers had a positive influence on export performance for both

measurements of export intensity and level of success. The factor, thanks given to customers, had a positive influence on level of export success in model two. The other relational marketing approach dimensions were not significant in the full model and consequently were not included in the revised model. There was no support in the findings that those dimensions had a positive influence on export performance as measured in the two models.

6.2.2 Do Transactional Marketing Dimensions have a Negative Influence on Export Performance?

There were three transaction marketing dimensions derived from the factor analysis. These were price competitiveness,[10] turnover[11] and retaining customers. No significant relationship was found between the transactional marketing dimensions and export performance in the two models. Their standardized betas are shown in Table 21.

Table 21 Summary of Standardized Betas for Transactional Marketing Dimensions in the Full Models

	Export Intensity		Level of Success	
	Std Beta	p<	Std Beta	p<
Price Competitiveness	-0.058	0.54	0.144	0.21
Turnover	-0.058	0.52	0.012	0.89
Gaining Customers	0.113	0.27	0.02	0.84

[10] Price competitiveness was measured as marketing emphasis in exporting on price and export customer is price sensitive.

[11] Turnover is a measure of turnover of customers, turnover of buyer's in the customer's firms and turnover of sales people in your own company.

6.2.3 Do Different Dimensions of Relationship Marketing Impact Export Performance Differently?

The results demonstrate that certain relationship marketing approach dimensions have a significant relationship with export performance. Others were not significant. The standardized betas (Std Beta) used in the multiple regression procedure allows for comparing the weights of each path coefficient. Higher standardized betas can be seen as contributing more to the prediction of export performance. The direction of the path coefficient also indicates different influences on export performance where a positive directions indicate a positive influence and a negative direction represent a negative influence.

The different impact on performance can be seen from the path results of the final revised models. The most important relational approach in the export intensity model is personal visits (Std Beta of 0.305). This is followed by retaining customers (Std Beta 0.210) whereas customer treatment has a negative influence on export performance (Std Beta -0.136). The most important relational approach in the success model is also personal visits (Std Beta 0.277), followed by retaining customers (0.153). The dimensions personal visits and retaining customers were significant in both models which increases the reliability of their importance. More details on these factors will be discussed in the following section.

6.2.4 What are the Factors that can be Used to Measure the Intensity of Relational Marketing Approach?

Negative Influence of Customer Treatment

Customer treatment is the willingness to treat your customer as an investment in time and money as well as look at their lifetime value. It has a moderate negative relationship with export intensity (Std Beta -0.138). The relationship may not show up as strong because relationship marketing is a long-term process. Since intensity is a present or even historical measurement, the influence on performance may not yet be present. In relationship marketing the costs are often up front for a pay-back in the future. Initially in exporting a firm may have more transactional sales and higher exports through mass marketing. However it is questionable how long this type of a strategy will last.

Customer treatment was not significant in the full model using success as a measurement of export performance (where level of success has been suggested to be measuring in part future expectations). It would be best in future research to analyze this dimension in longitudinal research. Other researchers have tried to ask respondents to indicate past, present and future expectations of export performance (Cavusgil and Zou, 1994). However they have indicated that problems often arise when trying to go too far into the past. In addition, estimating the future is always difficult. Respondents to this study

indicated having difficulties in answering the question of future growth in exports. It is even more difficult to obtain financial information through the use of a survey instrument to collect data.

Positive Influence of Personal Visits on Export Customer

This dimension had a strong positive relationship in both models. Both standardized betas are significant at $p<0.01$. In both models the beta coefficient was weighted the largest of all the other dimensions. The standardized beta scores allows us to know the relative importance of the dimensions. It also was highly significant in both models. The findings suggest that personal visits is the most important relational marketing dimension that has an impact on export performance. This finding is consistent with other research that found a relationship between number of visits to a foreign market and export performance (Cunningham and Spiegel, 1971; Kirpilani and Macintosh, 1980).

Retaining Customers

Retaining customers has a significant positive relationship on export performance in both models. It had a higher effect in the success model than in the export intensity model. The higher weighting in the success model may be an effect of the future expectations being picked up in the export performance measurement.

Retaining customers is one of the main purposes of a relationship marketing strategy. The cost of acquiring customers is on average eight times that of retaining an existing one (Barrell, 1992). The importance of retaining

customers is even greater for industrial markets where equipment is sold initially and followed up for years afterwards with higher margin consumable products (i.e., toner cartridges for a photocopies) (Barrell, 1992). Price Waterhouse (1993) calculated that a two percent increase in customer retention is equivalent to a 10% reduction in costs (Pearson, 1994). It is even more important for exporters to focus on retaining customers because the costs of gaining new customers is higher.

Variables Significant in the First Model

These variables were picking up some of the effects of the other variables not in the model. They were removed from the final model because of the uncertainty in their ability to predict. They however should not be precluded from future research.

Impact of Complaints Handled Immediately on Export Intensity

Sometimes a complaint handled well leads to a pleased customer afterwards and can improve the chance of future orders.

Impact of Resource Sharing on Level of Success

Resource sharing is used primarily by larger firms with a long term focus. The extensive capital investment may have precluded many of the small and medium sized firms in this sample from using this strategy to improve performance.

Impact of Feedback From Customers on Level of Success

This may show up as lower because the person filling in the survey is the one who gets feedback directly and is hearing about all of the problems. Lower success may not be noticed as quickly by firms that form a separate department from sales for customer service.

6.2.5 Which Firm Specific Factors have an Influence on Export Performance?

Commitment

Management commitment also has a significant direct influence on export intensity. This finding is substantiated in other export performance literature which supports that management commitment as one of the most important factors in a successful export strategy (Aaby and Slater, 1989; Cavusgil and Zou, 1994). Management commitment has the highest weight of all the factors. It measures management's willingness to invest time in planning, overall commitment to exports and management's involvement in exports.

In the export intensity model, the direct effect of management commitment (Std Beta 0.179) combined with the positive indirect effect of the relationship marketing approach dimensions (Std Beta 0.171) indicates a total effect of 0.349. The highest percentage of the indirect influence comes from personal visits (Std Beta 0.132) while customer treatment has a slight mitigating relationship (Std Beta -0.042). The success model has similar findings. The direct effects (Std Beta 0.179) combined with the positive influence of the relationship marketing variables (Std Beta 0.180) suggests a total path coefficient for level of success of 0.359.

Technology

The direct negative influence of technology on performance suggested by the findings is contrary to the hypothesis. Technology had a direct negative effect of -.200. The total effect of -0.132 is mitigated by the positive indirect effect of the relational dimensions 0.067. The measurement of the technology construct is made up of level of computer technology, level of communication technology and level of inventory technology. Database technology refers to "memory-based" technology that has been suggested to be associated with a relationship marketing strategy (Madhaven, Shaw and Grover, 1994). It is possible that for many exporting firms the concentration of buyers is higher and volume of sales greater than for domestic sales. This would suggest that "memory based" technology may not be as necessary for exports.

In addition, it may be possible that technology has a less personal effect on sales which reduces performance. There are two possible explanations for

this that comes to mind. First, some exports that are to regions that are still less accustomed to high technology may not find it a positive influence on export performance. It may be that a personal approach is how successful sales are made. In fact many developing countries have limited access to communication technologies such as the Internet. The second explanation relates to the high number of exports to the USA where the technology level of companies is high. Here, it is expected that all companies maintain a sufficient level of technology. Relationship marketing is used as a beneficial strategy to gain a competitive advantage. In either case it appears the technology in the firm should be used in a way to enhance relationship marketing rather than making dealings with the customers less personal. Furthermore, technology for a customer support system and customer contact system is considered a critical investment in the implementation of a relationship marketing strategy (Pearson, 1994). These investments take time to put in place and for the benefits to be seen. The positive influence of the technology level of the firm may not show up until sometime in the future.

Size

There is a significant negative relationship with size and level of success in model two. Medium size firms have a larger negative relationship with level of success while small firms have a slightly lower negative effect of level of success. These findings suggest that both small and medium sized firms perceive themselves as having lower level of success than large firms. However a linear relationship is not supported among size and level of success. An

interesting finding is that this relationship is not significant in the export intensity model. This may indicate that small and medium size firms may be less confident and undermine their own level of success.

Size was not a significant determinant of export intensity in the full model so it was not included as a direct path in the final model. It should be noted however that medium size does have a positive influence on P_{21} for personal visits.[12] The influence is reduced however from the negative influence of customer treatment (see Table 22).

Table 22. Revised Model Indirect Effect of Medium Sized Firms Through the Marketing Approach Dimensions on Export Intensity

	Direct			Indirect
	P31	P21	P32	Total P21*P32
Medium Size	0.007			
customer treatment		0.123	-0.166*	-0.020
personal visits		0.150*	0.258***	0.039
retaining customers		0.114	0.234***	0.027
Total				0.045
Total direct effect	**0.051**			

Significance level
*** <.01
** <.05
* <.10

[12] The symbol P_{21} represents the path between two variables which defines the effect of independent variable one on the dependent variable 2.

6.2.6 Which Firm Specific Factors can be Used to Influence the Relational Marketing Dimensions?

This discussion will only look at those paths leading to the significant relationship marketing variables. This is because the purpose is to look for firm controllable factors leading towards a relationship marketing approach that influences export performance.

<u>Commitment</u>

Management commitment has a strong positive influence on all three marketing approach dimensions in the export intensity model. For customer treatment, a company would need high commitment in order to invest time and money in their customers. Looking at the lifetime value of a customer requires commitment from management. The high costs of personal visits and time and planning involved in exporting suggests a need for management commitment. Also a strategy of retaining customers would require a positive commitment from management.

The second model (level of export success) reinforces these findings with a positive relationship on personal visits and retaining customers. Of interest in the success model is that there is no significant relationship with thanks given to customers. Possibly, giving thanks to customers is one of the small but effective strategies that the salesperson does irrespective of the commitment from management.

Technology Level of the firm

This firm factor is only significant in the export intensity model with a positive influence on retaining customers. Improved database technology and less expensive communication equipment can make a retaining strategy easier and less costly. It is not a significant determinant of other relationship marketing dimensions. However it does have a direct negative effect on export intensity as discussed in section 6.26. The positive indirect effects of personal visits and especially retaining customers mitigates the findings in the intensity model (direct effect of -0.20, indirect effect of 0.067, total effect of -0.132). The calculations are presented in Appendix 10.

Size

In this study the proposition is that a greater use of relationship marketing will be used by small and large firms over medium sized firms. As mentioned earlier, smaller firms are less departmentalized, more integrated, and often have greater involvement by management in exporting. In addition simple inexpensive database and communication technology is readily accessible by small firms. Larger companies have greater resources, improved communication technology (video conferencing, Internet) and ability to increase commitment through inventory/shared database technology (i.e., JIT, IT). They also will have the resources to be able to make a larger investment in a relationship for a longer time before needing to recoup its costs.

Support to the proposition was not found. Size did not have any significant influence on the marketing approach dimensions in model two. In

fact the findings for the variable personal visits in model one are contrary to the proposition. In the export intensity model, medium sized firms had a positive correlation with personal visits (Std Beta 0.341). This implies that medium sized firms over small and large firms have a positive influence on personal visits. An explanation for this finding may be related to the variable personal visits. The cost of visits for small firms may be too high. The larger firms that have greater resources may have already become more integrated with their customers and do not require as many personal visits as the medium sized firms. This relationship should be looked at in future research. Other studies may want to look at the stage of exporting to help explain this finding.

6.2.7 Are there Differences Between the Two Measures of Export Performance (Export Intensity and Level of Success)?

Export intensity is a measurement of the total export sales to total sales. This measurement says that a firm is a more successful exporter with a higher ratio of exports compared to total sales. It should be remembered that this measurement is made up of two variables: export sales and total sales.

Export intensity has been used often as a measure of export performance. The most widely used measures of export behavior are exporter/non-exporter (a dichotomous variable) and export intensity (Bonaccorsi, 1992). Bijmolt and Zwart (1994) concluded that "the percentage of the entire sales that is realized abroad is especially important indicator of export success (p.81)."

According to Axinn (1988) percentage of sales is selected because it "provides a good indication of both how deeply involved a firm is in exporting, and how successful the firm is at exporting (p.61)."

The question still arises: is export intensity an accurate measure of export performance? Since export intensity is a ratio of exports and total sales (domestic sales and exports), it can be sensitive to changes in domestic sales as well. A reduction in total sales from reduced domestic sales could lead to a higher intensity measurement even though the export level has remained the same. Conversely, the export intensity ratio would be very low for cases with extremely successful domestic sales even when the exports are considered successful.

The measurement may also be dependent on the type of business. Some businesses may be more export oriented due to their product or industry. It is possible that the analysis using export intensity is not so much a test of whether relational marketing dimensions are related to exports but that relationship marketing is more important to exports than domestic sales. Future research should look at a comparison between relationship marketing on domestic performance and export performance to see if relationship marketing is more valuable for exporting. One method to avoid this problem would be to look at other measures of performance such as growth or profitability. Further, exports could be used as the dependent variable with domestic sales controlled for in the model. The problems with export intensity described above would suggest that greater confidence should be given to the findings of the success model.

In addition, the measurement of export intensity may be somewhat historical since posted financial figures are often several months or even a year behind. This contrasts to the measurement of level of success. This measure is a subjective score based on the respondents own opinion of the firm's level of export success. Level of success may in fact be picking up future expectations of sales. An export manager may be working with new clients as well as servicing existing clients. Correspondence and future planning may have occurred without any immediate recorded sales. In essence, level of success may be measuring the perceived values whereas export intensity looks at objective values. It is felt by other researchers that perceived values may be more valuable than "objective" ones because management may in fact be more likely guided more by their perceptions (Madsen, 1988).

6.3 Limitations

6.3.1 The Final Model of Export Performance is not Comprehensive

Models represent a simplification of the real world and researchers are continually faced with a large number of specifications in research design that must be traded off against each other (McGrath, 1981). The purpose of this research is to explore constructs of relationship marketing and how they relate to export performance. This leads to a trade off between using a large number of conceptual variables versus an array of dimensions measuring each conceptual

variable. In this study more emphasis was put on measuring a large number of marketing approach variables.

There exists the possibility that other factors of export performance intervene with the results of the model. The significant variables of export performance from Cavusgil and Zou's model (1994) were included. However, it is not within the scope of this research to include all possible variables. The main purpose of this study is to assess the influence of the marketing approach on export performance. More degrees of freedom were reserved for a larger number of marketing approach dimensions. The control variables were used to control for the type of product, distribution, export market region and technology level of the product. These controls were limited to ones that were thought to be highly significant as well as most easily identified in a survey format. Other external factors (such as export market competitiveness, price competitiveness, and technology orientation of the industry[13]) and product factors (such as uniqueness and cultural specificity[14]) were not used.

In addition, the measurement of the construct of the marketing approach may not be complete. The marketing approach has been defined by a large number of measurements. Pre-testing of the questionnaire was done with several exporters and an export consultant to determine if the questionnaire was

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[13] Export market competitiveness defined by "degree of price competitiveness in export market"; Price competitiveness defined by "degree of price competitiveness in export market"; technology orientation defined by "degree of technology orientation of the industry" (Cavusgil and Zou, 1994).

[14] Product Uniqueness defined by "degree to which the product is unique"; cultural specificity defined by "degree to which the product is culture-specific (Cavusgil and Zou, 1994)

clearly understood. Where possible multiple measurements of constructs from previous research have been used. The questionnaire design was faced with the problem of determining an optimal number of constructs within the parameters of a short and easily presented format. However in this preliminary investigation some measurements may have been over-represented, under-represented and/or interdependencies occurring. The interdependencies may have lead to some of the multicollinearity problems found in the analysis. Future research should attempt to refine the list of measurements.

The operationalization of the relational and transactional marketing dimensions of the marketing approach was exploratory. This research tried to include as many variables as possible within the scope of the study. The dimensions entered into future models should not be limited to those specified in this research. Further, as will be discussed in the next section, the assumption of a continuum may not be appropriate for all of the dimensions.

6.3.2 The Relationship Marketing-Transaction Marketing (RM/TM) Continuum Assumption

This model also assumes that the relational and transactional dimensions fall on a continuum. The dimension of relations as described in chapter one is often looked at as a continuum between discrete and long-term relational exchanges (Dwyer, Schurr and Oh, 1987; Macneil 1980). Relationship marketing and transactional marketing in the literature have been described as opposite

marketing strategies (Lehtinen, Hankimaa and Mittila, 1994). The discrete transactions are characteristic of transaction marketing and the relational exchanges are characteristic of relationship marketing (Juttner and Wehrli, 1994).

The use of a continuum to measure the marketing approach may not always be appropriate. The question arises to whether this dichotomy exists in reality. And if it does not exist, has the research in the past been forcing their cases to fit within the confines of the continuum? The study by Lehtinen, Hankimaa and Mittila (1994) operationalized 5 hotels interviewed according to basic dimensions of transactional and relational marketing. One difficulty the survey format used in this thesis had was to ask companies to place themselves on the continuum (a scale of one to seven). In an interview format the researcher is able to determine the location of the continuum that the responses should be placed even if it is forced.

Evidence in pre-testing of the questions in factor analysis suggested that some dimensions may not be appropriate for the assumption of a continuum. Difficulties in measuring the dimension target of market: gaining customers or retaining customers were evident early on (see Figure 16). The questionnaire was designed to be flexible enough to this problem by not forcing respondents to choose either side. To resolve this problem, the end points of these dimensions were listed separately and assessed on a scale of low (1) to high (7).

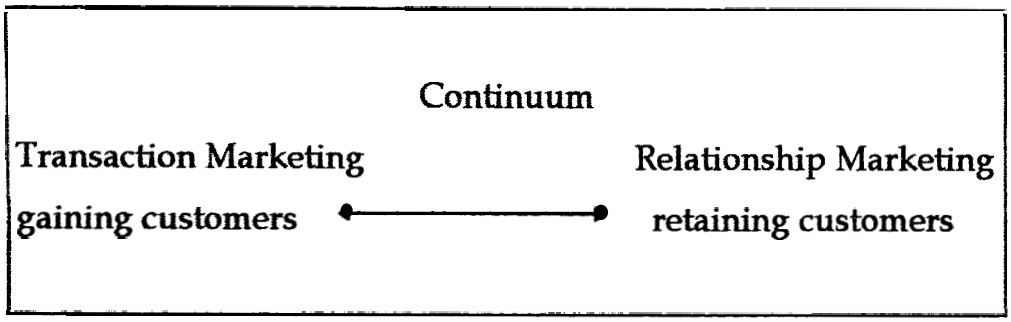

Figure 16. Continuum Between Gaining and Retaining Customers

The standardized beta coefficient of gaining in the full model of export intensity was positive (Std Beta 0.113; $p<0.27$). Although it was not significant, it may suggest that a mixed strategy may be ideal. Research by Lehtinen, Hankimaa and Mittila (1994) suggested that a mixed strategy may be the optimal strategy for some hotels. It would seem in practice as well that the most successful firms are attracting new customers by going into new markets as well as retaining the good customers by good service, relationship marketing and diversifying their products. In addition, results of the path analysis of the marketing approach dimensions do no support fully the continuum assumption. None of the three transactional dimensions were significant in the analysis. If the continuum assumption were true, the propositions regarding the negative influence of the transactional dimensions on export performance should have been supported. A greater number of transactional dimensions should be used in future research to further test the continuum assumption.

Future research may want to look at investigating whether relationship marketing and transaction marketing are indeed on a continuum or whether they are independent constructs. It is suggested to explore defining relationship marketing and transaction marketing as separate higher order constructs made up of multiple dimensions rather than a continuum (see Figure 17). The research questions could look into whether both constructs have an influence on export performance. In order for a company to grow it needs to increase its customer base as well as to retain its existing customers.

Possibly the best performance is a result of a combination of both strategies to gain the greatest number a sales. Perhaps future research may determine that if you do everything else appropriately then a relationship marketing approach is also an appropriate strategy for a successful exporter. Additional research in this area is needed to operationalize a relational marketing approach. Furthermore, the measurement of intensity looks at the volume of export sales to domestic sales rather than the profitability. A question to also address in future research is whether a retaining customer strategy may be more profitable than a gaining customer strategy.

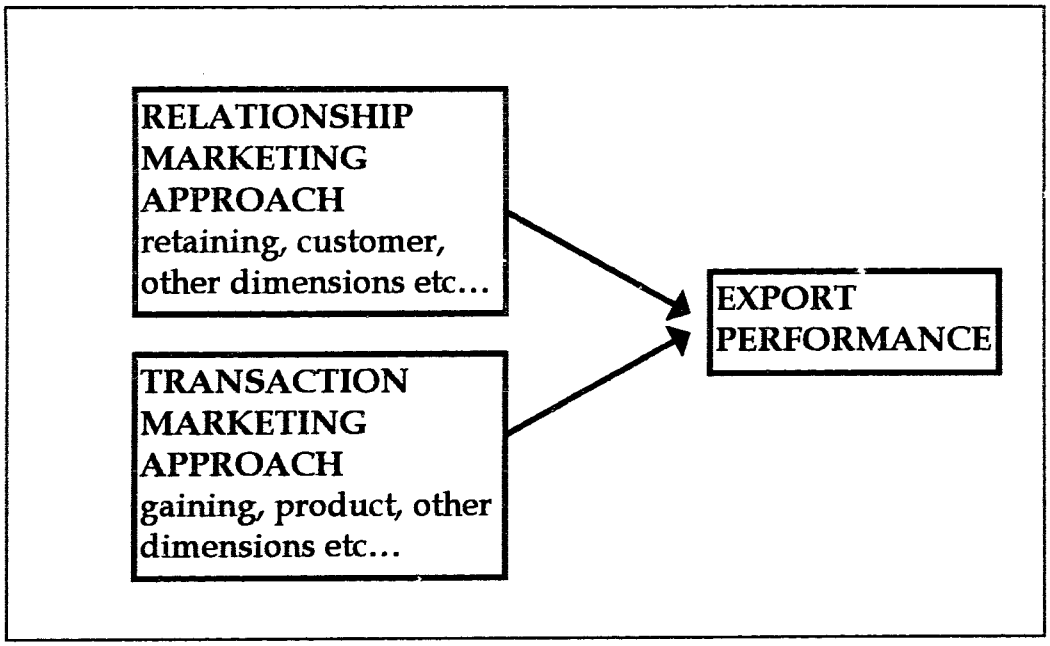

Figure 17 Redefining the Dimensions of Relationship Marketing and Transaction Marketing

6.3.3 Are Personal Visits Driven by Exports?

The potential problem of using the ratio of exports to total sales as emphasized in section 6.2.7 can be seen in the findings found between personal visits and export intensity. Personal visits also shows up as one of the factors of success in export performance literature (Bodhur, 1994; Cunnigham and Speigal, 1971; Kirpliani and Macintosh, 1980; Rosson and Ford, 1982). The number of personal visits is one of the relational variables used by Rosson and Ford (1982) to measure the intensity of contact in the relationship proposed to have an influence on export performance.

Madsen (1988) concluded from his study that:

> "good personal contact and joint decision making with the channel members have a positive bearing on performance. The rationale must be sought in the fact that increasing personal contact will lead the firm to better understanding of customer and channel member needs and behavior...Good personal contact with the market and close relationships with channel members furthermore enhance the firm's capability for careful planning and control of the export activity (p.50)."

The dimension personal visits is measured in this thesis by the variable "communication with average [export] customer by personal visits to country." The findings suggest that personal visits has an influence on export intensity (Std Beta 0.305). Other explanations may exist for the positive relationship between personal visits and export intensity. For example, there may be some cases where firms with high exports have no choice but to visit their customers. It may be that "visits" is a function of exports and has a built-in bias. By its definition the measurement of export intensity includes a measurement of exports. The correlation between personal visits, exports and export intensity is presented in Table 23. The correlation between exports and personal visits does not suggest that too great of a problem exists.

Table 23 Correlation Coefficients Between Exports, Export Intensity and Personal Visits

	Correlation	p
Exports and Personal Visits	0.0543	0.414
Intensity and Personal Visits	0.2779	0.000

Crosstabs for personal visits and export intensity are presented in Table 24. For this test the Pearson chi square rejects the nul hypothesis of independence ($p<0.00052$). The pattern of the crosstabs shows that there is a larger number of low personal visits scores within the lower export intensity boxes and a larger number of high personal visits scores within the higher export intensity boxes. These results indicate that this problem should be considered in future research and that greater confidence in the results for the path between personal visits and performance should be attributed to the success model.

Table 24 Crosstabulation of Export Intensity and Personal Visits

	Intensity	1-33%	34-66 %	67-100%	Row Total
Personal Visits	1 Low	23	2	5	30 12.4%
	2	9	2	5	14 5.8%
	3	10	10	13	33 13.7%
	4	16	18	17	51 21.2%
	5	15	9	24	48 19.9%
	6	14	8	19	41 17.0%
	7 High	6	5	13	24 10.0%
	Column Total	93 38.6%	54 22.4%	94 39.0%	241 100%

Ho: There is no relationship among the cells.
Pearson chi-square df 12 Sig <0.00052

6.3.4 The Measurement Unit

Relationship marketing in this study is looked at from the level of the firm's overall export policy. The attempt for a company to measure an "overall" measurement of its relationship strategy is sometimes difficult because each relationship can vary over time and by stage of internationalization. Although a researcher can attempt to control for these, respondents may have difficulty assessing the stage themselves in a questionnaire. It becomes very difficult when

one tries to evaluate different product lines, different markets and each individual relationship. Also measuring the influence on export performance can be lost due to aggregation if a mixed marketing approach is used that varies by customers. Other studies have looked at the export venture (Cavusgil and Zou, 1994) as the unit of analysis. In addition, future research should consider the individual export ventures or analyze the export performance of buyer-seller relationships in dyads (common in channel research).

6.3.5 Long-term Process of Relationship Marketing

Since relationship marketing is a long-term process, there may be some impact on the validity of being able to measure its performance in a cross-sectional one-time survey. In addition, the technique of path analysis is limited in its ability to ascertain causality without a time series of measurements that would provide the opportunity for the verification of the relations identified here. The survey method presents difficulties in obtaining past, present and future financial information. Future research should look into a longitudinal study as well as direct interviews to try to better assess performance measurements.

6.4 Causality Inferred in Path Analysis

The models discussed previously consider relationships between the variables which inherently implies some level of causation. It should be realized that the path coefficients among the variables may be suggestive of causal paths. However according to Pedhazur (1982, p. 578) "an explanatory scheme is not arrived at on the basis of data, but rather on the basis of knowledge, theoretical formulations and assumptions, and logical analysis."

Path analysis assumes that the model is recursive, in other words that "after going forward on a path, you cannot go backwards" (Hair, Anderson, Tatham, Black, 1992, p.487-488). The proposed models assume that relationship marketing dimensions will influence export performance. It should be considered that there exists the possibility that the reverse relationship could also be true. For example, if export performance is high, a firm may be more likely to pay personal visits to their customer to maintain their business. What may in fact be true is that there is a mutually reinforcing system in place and that the best strategy is one the includes contact, feedback and adaptation where feedback loops are present (Madsen, 1988).

This chapter has outlined in detail the limitations inherent in the present study to provide guidelines for future research. The next chapter presents the directions for future research.

7. DIRECTIONS FOR FUTURE RESEARCH

This thesis investigated the use of a relational marketing approach in an export performance framework. The present study extends the export performance literature by bringing the two streams of research together. Further research is still necessary to gain more insight in this area. This chapter discusses directions for further research. The purpose of the following topics described are to provide guidance for the design of future export performance studies which include a relational marketing approach as one of the critical factors. In addition, researchers should also look at the limitations described in chapter six to provide insight into future research design.

7.1 A More Comprehensive Model of Export Performance

Future research should look at relationship marketing as a component in a more comprehensive model of export performance with other strategies such as product adaptation, promotion adaptation and competitive pricing strategies. Other elements of a successful exporting strategy such as country selection and market entry mode could also be included. Perhaps the best strategy is a co-alignment as suggested by Cavusgil and Zou (1994, p.17) which is dependent on firm, product and environmental factors. It would also prove interesting to look into the other social oriented dimensions of relationships (such as control, power, and dependence) in an export performance model. An interesting analysis would also be to contrast an export marketing approach with a domestic relationship marketing approach to see if there are any differences.

7.2 Operationalizing Relationship Marketing Dimensions

Future research should revise the operationalization of the relationship marketing dimensions. Some of the dimensions that were discarded in the final model may prove significant in other models if their weighting is changed. Individual variables were used in the study to include theoretically important variables. Future research should also look towards finding multiple measures of these dimensions to measure the validity of the constructs. Export performance models in the future may also want to include the possibility the relationship marketing and transaction marketing are separate constructs and do not fall on opposite end of a continuum. Ideally, a longitudinal study would give a better indication of the long term effects on performance and multiple measures of export performance would improve the validity and reliability.

7.3 Understanding the Influence of Technology Level

The finding that technology level decreases export performance is of interest. The findings suggest that the total negative effect is reduced by the indirect effect of the relationship marketing variables. This suggests that technology does have a positive influence on certain dimensions of a relationship marketing approach. Additional research should be conducted to find out the reasons for this relationship so that management can use technology in a positive way.

8. IMPLICATIONS FOR EXPORTERS

The findings suggest that management commitment, personal visits, and retaining customers have a positive relationship with export performance. This suggests that managers have strategies available to them to influence export performance. The comprehensive measurement of a marketing approach used in the study can be used to provide practical guidelines for managers to implement a relationship marketing strategy to improve their export performance. This chapter discusses a relationship marketing strategy and its implications for exporters. This is followed by a brief discussion on infrastructure marketing and the importance of management commitment towards relationship marking.

8.1 Description of a Relationship Marketing Strategy for Exporters

"Relationship management provides a framework within which companies can deploy their personnel to exchange more value with customers" (Pearson, 1994). Through improvements in information and communication technology, there exist many opportunities for smaller and mid size firms to use relationship marketing to grow internationally (Pearson, 1994). A major purpose of a relationship marketing strategy is to retain customers to increase profitability margins on sales (Hales, 1995), allow for cross-selling (Knight, 1994) and get better customer referrals (Harris, 1993).

Vavra (1995, pp. 281-286) identifies several important steps in implementing a relationship marketing strategy. These steps are:

1. identifying the customer base: developing the customer information file
2. acknowledging customers
3. mapping customer contact points: customer interaction blueprinting:[1]
4. providing customer access
5. measuring customer satisfaction
6. maintaining contact

The findings in this study suggest that technology level in the firm has a positive influence on retaining customers. The customer information file is an integrated database containing information on each customer according to their needs. For best results it should be integrated with all the departments involved with the customer at some point. Information which should be continually updated, can be gathered from owner registration cards, past sales, direct conversations and credit applications. According to Kiernan (1994) "the key to successful relationship marketing is knowing your customers-the way they behave, what their needs are and what motivates them- and reacting to them in the way that they react to you" (1994). Butcher (1995), the Director of Marketing Communication and Customer Information at Dow, claims that Dow Chemicals has successfully moved from a reliance on mass communications towards a more direct database approach built around customer relationships. Their customer database includes information on relationships, behaviors and factors of success

for each business. Exporters could also include information on cross-cultural differences.

Acknowledging customers includes expressing appreciation (giving thanks) and determining which ones should have regular contact. The purpose is to identify the customers whom are worth financially the most and treat them so well that the relationship will withstand the occasional promotional assaults by competitors (Peppers and Rogers, 1995). This should assist exporters in determining which customers should be visited more often.

Customer blueprinting requires flowcharting a marketer's customer contact opportunities. A blueprint for a typical manufacturer could include both presale and aftermarketing for its form of distribution (selection of distributors and agents, retailers, direct sales). Marketing would include 1) customer support service and training to its resellers as well as final customers, 2) promotions (tradeshows, advertising, product display, sales presentations, packaging) and a customer information file to develop a buyer profile to enhance promotions, product adaptation and training. For an exporter the process is more complex. It also includes contact with shippers, other international contractors, overseas agents or distributors if entry is indirect, and changes in packaging and labeling according to country and language requirements.

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[1] This involves mapping customer interactions through blueprinting the customer contact points.

Customer accessibility for exporters could be improved through a toll free number if in the United States. A designated fax line is critical for all countries. The use of a local mail service would improve the accessibility through a mailing address located in the country. Larger firms may look into opening service branches dependent on the volume of customers. Smaller firms may need to use the service of a local representative. Exporters dealing with overseas firms may wish to expand their working hours to be more readily available for their customers in different time zones.

Customer satisfaction should be measured through both formal and informal feedback, which should include proper complaint handling, training of staff, and customer satisfaction surveys. Exporters to some countries may need to contend with language and cultural differences. In some countries where "saving face" is part of the culture, it is often more difficult to find out if there are any problems because the customer would sooner avoid a potential conflict and switch to a new supplier if available.

Customer contact for exporters can be maintained through calls, faxes, letters, personal visits, and newsletters. New technologies are making customer contact easier all the time with interactive Internet sites, e-mail and video-conferencing. Car marketers are now testing interactive media through computer discs, on-line services and interactive TV with the prime benefit of being able to provide two-way communication (Rickard, 1994). For example GM has gotten involved in on line services such as Prodigy and CompuServe which provides an on-line dealer locator and payment calculator. Chrysler

sponsors Interactive Networks, a TV service that lets subscribers interact with sports broadcasts, game shows and other programming. For exporters the availability of these methods of communication is dependent upon the infrastructure of the country they are dealing with. According to Palmer (1995, p.478), "prescriptions for relationship development must have regard to the social, economic, political and technological environment of the host country." Fortunately, technological changes are occurring quickly and many developing countries are improving their capabilities.

8.2 Infrastructure Marketing

Many authors suggest that relationship marketing extend beyond the customer to the complete environment surrounding a firm (McKenna, 1994, pp. 85-116, Vavra ,1995). This would include such areas as the media, trade press, trade organizations, the government financial institutions, competitors, investors, customers, distributors, and sales agents. In addition, dealers, agents and distributors and other middlemen should be treated as customers (Donnath, 1994; Rachtin, 1994).

For exporters the importance of this is even greater as the process requires contact with a new environment that has its own laws, legislation, and import restrictions. Exporters often sell their products indirectly through middlemen such as agents, dealers and distributors. It is common, as well for an exporter to work with shippers, customs and contract out other services in the destination country to better serve their export customers.

8.3 Management Commitment

Management commitment has a significant positive influence on export performance directly as well as influences positively the relationship marketing approach. It is critical for management to be committed to exports for its success. Commitment is necessary to implement a relationship marketing approach in a firm and train all employees on the importance of relationship marketing, good customer service, follow-up and cultural awareness.

8.4 Final Remarks for Exporters

Care needs to be taken in implementing the strategy because relationship marketing can backfire if customers perceive that it is only the supplier's latest buzzword (Dunn and Thomas, 1995). In addition, Palmer (1995, p.471) cautions "western style tactical relationship marketing activity in markets where relationship represent core cultural values." A relationship marketing approach needs to be communicated to all the personnel involved in selling. It needs to start with a commitment from management and should become part of the corporate culture. Teamwork should be encouraged among all the departments which should stem from training and hiring practices (Tjosvold, Meredith, and Wellwood, 1993).

9. CONCLUSIONS

The present study contributes to the literature on export performance. This study is believed to be the first of its kind to combine a relational marketing approach within an export performance framework. Although exploratory, this study provides support of a link between certain dimensions of a marketing approach and export performance. This chapter reviews briefly the main findings, conclusions derived from the methodology and an overview of how this study provides a framework for future research.

9.1 General Findings

The variable personal visits and retaining customers had a positive influence on export performance for both measurements of export intensity and level of success. Customer treatment had a moderate negative relationship on export intensity in model one. The factor thanks given to customers had a positive influence on level of export success in model two. The research also substantiated existing findings of a significant relationship between management commitment and export performance. This path coefficient had the largest weighting of all the factors in the models which demonstrates the importance of this factor. The total effect of management commitment is enhanced by the indirect effects through the relationship marketing dimensions.

Contrary to the proposed model, it was found that technology had a negative direct influence on export intensity. This effect was mitigated by the

indirect effect through the relationship marketing dimensions. It was also found in model two that size had a negative relationship on the perceived level of export success. The models developed in the research provide a framework for research for a more comprehensive model of export performance.

9.2 Insight into Methodology

The methodology reinforces the importance of a path analysis procedure to see the indirect effects. Findings also demonstrate the benefits of using two separate models for export performance (rather than a composite scale) which suggest that there are some differences between the measurements. Level of success may be seen as a subjective measure that may be picking up future expectations whereas export intensity may be an objective measurement of present and historical financial information.

The differences in the findings between the two models suggest that relationship marketing is a long-term process which may require a longitudinal study or more in depth interviews to try to assess export performance in the future. The use of size as categorical variables for small, medium and large allows for assessing a non-linear relationship that may prove interesting in further research.

9.3 Framework for Further Research

The previous discussion and chapter on limitations highlight the difficulties inherent in the research design and suggest modifications in the methodology to increase the validity and reliability of future research in this area. This exploratory study substantiated that relational dimensions should be considered in future research as one of the factors of export performance. The construct of a marketing approach operationalized in this study can be used as a basis for further relationship marketing research. Future research may also want to question the use of the variable export intensity as a measure of export performance. In addition, the assumption that the relational and transactional dimensions fall as opposites on a continuum needs to be researched further.

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Appendix 1. Conclusions from Aaby and Slater: Predictors of Export Success

Firm Characteristics

- Management export commitment (Bello and Barksdale, 1986; Cavusgil 1984a, Cavusgil et al, 1979; Gronghaug and Lorenzen, 1982; Kirpilani and MacIntosh, 1980; Rosson and Ford, 1982 and Sullivan and Bauerschmidt, 1987),
- Export goal consistency (Cavusgil and Nevin, 1981),
- Lack of willingness by management to commit resources (Cavusgil and Nevin, 1981)
- Management involvement (Gronhaug and Lorenzen, 1982),
- Management perceptions: one of the most important firm determinants
- Management's attitudes towards risk-taking (Cavusgil 1984a)
- Perceptions about risk (Bauerschmidt et al 1985· Axinn 1988)
- Exporters did not perceive export assistance and tax incentives as important as non-exporters (Buerschmidt et al, 1985; Kaynak and Stevenson, 1982; Kaynak and Kothari, 1984; Malekzadeh and Nahavandi,1985)
- Exporters perceive external financial incentives to be less important than non-exporters (Bauerschmidt et al, 1985; Bello and Barksdale, 1986; Gotto and McMahon, 1988; Rabino, 1980)
- Exporters tend to perceive distribution, service, delivery problems and costs as lesser obstacles to export than non-exporters (Bello and Barksdale, 1986; Brady and Bearden 1979; Gotko and McMahon. 1988; Rosson and Ford, 1982; Sullivan and Bauerschmidt 1987; and Diamantopoulos and Inglis, 1988)
- Management that perceive large opportunities in the domestic market or have domestic supply problem are less likely to export or have poorer export performance (Cooper and Kleinschmidt, 1985; Kaynak and Stevenson 1982; McConnell, 1979; Rabino, 1980 and Sullivan and Bauershmidt, 1987)
- Firm size: little agreement

Competencies

- Technology: evidence is mixed
- Technology intensiveness related to propensity to export (Cavusgil and Nevin, 1981; McGuinness and Little, 1981; Cavusgil, 1984a; Cooper and Kleinschmidt, 1985; Daniels and Robles, 1982; Joynt, 1982)
- One study concluded that technology is best applied as a standard in all markets (Christensen et al, 1987) but according to Abby and Slater, it may not be the case for developed countries
- A mere possession of a specialized knowledge does not create a competitive advantage (Reid, 1986) His conclusion is that past research on technology does not reflect true export performance

Export Policy, Planning and Market Knowledge

- The use of a formal approach to market planning discriminates between companies still exporting and those abandoned their export practices (Cavusgil, 1984a,1984b; Christensen et al, 1987; Daniels and Robles, 1985; Malekzadeh and Nahavandi, 1985; Piercy, 1981a, 1981b; and Reid 1983, 1986)
- There is a much higher propensity to export among firms with a formal market planning or export exploration procedures, or large export staffs (Cavusgil and Nevin, 1981; Cavusgil 1984a; Denis and Depelteau, 1985; Malekzadeh and Nahavandi, 1985; Burton and Schegelmilch, 1987; and Diamantopoulos and Inglis, 1988)
- Younger firms tend to be better exporters than older firms (Ursic and Czinkota, 1984)
- Formal policy for pursuing export opportunities (Cavusgil and Nevin, 1981; Burton and Schlegelmilch, 1987)

Stages in Export Adoption Process

- Functional problems vary according to different stages in the process (marketing and export marketing functional problems during initial stages) (Vozikis and Mescon, 1985)
- Firms in earlier stage of internationalization process are more concerned with effective marketing communication and sales efforts than at a later stage (customer service critical) (Cavusgil, 1980)

Management Systems

- Successful exporters place a great deal of reliance on formal control systems for monitoring performance in export markets (Kirpalani and MacIntosh, 1980; Burton and Schlegelmilch, 1987)
- Successful exporters favor decentralized decision making (Christensen et al, 1987)
- Successful exporters favor formal education and training for management (Burton and Schlegelmilch, 1987)

Quality Controls: research limited and results unclear

- Successful exporters had a stronger quality control function- department better organized and managers better qualified than firms that had abandoned exporting (Burton and Schlegelmilch, 1987; Christensen et al, 1987)
- Product quality a key competency for Peruvian exporters (Daniels and Robles, 1982)
- Product quality was perceived as the most important competency in Norwegian exporters (Joynt, 1982)
- Product quality did not discriminate exporters from non-exporters (Malekzadeh and Nahavandi)

Appendix 1. Conclusions from Aaby and Slater: Predictors of Export Success

Communication Capability: few studies

- Less committed trade show exhibitors without export staff encounter more communication problems (Bello and Barksdale, 1986)
- Small and Medium sized firms ranked communication difficulties first in term of problems (Czinkota and Johnston, 1982)
- Norwegian firms all had English and German capabilities and two thirds had French (Joynt, 1982)
- Europeans see language capabilities as less of a barrier than US firms (Sullivan and Bauerschmidt, 1987)
- English is an important international language for the majority of international communications

Strategy

Market Selection

- Slow growth exporters placed greater emphasis on LDC markets while higher growth exporters place relatively greater reliance on industrialized countries (Dennis and Depelteau, 1985)
- Successful Brazilian exporters rely more heavily on industrialized countries (Christensen et al, 1987)
- Exporters with a worlds orientation rather than nearest neighbor realize a more rapid growth rate in export sales (Cooper and Kleinschmidt, 1985)
- High involvement exporters have much broader world market coverage (Diamantopoulos, 1988)

Product and Product Line: varied and not extensively researched

- Unique product attributes (Caugsil and Nevin, 1981; McGuinness and Little, 1981; Burton and Schlegelmilch, 1987) and programs for local adaptation (Kirpilani and MacIntosh, 1980) are related to propensity to export
- A standard product is more successful in Brazilian firms (Christensen et al, 1987) which may relate to stage of development
- Companies with multiple product lines are more successful in export activities (Christensen et al, 1987)
- Companies with narrow product lines achieve higher levels of export sales (Kirpalani and MacIntosh, 1980)

Pricing: export decision considers competitive prices, internal costs and hurdle rates

- Successful exporters arrange alternative price packages using tags, discounts, and credit (Kirpilani and MacIntosh, 1980)
- Successful exporters rely on international competitive prices and do not ask for premiums for exchange and extraordinary risks (Christensen et al, 1987)
- Successful exporters use internal factors for making price decisions

Promotion

- Firms that believe that promotion in export activities are important achieve higher success (Kirpilani and MacIntosh, 1980)
- Exporters had greater confidence in their export promotion capabilities than non-exporters (Yaprak, 1985)

Distribution

- Management perceives distribution, delivery and service to be important export success factors (15 studies from Aaby and Slater Table)
- There is a positive relationship between distribution strategy and export performance (Bello and Williamson, 1985; Bilkey, 1982; Gronhaug and Lorenzen, 1982; Rabino, 1980; Rosson and Ford, 1982; Yaprak, 1985)

For a complete listing of sources listed in the Appendix see Aaby and Slater (1989)

Appendix 2. Macneil's Behavioral Concepts (1974)

Macneil's 12 Behavioral Concepts (1974) form the basis of expanding the concept of discrete transactions to relational transactions in contract law and in a marketing context (Nevin 1995)

1. sources of contractual solidarity
2. expectations for relations
3. personal relations
4. cooperation
5. planning
6. power
7. division and sharing of benefits and burdens
8. transferability
9. timing of the exchange
10. obligations
11. number of parties
12. measurement and specificity

Norms of Relationships (Macneil, 1980)
Common contract Norms (10)

1. **role integrity***
2. mutuality
3. implementation of planning
4. effectuation of consent
5. flexibility
6. **contractual solidarity (preservation of the relation)***
7. creation and restraint of power
8. linking norms
9. **harmonization of the social matrix***
10. **proprietary of means***

*** relational norms**

Appendix 3. Re-coding of Dummy Variables

Industry (DUM_PROD)

Industrial	1
Consumer	0

Distribution		DUM_DIS1	DUM_DIS2
> 80% Direct	Direct	1	0
> 80% Indirect	Indirect	0	1
All Others	Mixed	0	0

Size		DUM_SIZE1	DUM_SIZE2
Assets < $1,000,000	Small	1	0
$1,000,000>=Assets <$10,000,000	Medium	0	1
Assets > $10,000,000	Large	0	0

Export Market Regions	DUM_REG1	DUM_REG2
Primarily USA >= 90% USA	1	0
Western Countries:	0	1
>=90% Western Europe, Australia, New Zealand, South Africa, USA		
Rest of the World: All others	0	0

Appendix 4. Questionnaire

Susan Jarema Thesis on Canadian exporters
Simon Fraser University
Faculty of Business Administration

Participation in this survey is greatly appreciated. Responses will be entirely confidential. The survey is two-sided. Please leave your business card if you are interested in receiving a copy of the results.

1. Are you currently an exporter? _____YES _____ NO
2. Please describe your principal export product or products _____
   What type of product is it? ____industrial ____consumer good ____service _____other, please specify
3. Please describe your industry _____
4. What international market channels are used by your company? please indicate percentage
   _____% direct sale _____% sales through distributor or agent _____% other, please specify _____
5. What regions are you exporting to? Please indicate the relative percentage:

_____% USA	_____% Mexico	_____% South-East Asia	_____% Australia and New Zealand
_____% Western Europe	_____% Central America	_____% North-East Asia	_____% South Africa
_____% Eastern Europe	_____% South America	_____% West Asia	_____% Other parts of Africa
_____% Russia	_____% Middle East	_____% China	_____% Other, please specify

6. How many years has your organization been in BUSINESS ? _____ years EXPORTING? _____years
7. Please rate the importance of the following factors towards your company's export success:

	Not important						Very important
company reputation	1	2	3	4	5	6	7
product quality	1	2	3	4	5	6	7
product uniqueness	1	2	3	4	5	6	7
product's technology	1	2	3	4	5	6	7
relationship with customer	1	2	3	4	5	6	7
personal contact with customer	1	2	3	4	5	6	7
knowledge of market	1	2	3	4	5	6	7
competitive prices	1	2	3	4	5	6	7
brand image	1	2	3	4	5	6	7
customer service	1	2	3	4	5	6	7
finding a good sales agent	1	2	3	4	5	6	7
finding a good distributor	1	2	3	4	5	6	7
after-sales service	1	2	3	4	5	6	7
adaptation of product	1	2	3	4	5	6	7
reliable delivery	1	2	3	4	5	6	7
flexible terms of credit	1	2	3	4	5	6	7
quick delivery	1	2	3	4	5	6	7
promotional support materials	1	2	3	4	5	6	7
language proficiency	1	2	3	4	5	6	7

8. Does your company use a database to keep track of its customers? _____YES _____NO
   If yes, please check all that apply to your company's customer database:
   _____contains only basic company information
   _____contains information on specific company details
   _____contains personal information on buyer
   _____the database is updated by all parties on an ongoing basis (integrated)
9. What types of inventory technology do you use?
   _____Computerized inventory system _____Barcoding (UPS- Universal Product Code)
   _____Just -in-time inventory management _____EDI (electronic data interchange)
   _____Others? please specify _____

Appendix 4. Questionnaire

10. For your company please circle the number that describes the following:

	LOW						HIGH
Product							
level of technology	1	2	3	4	5	6	7
level of standardization	1	2	3	4	5	6	7
pricing versus competition	1	2	3	4	5	6	7
service required	1	2	3	4	5	6	7
quality of product	1	2	3	4	5	6	7
training required	1	2	3	4	5	6	7
Export Environment							
uncertainty	1	2	3	4	5	6	7
competitiveness	1	2	3	4	5	6	7
concentration of buyers	1	2	3	4	5	6	7
concentration of sellers	1	2	3	4	5	6	7
regulated	1	2	3	4	5	6	7
risk	1	2	3	4	5	6	7
maturity	1	2	3	4	5	6	7
price competition	1	2	3	4	5	6	7
cultural similarity	1	2	3	4	5	6	7
Resources available for exporting							
financial resources for development	1	2	3	4	5	6	7
management commitment	1	2	3	4	5	6	7
planning time	1	2	3	4	5	6	7
management involvement	1	2	3	4	5	6	7
Marketing emphasis in exporting							
product	1	2	3	4	5	6	7
service	1	2	3	4	5	6	7
price	1	2	3	4	5	6	7
training	1	2	3	4	5	6	7
problem solving	1	2	3	4	5	6	7
gaining new customers	1	2	3	4	5	6	7
retaining customers	1	2	3	4	5	6	7
turnover of sales people in you company	1	2	3	4	5	6	7
Your export customers							
frequency of orders	1	2	3	4	5	6	7
turnover of customers	1	2	3	4	5	6	7
turnover of buyers in customer's firm	1	2	3	4	5	6	7
price sensitivity	1	2	3	4	5	6	7
level of customer information kept	1	2	3	4	5	6	7
commitment to your company	1	2	3	4	5	6	7
number of people in contact with customer	1	2	3	4	5	6	7
Coordination between your company departments							
sales and marketing	1	2	3	4	5	6	7
sales and finance	1	2	3	4	5	6	7
sales and production	1	2	3	4	5	6	7
all departments	1	2	3	4	5	6	7
Technology level							
communication technology	1	2	3	4	5	6	7
computer technology	1	2	3	4	5	6	7
inventory technology	1	2	3	4	5	6	7
Customer involvement in							
mutual decision making	1	2	3	4	5	6	7
mutual problem solving	1	2	3	4	5	6	7
Resource sharing with your export customer							
research and development	1	2	3	4	5	6	7
manpower	1	2	3	4	5	6	7
plant and facility	1	2	3	4	5	6	7
inventory management	1	2	3	4	5	6	7
promotional expenses	1	2	3	4	5	6	7

Appendix 4. Questionnaire

11. For your company please circle the number that describes the following:

	RARELY						FREQUENTLY
Communication with average customer							
contact with average customer	1	2	3	4	5	6	7
mail	1	2	3	4	5	6	7
fax machine	1	2	3	4	5	6	7
telephone	1	2	3	4	5	6	7
conference calls	1	2	3	4	5	6	7
video conferencing	1	2	3	4	5	6	7
e-mail	1	2	3	4	5	6	7
internet home page	1	2	3	4	5	6	7
personal visits to country	1	2	3	4	5	6	7
socializing outside of work	1	2	3	4	5	6	7
Sharing of information with your export customer							
goals of either company	1	2	3	4	5	6	7
product development	1	2	3	4	5	6	7
market expansion	1	2	3	4	5	6	7
Customer complaint handling							
passed on to another person in the firm	1	2	3	4	5	6	7
handled immediately by receiver	1	2	3	4	5	6	7
Treatment of customer							
I look at the lifetime value of my customer	1	2	3	4	5	6	7
I am willing to invest time in a customer	1	2	3	4	5	6	7
I am willing to invest money in a customer	1	2	3	4	5	6	7
Gratuities given to customers							
thank-you notes	1	2	3	4	5	6	7
holiday cards or birthday cards	1	2	3	4	5	6	7
presents given	1	2	3	4	5	6	7
free samples	1	2	3	4	5	6	7
Customer feedback from							
customer satisfaction survey	1	2	3	4	5	6	7
marketing research	1	2	3	4	5	6	7
complaint boxes	1	2	3	4	5	6	7
conversations with customer	1	2	3	4	5	6	7

12. Please circle the number that best represents the following in your company:

Customer Relationship	anonymous	1	2	3	4	5	6	7 well known
	short term	1	2	3	4	5	6	7 long term
	formal	1	2	3	4	5	6	7 informal
Company Export Policies								
payment terms	standardized	1	2	3	4	5	6	7 flexible
product	standardized	1	2	3	4	5	6	7 customized
packaging	standardized	1	2	3	4	5	6	7 customized
contract	formalized	1	2	3	4	5	6	7 flexible
Integration of company database								
(For example a highly integrated database would be continuously accessed and updated by all departments in a firm)								
	low	1	2	3	4	5	6	7 high
Training								
amount of personnel in entire company trained on customer service outside of sales department								
	few	1	2	3	4	5	6	7 many
sales department training	low	1	2	3	4	5	6	7 high

13. Has your company's marketing focus changed in the last 3 years? _____changed _____not changed
If it has changed please describe how: _____

Appendix 4. Questionnaire

14. Place an X on the line where it describes the number of employees in your firm:

10	50	100	150	200	300	400	500

15. Place an X on the line where it describes the assets of your company:

$100,000	$500,000	$1 million	$5 million	$10 million	$30 million	$50 million	$100 million	$500 million

16. Place an X on the line where it describes your company's total sales in dollars per year

$100,000	$500,000	$1 million	$5 million	$10 million	$30 million	$50 million	$100 million	$500 million

17. Place an X on the line where it describes your company's export sales in dollars per year

$10,000	$50,000	$100,000	$500,000	$1 million	$5 million	$10 million	$30 million	$50 million	$100 million

18. Place an X on the line where it describes the percentage of exports to total sales per year

0 %	10 %	20 %	30 %	40 %	50 %	60 %	70 %	80 %	90 %	100 %

19. Please check the category that describes the profits to the firm contributed from exports:

0 %	10 %	20 %	30 %	40 %	50 %	60 %	70 %	80 %	90 %	100 %

20. What is your company's expected growth in export sales for the next year? _____%

21. What was your growth in export sales from the last year? _____%

22. Please rank the overall level of your export success:

LOW 1 2 3 4 5 6 7 HIGH

23. Please rate the importance to management of the following reasons for exporting?

	Not important						Very important
gain a foothold in another market	1	2	3	4	5	6	7
increase awareness of product or company	1	2	3	4	5	6	7
respond to competitive pressure	1	2	3	4	5	6	7
improve company's market share position	1	2	3	4	5	6	7
increase profitability of the company	1	2	3	4	5	6	7
respond to enquiries from abroad	1	2	3	4	5	6	7
get rid of excess inventory	1	2	3	4	5	6	7
other, please specify_____	1	2	3	4	5	6	7

22. What is your position in the firm? _____

25. Does your company use a contract for export orders? ___YES___NO time length of contract?_____months

Thank-you for your help

Simon Fraser University
Faculty of Business Administration
Burnaby, BC V5A1S6
Telephone (604) 291-3708

Appendix 5. Cover Letter Included with Survey

SIMON FRASER UNIVERSITY

Susan Jarema
Faculty of Business Administration
Graduate Studies

Burnaby, British Columbia
V5A 1S6, Canada
Tel (604) 291-3708
Fax (604) 291-4920

Attention: EXPORT MANAGER

COMPANY NAME
ADDRESS
TEL
FAX

Feb. 29th, 1996

Dear NAME,

We are conducting a survey in Western Canada on export performance. We received your name as a participant from the BOSS directory from a select number of B.C manufacturers involved in exporting.

Your participation is very important for us to have a representative sample and will be entirely confidential. It should only take about 10 minutes to fill in the accompanying questionnaire. Please return it by fax to HOME FAX# or the above fax number or address.

If you are interested in the results of this study, please include your name and fax number when you return the survey and I will be happy to forward a copy when my thesis is complete. I hope that you will find the results helpful for your business.

If there are any questions you can contact Susan Jarema at TEL# or fax FAX# or address any concerns to my Senior Supervisor Dr. Hemant Merchant at the address above.

Please return the completed questionnaire at your earliest convenience. I appreciate greatly your help in my research. I hope very much you can find a few minutes to fill in the questionnaire.

Sincerely,

Susan Jarema
MBA Candidate

Appendix 6a. Explanation of Variables not Included in the Analysis

MKTG1: Marketing emphasis on product. It was intended that this variable would factor with other transaction approach variables. However it did not load as expected and had a weak loading on factor 18 (0.579). The scree plot and eigenvalues suggested that twelve factors should be used.

CUST6, CUST1, CUST7, CUST5: frequency of orders, level of customer information kept, customer commitment, number of people in contact with customer. These variables factored together in Factor 14 with relatively low loadings (0.745, 0.539, 0.358, 0.357), interpretability was poor and they moved around among factors as the number of factors were modified from 18.

RESHAR1: resource sharing of promotional expenses. This variable factor loading with other types of resource sharing was low (0.469). This may be because promotional materials are often shared by manufacturers and is not solely representative of a relationship marketing approach.

COM14, COM15: complaints passed on to another person, complaints handled immediately. These variables were intended to measure opposite ends of a continuum however many firms responded high to both. Also the measurement does not work well in a sample with a diversity of firm sizes

COM22: free samples. This variable was intended to load with the factor gratuities and thanks however it loaded at 0.377 with customer contact. Free samples are more dependent on the type of product sold and on contact with the customer.

COM23, COM24, COM25: customer satisfaction survey, marketing research and complaint boxes. Theses variables were intended to measure transactional marketing research approaches versus relational conversation with customers. However successful companies actually may use a combination of both. Complaint boxes are rarely used by manufacturers.

CUST12: formal and informal procedures. This variable loaded at 0.364 with formalization of policies rather than with the types of customer relationship variables.

TRAIN2: Both TRAIN1 and TRAIN2 did not load highly with any expected factors.

Appendix 6b. Explanation of Variables Used Separately in the Analysis

The following variables did not load well with other factors but are felt to be critical to a relationship marketing approach. These were used as individual variable scores separately in the model.

MKTG6: gaining new customers. This variable is an important transaction marketing approach dimension.

MKTG7: retaining customers. This variable is an important relationship marketing approach dimension.

COM9: personal visits. This variable has been found to be significant in other research.

COM10: socializing outside of work. This variable was of interest to the author especially because many business transactions in Asian countries are based on informal relations outside of business.

COM15: complaints handled immediately by the receiver. This variable was suggested to be a relationship marketing approach dimension in research.

COM26: feedback from conversations with customers. This variable was suggested to be a relationship marketing approach dimension in research.

TRAIN1: training of all personnel on customer service. Training should be an important element in all marketing strategy implementation programs because it is the staff who interact with customers and ultimately make things happen.

Appendix 7a Total Effect Calculations of P_{31} for Full Export Intensity Model: Path Through Management Commitment

DIRECT	P31	0.122177
TOT INDIREC	P21*P32	0.1786
TOTAL EFFECTS:		0.3008

	INDIRECT P21		P32		TOTAL
F10CUSRE	0.1857	*	-0.0171		-0.0032
F11PRICE	0.2392	***	-0.1771		-0.0424
F12COMM	0.1791	*	-0.0972		-0.0174
F1COORD	0.2840	***	0.0705		0.0200
F2RESHAR	-0.1327	*	-0.0106		0.0014
F3SHARIN	0.2400	**	0.0770		0.0185
F4POLSTD	0.0792		-0.1139		-0.0090
F5CUSTR	0.2217	**	-0.2661	**	-0.0590
F6TURNOV	0.0260		-0.0365		-0.0009
F7RMDIM	0.4405	***	0.0029		0.0013
F8THANKS	0.1106		0.2119	*	0.0234
F9CUSINV	0.0469		0.1471		0.0069
COM9	0.5102	***	0.2849	**	0.1453
COM10	0.2471	***	-0.0115		-0.0028
COM15	0.1680	*	0.1344		0.0226
COM26	0.1728	*	-0.1677		-0.0290
MKTG6	0.3098	***	0.0815		0.0253
MKTG7	0.2782	***	0.1644		0.0457
TRAIN1	0.1688	*	-0.0649		-0.0110
					0.1786

Appendix 7b Total Effect Calculations of P_{31} for Full Export Intensity Model: Path Through Technology in the Firm

DIRECT	P31	-0.22595 **
TOT INDIREC	P21*P32	0.1130
TOTAL EFFECTS:		-0.1130

	INDIRECT P21	P32	TOTAL
F10CUSRE	0.0133	-0.0171	-0.0002
F11PRICE	-0.1167	-0.1771	0.0207
F12COMM	-0.0088	-0.0972	0.0009
F1COORD	0.2601 ***	0.0705	0.0183
F2RESHAR	0.2637 ***	-0.0106	-0.0028
F3SHARIN	0.0540	0.0770	0.0042
F4POLSTD	-0.0247	-0.1139	0.0028
F5CUSTR	0.0890	-0.2661 **	-0.0237
F6TURNOV	0.0961	-0.0365	-0.0035
F7RMDIM	0.1721 **	0.0029	0.0005
F8THANKS	0.0479	0.2119 *	0.0101
F9CUSINV	0.3141	0.1471	0.0462
COM9	0.0574	0.2849 **	0.0164
COM10	0.1149	-0.0115	-0.0013
COM15	0.0706	0.1344	0.0095
COM26	-0.0801	-0.1677	0.0134
MKTG6	0.1322	0.0815	0.0108
MKTG7	0.2869 ***	0.1644	0.0472
TRAIN1	0.2580 ***	-0.0649	-0.0167
			0.1130

Appendix 7c Total Effect Calculations of P_{31} for Full Export Intensity Model: Path Through Export Experience

DIRECT	P31	-0.00521
TOT INDIREC	P21*P32	-0.0356
TOTAL EFFECTS:		-0.0409

	INDIRECT P21		P32		TOTAL
F10CUSRE	0.0419		-0.0171		-0.0007
F11PRICE	0.0039		-0.1771		-0.0007
F12COMM	-0.0489		-0.0972		0.0048
F1COORD	-0.0397		0.0705		-0.0028
F2RESHAR	0.0795		-0.0106		-0.0008
F3SHARIN	-0.0518		0.0770		-0.0040
F4POLSTD	0.2602	***	-0.1139		-0.0296
F5CUSTR	-0.0709		-0.2661	**	0.0189
F6TURNOV	0.1027		-0.0365		-0.0038
F7RMDIM	-0.0077		0.0029		0.0000
F8THANKS	-0.1311		0.2119	*	-0.0278
F9CUSINV	0.1023		0.1471		0.0150
COM9	0.0521		0.2849	**	0.0148
COM10	0.0684		-0.0115		-0.0008
COM15	-0.0812		0.1344		-0.0109
COM26	-0.0442		-0.1677		0.0074
MKTG6	-0.1015		0.0815		-0.0083
MKTG7	-0.0002		0.1644		0.0000
TRAIN1	0.0893		-0.0649		-0.0058
					-0.0356

Appendix 7d Total Effect Calculations of P_{31} for Full Export Intensity Model: Path Through Organizational Commitment of Financial Resources

DIRECT	P31	0.108519
TOT INDIREC	P21*P32	-0.0436
TOTAL EFFECTS:		0.0649

	INDIRECT P21	P32	TOTAL
F10CUSRE	-0.1153	-0.0171	0.0020
F11PRICE	-0.0640	-0.1771	0.0113
F12COMM	-0.0557	-0.0972	0.0054
F1COORD	-0.0970	0.0705	-0.0068
F2RESHAR	0.1339	-0.0106	-0.0014
F3SHARIN	0.0850	0.0770	0.0065
F4POLSTD	-0.0391	-0.1139	0.0045
F5CUSTR	0.0702	-0.2661 **	-0.0187
F6TURNOV	0.0838	-0.0365	-0.0031
F7RMDIM	0.0362	0.0029	0.0001
F8THANKS	-0.1155	0.2119 *	-0.0245
F9CUSINV	0.0032	0.1471	0.0005
COM9	-0.0346	0.2849 **	-0.0099
COM10	-0.0163	-0.0115	0.0002
COM15	-0.0245	0.1344	-0.0033
COM26	-0.0796	-0.1677	0.0133
MKTG6	-0.0251	0.0815	-0.0020
MKTG7	-0.0482	0.1644	-0.0079
TRAIN1	-0.0313	-0.0649	0.0020
			-0.0436

Appendix 7e Total Effect Calculations of P_{31} for Full Export Intensity Model: Path Through Small Sized Firms

DIRECT	P31	0.058689
TOT INDIREC	P21*P32	-0.1197
TOTAL EFFECTS:		-0.0610

	INDIRECT P21	P32	TOTAL
F10CUSRE	0.1112	-0.0171	-0.0019
F11PRICE	-0.1910 *	-0.1771	0.0338
F12COMM	-0.0992	-0.0972	0.0096
F1COORD	0.0227	0.0705	0.0016
F2RESHAR	0.0895	-0.0106	-0.0009
F3SHARIN	-0.0489	0.0770	-0.0038
F4POLSTD	0.2056 *	-0.1139	-0.0234
F5CUSTR	0.1526	-0.2661 **	-0.0406
F6TURNOV	0.1847	-0.0365	-0.0067
F7RMDIM	0.0555	0.0029	0.0002
F8THANKS	-0.1520	0.2119 *	-0.0322
F9CUSINV	0.2205 *	0.1471	0.0324
COM9	-0.1603	0.2849 **	-0.0457
COM10	-0.1257	-0.0115	0.0014
COM15	0.2191 *	0.1344	0.0294
COM26	0.1646	-0.1677	-0.0276
MKTG6	0.0243	0.0815	0.0020
MKTG7	0.0255	0.1644	0.0042
TRAIN1	0.1295	-0.0649	-0.0084
			-0.1197

Appendix 7f Total Effect Calculations of P_{31} for Full Export Intensity Model: Path Through Medium Sized Firms

DIRECT	P31	0.006551
TOT INDIREC	P21*P32	-0.0243
TOTAL EFFECTS:		-0.0178

	INDIRECT P21	P32	TOTAL
F10CUSRE	0.1916 *	-0.0171	-0.0033
F11PRICE	0.0718	-0.1771	-0.0127
F12COMM	0.0964	-0.0972	-0.0094
F1COORD	0.0135	0.0705	0.0010
F2RESHAR	-0.0246	-0.0106	0.0003
F3SHARIN	0.0282	0.0770	0.0022
F4POLSTD	0.2536 **	-0.1139	-0.0289
F5CUSTR	0.2445 **	-0.2661 **	-0.0651
F6TURNOV	0.1044	-0.0365	-0.0038
F7RMDIM	0.1125	0.0029	0.0003
F8THANKS	0.0019	0.2119 *	0.0004
F9CUSINV	0.1367	0.1471	0.0201
COM9	0.0787	0.2849 **	0.0224
COM10	-0.0194	-0.0115	0.0002
COM15	0.0230	0.1344	0.0031
COM26	0.0847	-0.1677	-0.0142
MKTG6	0.0619	0.0815	0.0050
MKTG7	0.1963 *	0.1644	0.0323
TRAIN1	-0.0205	-0.0649	0.0013
			-0.0243

Appendix 8a Total Effect Calculations of P_{31} for Full Level of Export Success Model: Path Through Management Commitment

DIRECT	P31	0.136113
TOT INDIREC	P21*P32	0.1460
TOTAL EFFECTS:		0.2821

	INDIRECT P21		P32		TOTAL
F10CUSRE	0.1857	*	0.0349		0.0065
F11PRICE	0.2392	***	-0.1509		-0.0361
F12COMM	0.1791	*	-0.0060		-0.0011
F1COORD	0.2840	***	0.1084		0.0308
F2RESHAR	-0.1327	*	-0.1050		0.0139
F3SHARIN	0.2400	**	0.1801		0.0432
F4POLSTD	0.0792		-0.0672		-0.0053
F5CUSTR	0.2217	**	-0.1339		-0.0297
F6TURNOV	0.0260		-0.0014		0.0000
F7RMDIM	0.4405	***	0.0811		0.0357
F8THANKS	0.1106		0.2633	**	0.0291
F9CUSINV	0.0469		0.0859		0.0040
COM9	0.5102	***	0.1612		0.0822
COM10	0.2471	***	-0.0553		-0.0137
COM15	0.1680	*	0.0677		-0.0137
COM26	0.1728	*	-0.1422		0.0114
MKTG6	0.3098	***	0.0503		-0.0246
MKTG7	0.2782	***	0.0395		0.0110
TRAIN1	0.1688	*	0.0136		0.0023
					0.1460

Appendix 8b Total Effect Calculations of P_{31} for Full Level of Export Success Model: Path Through Technology in the Firm

DIRECT	P31	-0.12647
TOT INDIREC	P21*P32	0.0658
TOTAL EFFECTS:		-0.0607

	INDIRECT P21	P32	TOTAL
F10CUSRE	0.0133	0.0349	0.0005
F11PRICE	-0.1167	-0.1509	0.0176
F12COMM	-0.0088	-0.0060	0.0001
F1COORD	0.2601 ***	0.1084	0.0282
F2RESHAR	0.2637 ***	-0.1050	-0.0277
F3SHARIN	0.0540	0.1801	0.0097
F4POLSTD	-0.0247	-0.0672	0.0017
F5CUSTR	0.0890	-0.1339	-0.0119
F6TURNOV	0.0961	-0.0014	-0.0001
F7RMDIM	0.1721 **	0.0811	0.0140
F8THANKS	0.0479	0.2633 **	0.0126
F9CUSINV	0.3141	0.0859	0.0270
COM9	0.0574	0.1612	0.0093
COM10	0.1149	-0.0553	-0.0063
COM15	0.0706	0.0677	0.0048
COM26	-0.0801	-0.1422	0.0114
MKTG6	0.1322	0.0503	0.0067
MKTG7	0.2869 ***	0.0395	0.0113
TRAIN1	0.2580 ***	0.0136	0.0035
			0.0658

Appendix 8c Total Effect Calculations of P_{31} for Full Level of Export Success Model: Path Through Organizational Commitment of Financial Resources

DIRECT	P31	0.086216
TOT INDIREC	P21*P32	-0.0506
TOTAL EFFECTS:		0.0356

	INDIRECT P21	P32	TOTAL
F10CUSRE	0.0419	0.0349	0.0015
F11PRICE	0.0039	-0.1509	-0.0006
F12COMM	-0.0489	-0.0060	0.0003
F1COORD	-0.0397	0.1084	-0.0043
F2RESHAR	0.0795	-0.1050	-0.0083
F3SHARIN	-0.0518	0.1801	-0.0093
F4POLSTD	0.2602 ***	-0.0672	-0.0175
F5CUSTR	-0.0709	-0.1339	0.0095
F6TURNOV	0.1027	-0.0014	-0.0001
F7RMDIM	-0.0077	0.0811	-0.0006
F8THANKS	-0.1311	0.2633 **	-0.0345
F9CUSINV	0.1023	0.0859	0.0088
COM9	0.0521	0.1612	0.0084
COM10	0.0684	-0.0553	-0.0038
COM15	-0.0812	0.0677	-0.0055
COM26	-0.0442	-0.1422	0.0063
MKTG6	-0.1015	0.0503	-0.0051
MKTG7	-0.0002	0.0395	0.0000
TRAIN1	0.0893	0.0136	0.0012
			-0.0506

Appendix 8d Total Effect Calculations of P_{31} for Full Level of Export Success Model: Path Through Export Experience

DIRECT	P31	0.04016
TOT INDIREC	P21*P32	-0.0315
TOTAL EFFECTS:		0.0087

	INDIRECT P21	P32	TOTAL
F10CUSRE	-0.1153	0.0349	-0.0040
F11PRICE	-0.0640	-0.1509	0.0097
F12COMM	-0.0557	-0.0060	0.0003
F1COORD	-0.0970	0.1084	-0.0105
F2RESHAR	0.1339	-0.1050	-0.0141
F3SHARIN	0.0850	0.1801	0.0153
F4POLSTD	-0.0391	-0.0672	0.0026
F5CUSTR	0.0702	-0.1339	-0.0094
F6TURNOV	0.0838	-0.0014	-0.0001
F7RMDIM	0.0362	0.0811	0.0029
F8THANKS	-0.1155	0.2633 **	-0.0304
F9CUSINV	0.0032	0.0859	0.0003
COM9	-0.0346	0.1612	-0.0056
COM10	-0.0163	-0.0553	0.0009
COM15	-0.0245	0.0677	-0.0017
COM26	-0.0796	-0.1422	0.0113
MKTG6	-0.0251	0.0503	-0.0013
MKTG7	-0.0482	0.0395	-0.0019
TRAIN1	-0.0313	0.0136	-0.0004
			-0.0315

Appendix 8e Total Effect Calculations of P_{31} for Full Level of Export Success Model: Path Through Small Sized Firms

DIRECT	P31	-0.20022
TOT INDIREC	P21*P32	-0.0928
TOTAL EFFECTS:		-0.2930

	INDIRECT P21	P32	TOTAL
F10CUSRE	0.1112	0.0349	0.0039
F11PRICE	-0.1910 *	-0.1509	0.0288
F12COMM	-0.0992	-0.0060	0.0006
F1COORD	0.0227	0.1084	0.0025
F2RESHAR	0.0895	-0.1050	-0.0094
F3SHARIN	-0.0489	0.1801	-0.0088
F4POLSTD	0.2056 *	-0.0672	-0.0138
F5CUSTR	0.1526	-0.1339	-0.0204
F6TURNOV	0.1847	-0.0014	-0.0003
F7RMDIM	0.0555	0.0811	0.0045
F8THANKS	-0.1520	0.2633 **	-0.0400
F9CUSINV	0.2205 *	0.0859	0.0189
COM9	-0.1603	0.1612	-0.0258
COM10	-0.1257	-0.0553	0.0069
COM15	0.2191 *	0.0677	0.0148
COM26	0.1646	-0.1422	-0.0234
MKTG6	0.0243	0.0503	0.0012
MKTG7	0.0255	0.0395	0.0010
TRAIN1	0.1295	0.0136	0.0018
			-0.0928

Appendix 8f Total Effect Calculations of P_{31} for Full Level of Export Success Model: Path Through Medium Sized Firms

DIRECT	P31	-0.14881
TOT INDIREC	P21*P32	-0.0070
TOTAL EFFECTS:		-0.1558

	INDIRECT P21	P32	TOTAL
F10CUSRE	0.1916 *	0.0349	0.0067
F11PRICE	0.0718	-0.1509	-0.0108
F12COMM	0.0964	-0.0060	-0.0006
F1COORD	0.0135	0.1084	0.0015
F2RESHAR	-0.0246	-0.1050	0.0026
F3SHARIN	0.0282	0.1801	0.0051
F4POLSTD	0.2536 **	-0.0672	-0.0170
F5CUSTR	0.2445 **	-0.1339	-0.0327
F6TURNOV	0.1044	-0.0014	-0.0001
F7RMDIM	0.1125	0.0811	0.0091
F8THANKS	0.0019	0.2633 **	0.0005
F9CUSINV	0.1367	0.0859	0.0117
COM9	0.0787	0.1612	0.0127
COM10	-0.0194	-0.0553	0.0011
COM15	0.0230	0.0677	0.0016
COM26	0.0847	-0.1422	-0.0120
MKTG6	0.0619	0.0503	0.0031
MKTG7	0.1963 *	0.0395	0.0078
TRAIN1	-0.0205	0.0136	-0.0003
			-0.0070

Appendix 9 Path Coeifficients and Significance Levels for Export Performance Regressed on Relationship Marketing Variables for Revised Export Intensity Model

Final Revised Model After Checking For Multicollinearity

DEPENDENT VARIABLE:	INTENSITY		
	R square	0.39OO	
	Adj R square	0.15OO	
	F	8.22OO	
	Sig F	0.00OO	
INDEPENDENT VARIABLES	B	Beta Std	Sig T
PERSONAL VISITS (COM9)	5.79OO	0.31OO	0.00OO
CUSTOMER TREATMENT (F5CUSTR)	-3.93OO	-0.14OO	0.10OO
RETAINING CUSTOMERS (MKTG7)	5.09OO	0.21OO	0.01OO

Revised Model Before Testing For Multicollinearity

INDEPENDENT VARIABLE	INTENSITY		
	R square	0.17OO	
	Adj R square	0.14OO	
	F	6.77OO	
	Sig F	0.00OO	
DEPENDENTS	B	Beta Std	Sig T
PERSONAL VISITS (COM9)	5.65OO	0.30OO	0.00OO
CUSTOMER TREATMENT (F5CUSTR)	-4.80OO	-0.17OO	0.05OO
RETAINING CUSTOMERS (MKTG7)	4.52OO	0.19OO	0.03OO
COMPLAINTS HANDLED IMMEDIATELY (COM15)	2.43OO	0.13OO	0.14OO

Appendix 10 Total Effect Calculations of P_{31} for Final Revised Export Intensity Model

REVISED MODEL INTENSITY

PATH F2_1RES (MANAGEMENT COMMITMENT)+A27 THROUGH RM

DIRECT	P31	0.178561 *
TOT INDIRECT	P21*P32	0.1707
TOTAL EFFECTS:		0.3493

	INDIRECT P21	P32	TOTAL
F5CUSTR	0.2510 ***	-0.1655 *	-0.0415
COM9	0.5140 ***	0.2575 ***	0.1324
MKTG7	0.3410 ***	0.2343 ***	0.0799
TOTAL			0.1707

PATH F2_2TEC (TECHNOLOGY IN THE FIRM) THROUGH RM

DIRECT	P31	-0.2000 **
TOT INDIRECT	P21*P32	0.0678
TOTAL EFFECTS:		-0.1322

	INDIRECT P21	P32	TOTAL
F5CUSTR	0.0710	-0.1655 *	-0.0118
COM9	0.0850	0.2575 ***	0.0219
MKTG7	0.2460 ***	0.2343 ***	0.0576
TOTAL			0.0678

PATH DUMSIZE_2 (MEDIUM SIZED FIRMS) THROUGH RM

DIRECT	P31	0.0066
TOT INDIRECT	P21*P32	0.0450
TOTAL EFFECTS:		0.0515

	INDIRECT P21	P32	TOTAL
F5CUSTR	0.1230	-0.1655 *	-0.0204
COM9	0.1500 *	0.2575 ***	0.0386
MKTG7	0.1140	0.2343 ***	0.0267
TOTAL			0.0450

Significance level
***<.01
** <.05
* <.10

Appendix 11 Path Coeifficients and Significance Levels for Export Performance Regressed on Relationship Marketing Variables for Revised Level of Success Model

Final Revised Model After Checking For Multicollinearity

DEPENDENT VARIABLE:	Success		
	R square	0.47OO	
	Adj R square	0.22OO	
	F	12.89OO	
	Sig F	0.00OO	
INDEPENDENT VARIABLES	B	Beta Std	Sig T
PERSONAL VISITS (COM9)	0.27OO	0.28OO	0.00OO
RETAINING CUSTOMERS (MKTG7)	0.27OO	0.22OO	0.01OO
GIVING THANKS (F8THANKS)	0.16OO	0.15OO	0.05OO

Revised Model Before Testing For Multicollinearity

DEPENDENT VARIABLE:	Success		
	R square	0.47OO	
	Adj R square	0.22OO	
	F	12.89OO	
	Sig F	0.00OO	
INDEPENDENT VARIABLES	B	Beta Std	Sig T
PERSONAL VISITS (COM9)	0.35OO	0.36OO	0.00OO
GIVING THANKS (F8THANKS)	0.24OO	0.23OO	0.01OO
RESOURCE SHARING (F2RESHAR)	-0.16OO	-0.13OO	0.11OO
FEEDBACK FROM CONVERSATIONS (COM26)	-0.10OO	-0.08OO	0.31OO

Appendix 12 Total Effect Calculations of P_{31} for Final Revised Level of Export Success Model

REVISED MODEL SUCCESS

PATH F2_1RES (MANAGEMENT COMMITMENT) THROUGH RM

DIRECT	P31	0.1789 *
TOT INDIRECT	P21*P32	0.1796
TOTAL EFFECTS:		0.3585

	INDIRECT P21	P32	TOTAL
F8THANKS	0.0910	0.1555 *	0.0142
COM9	0.5080 ***	0.1888 *	0.0959
MKTG7	0.3770 ***	0.1843 •	0.0695
TOTAL			0.1796

PATH DUMSIZ_1 (SMALL SIZED FIRMS) THROUGH RM

DIRECT	P31	-0.1952 •
TOT INDIRECT	P21*P32	-0.0118
TOTAL EFFECTS:		-0.2070

	INDIRECT P21	P32	TOTAL
F8THANKS	-0.1490	0.1555 *	-0.0232
COM9	0.0280	0.1888 •	0.0053
MKTG7	0.0330	0.1843 •	0.0061
TOTAL			-0.0118

PATH DUMSIZ_2 (MEDIUM SIZED FIRMS) THROUGH RM

DIRECT	P31	-0.2461 ***
TOT INDIRECT	P21*P32	0.0116
TOTAL EFFECTS:		-0.2345

	INDIRECT P21	P32	TOTAL
F8THANKS	-0.0040	0.1555 *	-0.0006
COM9	0.0860	0.1888 *	0.0162
MKTG7	-0.0220	0.1843 *	-0.0041
TOTAL			0.0116

Significance level
***<.01
** <.05
* <.10

Appendix 13 Calculation of Identity Matrix and Chi Square

INTENSITY MODEL

determinant	ln(DEter)	N	k	N-1	(2K+5)/6	Chi squar	Prob
0.5107	-0.6720	121.0000	6.0000	120.0000	2.8333	78.7309	0.0000

	F2_1RES	F2_2TEC	DUMSIZE	F5CUSTR	COM9	MKTG7	INTENSITY
F2_1RES	1.0000	0.0000	0.0000	0.0326	-0.2215	-0.0620	0.3166
F2_2TEC	0.0000	1.0000	0.0000	0.3166	0.2662	0.1341	0.2445
DUMSIZE	0.0000	0.0000	1.0000	0.2562	-0.0950	0.0700	0.0256
F5CUSTR	0.0326	0.3166	0.2562	1.0000	0.0000	0.0000	0.2595
COM9	-0.2215	0.2662	-0.0950	0.0000	1.0000	0.0000	-0.0990
MKTG7	-0.0620	0.1341	0.0700	0.0000	0.0000	1.0000	-0.2489
INTENSITY	0.3166	0.2445	0.0256	0.2596	-0.0990	-0.2489	1.0000

SUCCESS MODEL

determinant	ln(DEter)	N	k	N-1	(2K+5)/6	Chi squar	Prob
0.5448	-0.6073	121.0000	6.0000	120.0000	2.8333	71.1574	0.0000

	F2_1RES	DSIZE1	DSIZE2	F8THANK	COM9	MKTG7	SUCCESS
F2_1RES	1.0000	0.0000	0.0000	0.1594	-0.2824	-0.1457	0.0273
DSIZE1	0.0000	1.0000	0.0000	0.1570	-0.2286	-0.1736	-0.2114
DSIZE2	0.0000	0.0000	1.0000	0.1721	-0.0216	0.2378	0.3782
F8THANKS	0.1594	0.1570	0.1721	1.0000	0.0000	0.0000	-0.0952
COM9	-0.2824	-0.2286	-0.0216	0.0000	1.0000	0.0000	0.0623
MKTG7	-0.1540	-0.1736	0.2378	0.0000	0.0000	1.0000	0.0162
SUCCESS	0.0273	-0.2114	0.3782	-0.0952	0.0623	0.0162	1.0000