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**Promotion and distribution determinants influence on export performance in B2B  
company**  
**Case SK Tuote**

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## UNIVERSITY OF VAASA

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### ABSTRACT:

This thesis seeks to address the issues related to export performance in case company and how they could improve their operations according to the results of previous literature and studies. What export performance actually is, and what determines it, is often difficult for companies to perceive in real life. This thesis tries to clarify those determinants and more specifically determinants, which are relevant for the case company and then provide recommendations and next steps for the future.

Research approach in this thesis was mainly inductive, in order to find out the problems/points of improvement in case company and then steer the theory to be as relevant for the topic at hand as possible. Single case study was chosen and it was supported with literature review focusing on the themes, which appeared in the interviews. Case company is a big international company which operates on several markets and interviews were conducted with persons working in the core of exporting activities.

The thesis contributes existing literature through enriching the empirical support for the previous literature of export performance determinants. Thesis provides perspective through decision-making-level employees' interviews on what they think about export performance and how they see it. Secondly, thesis provides practical recommendations for B2B company to prioritize their efforts in improving export performance in the context of promotion and distribution.

Study is limited in several ways. Study concerns B2B perspective, and marketing mix effect on export performance is limited to review promotion and distribution, because of the relevancy for the case company. Study is also limited to cover only the internal and controllable determinants effecting to export performance in order to reach more precise answer to the research question.

**KEY WORDS:** Export performance, marketing mix, promotion, distribution



# 1 INTRODUCTION

This chapter introduces the research topic and the key terms related to the topic. Chapter sorts out the background for the study and explains how the research was conducted. Research question and research objectives will be presented as well as research delimitations.

## 1.1 Background for the study

Solutions what science provide for business is are not so easy to implement. Exporting has been an interesting topic for most of the companies, since it is the easiest and the cheapest way to expand beyond the local market and go international. Particularly foreign operations are important way for small and medium size companies. (Navarro, Losada, Ruzo & Díez, 2010). Exporting is one of the best ways for companies to expand, begin internationalization, grow their business and even survive in some situations. According to several studies, (Dalli 1995, Fina & Rugman, 1996; Kogut & Chang 1996; Lu & Beamish 2001; Root 1994; Sullivan & Bauerschmidt 1990; Zahra, Neubaum & Huse 1997) exporting is most likely the best way for SME's to expand their operations abroad. Exporting is suitable option for SME companies since they are usually lacking in resources, and exporting does not demand significant investments, and it still provides a good stepping-stone for companies to go international and create a base for their future international operations. Even though there are many theories and studies, and plenty of literature concerning exporting, and export performance, in real life, it can be difficult for companies to utilize the scientific frameworks to practise (Saikkonen 2017).

However, succeeding in exporting is demanding, because foreign environment brings new challenges to organization through its multiple and diverse nature (Samiee & Walters, 1991; Czinkota & Ronkainen, 2013). Company's playground and competition has been expanding several decades from domestic markets to international dimensions and the pace is increasing (Nazar & Saleem 2009). Increasing pace of globalization and internationalization accelerate the need to think alternative options beyond the home country borders in terms of growth and survival. Because of the expansion to unknown, companies have to adjust their business to meet the requirements of the new environment in order to continue profitable business in exporting. Exporting activities are an opportunity for company to enhance its organizational capabilities, which may lead to

increased performance, due to the additional resources what exporting enables. (Filatotchev, Liu, Buck, & Wright, 2009).

Based on the study of Leonidou, Katsikeas and Samiee (2002) on different export performance determinants, this thesis was conducted for this certain case company aiming to provide consensus on managerial implications how certain parts of export marketing strategy (distribution and promotion) influences on export performance. As a result, next steps in company's export strategy and operations will be presented in order to provide an overview for the company, to where they should allocate their resources in their internal export related operations, and activities to get the best out of their exporting.

It is extremely important for a company seeking to internationalize with this entry mode that they understand what export performance is and what kind of different determinants are affecting to it. When company starts to export systematically it usually happens to psychologically similar countries or markets. Nevertheless, the management of the company still have to be fully committed to international marketing activities. After some time since the beginning of exporting, usually after two years, management will evaluate export operations whether they meet the expectations and how the company is doing in their exporting activities (Czinkota & Ronkainen 2013: 287). Through exporting company can achieve various economic benefits, which are mostly the reason why companies seek to grow beyond the home country boundaries (Lu & Beamish 2001). This study provides an overview for the case company, what determines the export performance and how it could be enhanced in this particular company according to the current situation.

## 1.2 Previous literature

Research of the base literature focused on the most prolific authors of exporting performance articles such as Katsikeas, Cavusgil, Leonidou, Zou, Sousa and many other. (Leonidou, Katsikeas & Coudounaris 2010). Several researches has been conducted of export performance and what determines export performance. Shoham (1996) and Katsikeas, Leonidou and Morgan (2000) define export performance as the outcome of company's activities/operations in target market. Era of the study is fairly fragmented and inconsistent nevertheless significant amount of various researches has been completed over the last few decades. Even now, there is no simple and clear synthesis for the topic.



Another problem with previous studies is that they concern only links between antecedents and export performing but they are lacking in-depth research on determinants and relationships between different determinants. (Chen, Sousa & He 2016). Although, export performance has been studied around the world, the majority of the researches have been conducted in the US. However, the trend of export performance research has been increasing rapidly in the last few decades (Zou & Stan, 1998; Chen et al., 2016). There have been plenty of studies past decades concerning determinants of export performance, but the issue with the amount of the research is, that there has not been any clear synthesis for characterizing the knowledge to simple conclusions (Zou & Stan, 1998; Chen et al. 2016.)

Among other previous literature, the literature of export performance includes three articles reviewing the subject of export performance and those articles summarize what have been done in the field of export performance studies during the last 30 years. The outline and the theme of the studies have been constant over the years and the focus has been on enhancing the conceptualization of the research era. The share of the researches conducted in Europe has been increasing while the focus on small and medium sized companies have remained. Research has focused on the level of export performance research separating export venture from the single company level. Focus on the research has been on industrial and manufacturing sector, leaving out service sector despite its importance. Although different variables have been studied broadly, the focus has been more on uncontrollable variables (related to target market and market environment) and less on general firm level and controllable firm level variables. (Sousa, Martínez-López & Coelho, 2008.) Although, the research on export performance has taken significant steps in terms of progress, the literature is not mature yet because of the fragmentation and inconsistency of the research domain and its definitions. To become mature, export performance literature needs to provide composite, sufficient and comprehensive theory, but that point have not been reached yet. (Chen et al., 2016; Singh, 2009; Katsikeas, 2003.) Determinants of export performance have been divided to different classifications in previous literature and one example is the classification made by Zou and Stan (1998) (table 1). However, the main theme in classification has been division into controllable and uncontrollable determinants or internal and external factors (Nazar & Saleem 2009). Zou & Stan (1998) divided export performance determinants into a table (Table 1) which illustrates and categorizes all the determinants by whether they are dependent on company's actions (internal) or market environment (external) and by that if company can have control over them or not. Determinants have been identified in literature before

1997 and this classification has given the base for classification of determinants and it is still commonly cited in studies after creation of this categorization.

DETERMINANTS OF EXPORT PERFORMANCE			
INTERNAL		EXTERNAL	
CONTROLL- ABLE	<b>Export Marketing Strategy</b>		
	General export strategy	GES	
	Export planning	EP	
	Export organization	EO	
	Market research utilization	MRU	
	Product adaptation	PDA	
	Product strengths	PDS	
	Price adaptation	PCA	
	Price competitiveness	PCC	
	Price determination	PCD	
	Promotion adaptation	PMA	
	Promotion intensity	PMI	
	Distribution channel adaptation	CHA	
	Distribution channel relationships	CHR	
	Distribution channel type	CHT	
	<b>Management Attitudes and Perceptions</b>		
	Export commitment and support	MEC	
	International orientation	IO	
	Proactive export motivation	EM	
	Perceived export advantages	MPA	
	Perceived export barriers	MPB	
UNCONTROLL- ABLE	<b>Management Characteristics</b>		
	Mgmt's international experience	MIE	
	Mgmt's education/experience	MEE	
	<b>Firm's Characteristics and Competencies</b>		
	Firm's size	SZ	
	Firm's international competence	IC	
	Firm's age	FA	
	Firm's technology	FT	
	Firm's characteristics	FCH	
	Firm's capabilities/competencies	FCC	
	<b>Industry Characteristics</b>		
	Industry's technological intensity	ITI	
	Industry's level of instability	IS	
	<b>Foreign Market Characteristics</b>		
	Export market attractiveness	EMA	
	Export market competitiveness	EMC	
	Export market barriers	EMB	
	<b>Domestic Market Characteristics</b>		
	Domestic market	DM	

**Table 1.** Classification of the dependent and independent factors (Zou & Stan 1998).

Leonidou et al (2002) researched the relationship between marketing strategy determinants and export performance and found out that there is a strong association between export marketing strategy and export performance, which creates a base for this thesis. Marketing strategy includes 4P model which consists of product, price, place (distribution) and promotion, and each one of those has several variables, which determines performance in exporting. (Leonidou et al. 2002.)

### 1.3 Research question and objectives

Research questions and objectives are essential for coherent and clear research and their importance cannot be overemphasized. Research design reflects the priorities given to the research and its perspectives towards the subject, which the research question also illustrates. Research design expresses the connections between different variables,

understands the behavior and the meaning of the behavior in its specific social context. (Bryman & Bell, 2011: 40.)

Purpose of the research design can be exploratory, descriptive, explanatory or evaluative and it depends on the research topic, which is the most suitable perspective. (Saunders et al. 2016: 174) This study serves the exploratory purpose because the goal is to search for the problem in case company and exploratory is useful to utilize when research aims to clarify an issue, problem or phenomenon even without certain knowledge of the true nature of the problem or phenomenon (Saunders et al. 2016: 175). Since this study is exploratory, the research questions were set according to the typically used question words “what” and “how”. (Saunders et al. 2016: 46.) Research question and research objectives are as follows;

**Research question:** *What are the export performance related issues for the company? How company can enhance their exporting activities to the selected target country through determinants of promotion and distribution?*

Research objectives:

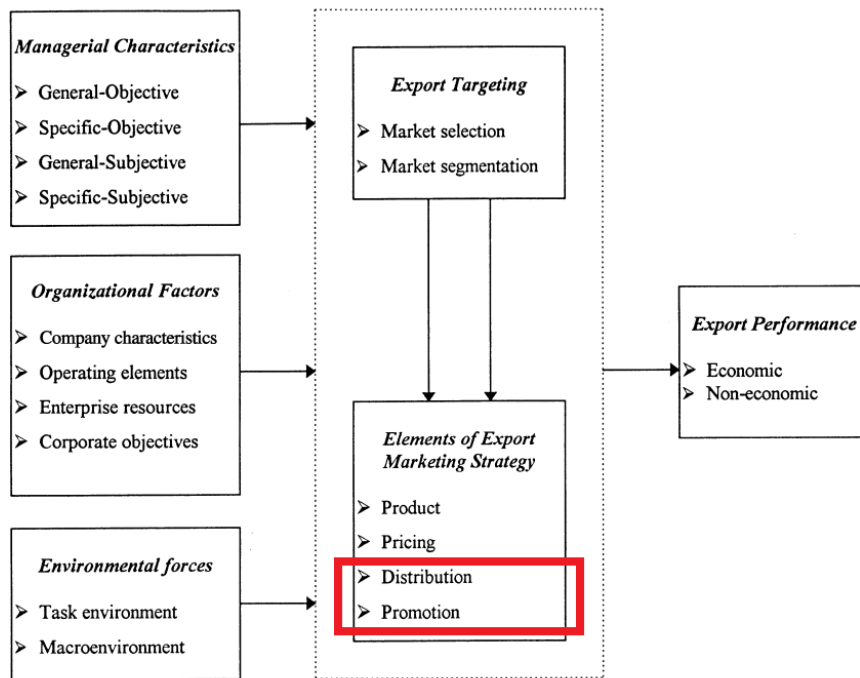
1. What is export performance and what determines export performance
2. Specify the theoretical aim according to the “problems” that came up in interviews
3. Identify major differences between previous literature and how the things are in the case company
4. Provide recommendations what are the next steps in the company to improve their export performance according to the current situation in company

The aim of this thesis is to provide managerial implications on how the case company can improve their export activities through promotional and distributional activities, in order to enhance their performance in export markets to Sweden. The limitation to Sweden comes from the setting what case company has done in Sweden and how they have performed in Sweden. The literature review is limited to provide the fundamental and independent solutions for export performance, in order to create a framework for comparison between empirically collected data from the case company, and previously found solutions and implications. This research aims to synthesize the export performance determinants literature related to distribution and promotion by gathering the significant determinants from the previous literature. Literature review was focused also on researches and studies concerning business-to-business market, developed market and weight was on industrial products, so that the theory would be as relevant as possible for the case. The time glass figure (Figure 1.) shows the research as a whole.



**Figure 1.** Research timeglass.

Distribution and promotion were chosen under review because of their relevancy to the case company and because of their significance in creating performance in exporting. (Cavusgil & Zou 1994; Leonidou et al. 2002; Gnizy 2016.) More than one variable was also rational choice because usually companies assess their performance with more than one variable (Aaby and Slater, 1989; Barker and Kaynak, 1992; Beamish and Munro, 1986; Cavusgil and Zou, 1994; Chetty & Hamilton, 1993.) The following figure 2 clarifies the chosen research topic in the era of export performance;



**Figure 2.** Synthesis of export performance. (Leonidou et al. 2002)

Study was conducted for a practical need from a company, which have been operating in exporting for approximately two years to the target market (Sweden). Company has been doing well in exporting activities, but they have not been able to utilize the full potential of the target market and meet the expectations what were set before the beginning of the exporting. (Saikkonen 2017.)

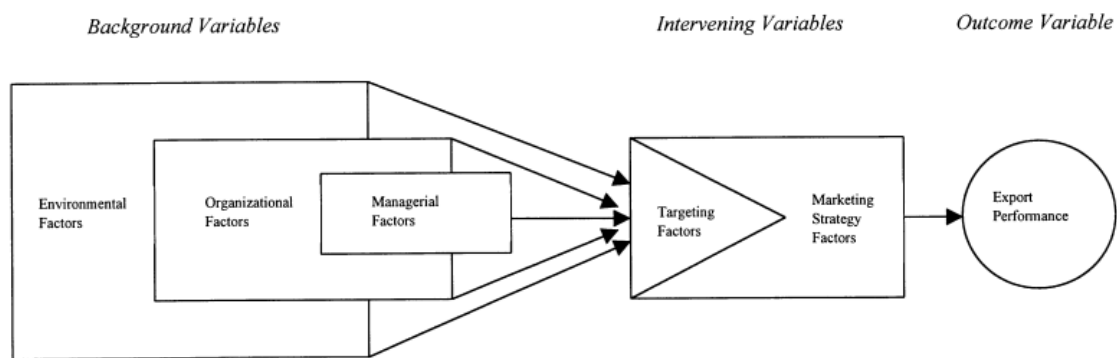
## 1.4 Key terms

This chapter explains the key terms dealt with in the research and which are the most crucial in understanding the framework for the study.

### 1.4.1 Export performance

Export performance is the result of company's activities in foreign market. There are several factors and variables affecting to the performance and also different ways how those factors and variables are planned to be executed and measured.

*“The literature posits that the effective implementation of planned export marketing strategy is a key determinant of the performance of firms operating in international markets.”* (Morgan, Katsikeas & Vorhies, 2012).



**Figure 3.** Simplified export performance model. (Katsikeas et al. 2000.)

According to Morgan et al. (2012), export marketing strategy is essential what comes to performance in foreign markets. Katsikeas, Leonidou and Morgan, 2000 state that marketing strategy factors (product, pricing, distribution and promotion) are necessities for superior performance in exporting.

Figure 3 illustrates from what factors export performance consists. Everything is related to *environmental factors*, target market, which determines what kind of framework/environment company has for its operations. These factors are out of company's control range, so it must adapt to the environmental setting. *Organizational factors* comprise the variety and the amount of resources what company has, what objectives and goals it has, and how the company's organization is built. Organizational factors inside exporting company are for instance, if they have department just for

exporting, or do they have internationally competent work force in company. *Managerial factors* on the other hand, refer to behavioral, attitudinal, experiential and demographic traits of exporter company's management and decision makers. Among these, good factors which effect on export performance are personal experience and commitment, and language proficiency. *Targeting factors* refer to the attributes, which company weighs when it's identifying, selecting and assessing potential target market (Kotabe & Helsen, 1998). *Marketing strategy factors* comprises all the variables and actions related to the marketing mix strategy concerning product, price, place (distribution), or promotion. (Katsikeas, Leonidou & Morgan, 2000.) This study focuses on distribution and promotion factors as determinants for export performance.

Export performance in foreign market can be improved through several different ways. However, the fact how well the export marketing strategy is designed, determines largely the success in export markets (Leonidou et al., 2002). International performance can also be enhanced by improving international marketing functions inside the company. Gnizy, 2016). This thesis seeks to find the answers how the case company should use their resources to different exporting activities to get the best influence on export performance. According to the study of Thirkell and Dau (1998), concerning manufacturing-exporters in New Zealand, exporters should improve their exporting activities through systematic and balanced process instead of focusing only on one or two critical success determinants. So, when company has plans to invest to improve exporting they should allocate their resources for more than just one or two activity to get the best effect out of the used resources. (Thirkell & Dau, 1998.)

Marketing capabilities and investments on different determinants should not be underestimated because they have a strong relationship on company's performance (Krasnikov & Jayachandran, 2013). Export marketing performance is determined by marketing variables, company's competence and management's commitment to exporting. For instance, such variables like dealer support, personal selling, accumulated experience, commitment and deliberate resource allocation, can be seen as straight link to better results in export markets. On the other hand, underperformance in export markets was related to following factors; insufficient attention to strategy planning, over looked product adaptation, flaws in pricing and wrong/bad choices in selecting distributors. (Cavusgil & Zou, 1994).

Essential attributes to success in export markets according to Cavusgil & Zou (1994) are management's international competence, management's commitment to exporting, product adaptation and strong support to the dealer, distributor or subsidiary. All this needs to be done through sufficient strategy planning, execution and implementation in order to get the benefits of these attributes. Gnizy (2016) supports the fact that international performance is determined by international marketing functions and how they are executed.

Different factors of export performance result in different ways on company's performance. Different measures show how different actions and factors/variables effect on their businesses. Measuring and assessing export performance is important for exporting company and its managers in order to implement working export marketing strategies. Characterizing and explaining performance is tricky particularly when reliable and valid measures are hard to identify. Poor conceptualizing of export performance measurements shows that export performance is multifaceted phenomena and it is hard to measure specifically with only certain measures or parameters, while measures are strongly interacting with each other (economic/non-economic). The appropriate selection of export measures to be used, can be the key in enabling learning of export markets in exporting company. Correct measures provide feedback straight from foreign market on export marketing strategy, which gives an opportunity for exporting company to make corrective moves in the market. (Katsikeas et al. 2000.)

The measurement of export performance has been divided into three main categories, which are economic, non-economic and generic measures, based on whether the measure is financial or not, so can it be measured in money or not (Leonidou, Palihawadana & Theodosiou, 2011; Ling-yee & Ogunmokun, 2001; Lisboa, Skarmas & Lages, 2011; Murray, Gao & Kotabe, 2011; Zou, Fang & Zhao, 2003). There is a significant amount of different measures for measuring export performance but the most commonly utilized are sales related measures. The five most commonly used measures are export sales intensity, export sales growth, export profitability, export sales volume and export sales intensity growth. Comparison between economic and non-economic measures is clear



because non-economic measures are only a fraction of the all measures utilized. (Katsikeas et al. 2000.)

<i>Performance Measure</i>	<i>Frequency of Use (percentage)</i>	<i>Performance Measure</i>	<i>Frequency of Use (percentage)</i>
<b>Economic measures</b>		<b>Noneconomic measures</b>	
Sales-related		Product-related	
Export sales ratio	57 (61)	New products exported	2 (2)
Export sales growth	41 (44)	Proportion of product groups exported	1 (1)
Export sales volume	20 (22)	Contribution of exporting to product development	1 (1)
Export sales ratio growth	12 (14)	Market-related	
Export sales transaction size	2 (2)	Export country/market number	5 (5)
Export sales intensity of product	1 (1)	Export market penetration	2 (2)
Export sales per employee	1 (1)	New market(s) exports	2 (2)
Export sales per export manager	1 (1)	Contribution of exporting to market development	1 (1)
Contribution of exporting to sales stability	1 (1)	Markets in which exporting was ceased (%)	1 (1)
Export sales volume of new products	1 (1)	Miscellaneous	
Export sales growth of new products	1 (1)	Began exporting	1 (1)
Export sales return on assets	1 (1)	Contribution of exporting to scale economies	1 (1)
Export sales return on investment	1 (1)	Contribution of exporting to company reputation	1 (1)
Growth of export sales return on assets	1 (1)	Years of exporting	1 (1)
Growth of export sales return on investment	1 (1)	Projection of export involvement	1 (1)
Profit-related		Number of export transactions	1 (1)
Export profitability	20 (22)	Generic measures	
Export profitability growth	8 (9)	Perceived export success	8 (9)
Export profit ratio	5 (5)	Achievement of export objectives	5 (5)
Export profit margin	4 (4)	Satisfaction with export performance	
Contribution of exporting to profits	2 (2)	(specified indicators)	3 (3)
Growth of export profit margin	1 (1)	Satisfaction with overall export performance	2 (2)
Market share-related		Strategic export performance	1 (1)
Export market share	5 (5)		
Export market share growth	2 (2)		

**Table 2.** Classification and frequency of appearance of export performance measures. (Katsikeas et al. 2000.)

Export performance measures, which exporting company should use, depends on company-specific characteristics, such as the size and the exporting experience of the company. For instance, if company is fairly new in exporting, sales-related measures might be more suitable for it, and on the other hand, if company has longer experience in exporting, profit-related measures are more favorable in terms correct assessment of export performance. Another factor which determines what measures company should use, are the drivers, which make company to export in the first place. So, when company is selecting the measures which it's going to use, it should keep in mind the goal of the exporting, what they want to achieve. For instance, the used measures vary depending on whether the company is seeking to grow internally, is it trying to develop limited or saturated market or is it trying to create competitive advantage (Leonidou, 1995). Companies also have to monitor their measures on regular basis and set standards in order to get a context for improving them systematically. Also, it is essential to monitor multiple measures because measures are interrelated positively or negatively, and it's not meaningful to assess export performance without considering the entire picture of export performance with several measures. (Katsikeas et al., 2000.)

### 1.4.2 Distribution

In every country and in every market, all consumer and industrial products need to go through distribution process, which includes physical handling and distribution. In addition to actual distribution of goods, distribution includes processes related to marketing strategy, such as buying and selling negotiations between different operating parts of the distribution process (middle men, customers, distributors etc.) Distribution (place) as a term is one of the four P's in marketing mix and as a process, it covers operations and activities from manufacturer to end consumer and how the company can make the product available for customers, so distribution channels are ways how company can make their products available to customers. The cultural environment and the marketing process determine the behaviour of distribution channel members. (Cateora, Gilly & Graham, 2013: 432-433.)

The role of distribution in B2B exporting is substantial and it partly determines how company performs in target market. Distribution overseas brings challenges in practical execution when logistics and partnerships need to be handled to different country and culture. These decisions are reflected to the overall export performance and how company needs to operate and arrange their practices related to distribution such as distributor/partners, logistics, delivery times, support to dealer etc. Company can use indirect, direct or integrated exporting strategy to penetrate and operate in foreign market. Each of these options has differences on how much resources and effort they demand, and it depends on company's stage in exporting, which is the optimal model for them. With *indirect exporting* company "outsources" the internationalization operations to another domestic company, which handles the sales abroad. In B2B markets this is fairly easy way to export without knowing the foreign operators. However, this option might become challenging, if company seeks to get strong presence in target market by itself. *Direct export* option leaves the responsibility of taking product to abroad to company and company can sell them directly to customer or use local intermediary or representative to get its products into the market. Another option for exporting strategy is *integrated exporting* where company integrates exporting more deeply into company by investing to foreign market in form of a sales office, distribution hub or even manufacturing related activity such as assembling for example. Third option is the most expensive and risky, but it also gives an opportunity to penetrate the target market more permanently. (Czinkota & Ronkainen 2013: 413-445.)

Usually company has two ways how to arrange their distribution channels when exporting to another country; either, use agencies to create presence in target market or cooperate with distributor who buys company's products to their own portfolio and warehouse. Distributors are usually operating with similar product lines and they have already sales force and marketing practices on their own, which lightens exporters load on those activities. On the other hand, exporter has fewer possibilities to influence directly how the product is sold except providing sales promotion and support for distributor. While distributor lightens exporter's duties, agencies usually do not handle goods by themselves, so they provide only "consulting" to target market by helping with market entry and connections. (Czinkota & Ronkainen 2013: 413-445.)

In exporting, distribution has a significant role as a determinant of export performance in export markets. Leonidou et al. (2002) used several different variables to explain how export marketing strategy influences company's performance in exporting activities. In B2B market importers are seeking trusted suppliers and suppliers have to be able to meet the requirements what importers/distributors are requiring (Piercy, Katsikeas & Cravens, 1997). The variables related to export performance in distribution are dealer support, delivery time and distribution adaptation.

#### 1.4.3 Promotion

Promotion as a term refers to marketing communication, meaning the communication what company has with its new and old customers, suppliers and intermediaries via various different channels. Promotion is a part of marketing strategy and it includes several components in promotional mix which consists of advertising, personal selling, sales promotion, public relations or publicity, direct marketing, corporate image, sponsorship, guerrilla marketing and product placement (Albaum & Duerr, 2008). Components/variables related to export performance in marketing communication and promotion are the following; advertising, sales promotion, personal selling, trade fairs, personal visits and promotion adaptation. These are the components, which determine promotion as a whole, and how company performs in light of promotion activities in exporting (Leonidou et al. 2002). In exporting, internationality brings its own twist to marketing communication as well, when the receiving partner is from another country and culture. This means that exporters goal in marketing communication is to manage to establish a common understanding with its customers and intermediaries regardless of the geographical and psychological distance. In optimal situation in marketing communication, the exporter and customer or intermediary will find a solution, which is

win-win option where both parties will be satisfied. (Czinkota & Ronkainen 2013: 385-413.)

There are some fundamental characteristic features in business-to-business (B2B) market, which need to be considered when thinking the marketing strategy variables. When companies sell goods to another company or organization like universities, governments and hospitals for example, the activity is called business marketing. Broadly speaking all companies and institutions — whether they are large or small, public or private, non-for-profit or for-profit — are contributing business market by exchanging industrial products and services in markets which can be local, international, global or mix of them. (Hutt & Speh 2005: 4.) Compared to consumers markets, business marketers serve the biggest market in the world and business markets surpasses the consumer markets with ease in terms of volume. Usually, business marketers have fewer clients and they sell larger quantities to one client compared to consumer sales. Two main distinguishing features of business markets compared to consumer markets, are the nature of the customer, how customer uses the product and what kind of buying behavior the customer has. Apart from consumer markets, in business market the primary channel in marketing communication is the sales person because of the technical complexity of business products, negotiation process and the smaller variety and number of probable buyers. Communication with every kind of customers is essential in order to perform well and there is not good enough product, which would sell itself. (Hutt & Speh, 2005; Ross, Canning, & McDowell 2010.)

### 1.5 Delimitations

In previous literature appears variety of factors and classifications, how the export performance is determined, but this study focuses on export marketing strategy variables as factors in export performance. Distribution and promotion in export marketing strategy were under the lens, since the competitive price is only a minor determinant in export performance (Cavusgil & Zou 1994) and distribution and promotion were found out in interviews to be the most relevant theoretical frameworks for the case used in this study. Study is also limited to cover the internal and controllable determinants effecting to export performance in order to achieve the understanding and capability to answer the research question. Determinants of marketing strategy effecting to export were chosen by the popularity in previous literature and significance of their effect on export performance and for that reason, they are relevant for the case used in the study. Several variables were

chosen under review because studying only one measure or variable of export performance, is too superficial, and in reality, the most of the companies use several variables to assess their performance (Aaby and Slater, 1989; Barker and Kaynak, 1992; Beamish and Munro, 1986; Cavusgil and Zou, 1994; Chetty and Hamilton, 1993). Previous literature and studies was reviewed from perspective of B2B market, industrial products and developed market because the case company in this study is operating with these characteristics, and so the study will be more precise and applicable for the case company as well.

### 1.6 Structure of the study

This study is divided to six different main chapters, which will create a coherent and logical base for the research. After introduction and explanation of the key terms the next two chapters focuses on the topic-related theory of promotion and distribution as determinants in export performance. These two chapters determine the theoretical framework for the subject under research. The fourth chapter sets the “rules” and perspectives for the methodology used in the study and how the research was conducted. It also sets the base for empirical research. The fifth chapter concerns empirically detected findings and it includes the analysis of the gathered data. Sixth and the last chapter ties the package and delivers conclusions for the research question and in addition, presents the managerial implications for the case company.

## 2 DISTRIBUTION DETERMINANTS

This chapter creates a framework for distribution determinants in export performance, what they mean and how they are connected to export performance. Distribution related determinants include dealer support, delivery time and distribution adaptation, and they will be introduced as terms and the significance in B2B will be explained.

### 2.1 Dealer support

Dealer support is about providing support and help for the distributor or subsidiary in the export market in terms of reaching better results and performance in the target market. To be able to create value for customers in business-to-business market, company need to develop and utilize its marketing capabilities and build good relationship to its partners (O'Cass & Ngo 2012). Employing own sales representatives is one of the options for exporter to make a presence in target market, but at the same time it is crucial to sell with distributors by supporting their sales force and efforts related to company's own product. Cooperation with distributors/dealers is essential, since they are probably more familiar with the target market than exporter. Exporter should build trust with their dealers and distributors, even though they might be suspicious about the exporter's motives in longer term. Dealers might think, that once exporter has learned the target market, they will not be cooperating at the same level anymore, which would decrease the information flow between the two parties. To prevent these kind of ideal conflicts it is essential to uphold relationships with dealers (Czinkota & Ronkainen 2013: 406-408).

Companies can support their distributors and subsidiaries through various ways on operational level and it is important, since the same things that work in domestic market, might not have the same effects on the target market. Exporters can help and support their distributors and subsidiaries by assisting them in market research, providing training for distributor's sales unit and personnel, support for sales communication, business counselling, technical assistance, promotional support and knowhow, financing and cooperative advertising. The base for a working dealer support is providing support for sales communication, which means everything distributor needs to be able to present and sell the product to customers, which includes things such as accurate product specifications and data, catalogs, product performance and testing reviews. (Czinkota & Ronkainen 2013: 406-408; Cavusgil & Zou, 1994.)

Supplier can support customer/dealer by reducing uncertainties related to the business partnership and distribution related concerns. Rather than trying to convince customer with the superiority of exporter's product, supplier should aim to solve the problem at hand and try to present a solution how they can reduce customer's or dealers uncertainty in different parts of the business. So, dealer support also includes any kind of help how exporter can help dealer to reduce different uncertainties and risks. This makes the business relationship more desirable from the dealer perspective as well. In B2B trade dealers/customer's uncertainties might arise in questions concerning need, market or transactions for instance.

*Need uncertainty* refers to customers difficulties to know clearly what or how much to buy, because the demand from its customer may vary. *Market uncertainty* means the situation when customer/distributor don't know which is the best supply choice and what are the alternatives, which creates a risk for them when they commit to a partnership with certain supplier. *Transaction uncertainty* refers to the level of exposure when company makes transaction. Product can be damaged or the delivery can be delayed for example, which creates risks and costs to customer in lost sales or so. By good and frequent communication exporter can reduce the uncertainty in transactions between exporter and customer, and also, exporter can reduce uncertainty by standardizing the transaction process. By using the knowledge what exporter has and paying enough attention to these questions, which may arise from the customer side, exporter can improve their support to dealer/customer and so forth improve their export performance. (Brennan et al., 2010)

Dealer support for distributor or subsidiary can form cooperative relationship between manufacturer and distributor, which may lead to a better implementation of the chosen marketing strategy, and it will result as an increased export performance. (Rosson & Ford, 1982). Collaborative and good relationship with customer is a possibility to create customer value through different development ideas, which may appear in cooperation (Virtanen, Parvinen & Rollins, 2015). Cavusgil and Zou (1994) found out that the most crucial determinant for dealer support is management commitment to exporting. Through management's commitment towards exporting ventures, company is more likely to initiate better mutually beneficial relationships with their distributors and subsidiaries, which is straightly linked to success in exporting activities (Cavusgil & Zou 1994). Enduring and continuous dealer support is one of the factors, which have been hypothesized as a determinant with positive influence on export performance through better productivity and prolonged business relationship between manufacturers and dealers. (Leonidou, Katsikeas & Samiee, 2002.) Support to distributor has positive

correlation with several export performance measures such as export sales volume, export sales growth, export sales intensity and export profit level. So, when company increases dealer support, it will increase export sales volume, growth and intensity, which can be seen as a positive correlation in export profit levels. (Leonidou et al. 2002.)

Findings of Sousa and Novello (2014) illustrates strong relation between the support given to the foreign distributor and export performance. More than that, results show that when the cooperation is based on social interaction between representatives of both parties, it has positive impacts on export performance. This is specifically strong relation in the markets of technologically intensive products, because when the product is complex the distributor usually needs suppliers/manufacturers expertise to be able to market the products effectively. Also, when the trust between business partners is affective it leads to bigger investments on the particular relationship (Akrouit & Diallo, 2017), which further on boosts exporting. Through strong collaboration between supplier and distributor, exporting company can increase its export performance, especially when it's selling technologically intensive products. By justifying lower risk for international expansion with strong collaboration with distributor, managers could exploit social relations to external entities related to resource mobilization. (Sousa & Novello, 2014.)

According to Sousa and Novello (2014), in highly competitive markets distributor can cultivate opportunist principles or behavior. Companies could just make the best deals with other firms on the market because of the wide selection of suppliers. Furthermore, they suggest that companies put enough effort to collaboration and dealer support, despite the possible opportunistic behavior, in order to succeed in the competitive export markets. Another shortcoming of the dealer support is that it's hard to control business relationship to customer. The trust and relation builds up as a result of actions and interactions, so managers should rather cope with the complex situations and different scenarios, than try to influence on how the relationship develops, and seize the opportunities related to dealer relationship when possible. (Huang & Wilkinson, 2013).

## 2.2 Delivery time

Another distribution determinant in export performance is the product delivery time, how long it takes from company to deliver the product to customer. Delivery times and prices vary a lot depending on how the product is shipped. Shipping with sea freight may take up



to weeks to reach the buyer, depending on physical distance between buyer and seller, and air freight is usually faster but more expensive option compared to other delivery methods. (Hummels & Schaur, 2012.)

Importing companies appreciate delivery time as one of the most valuable criteria when they are selecting supplier overseas, as it influences significantly on their success and competitiveness on their own market. This is why exporting companies have to pay enough attention to this determinant, if they are willing to be competitive among other suppliers and get good contracts in their target market. (Piercy, Katsikeas & Cravens, 1997.) Importers competitive advantage and position in domestic market can be dependent on exporter actions, which makes them select suppliers carefully based on qualities like order processing, delivery time, and promotional support, on top of the product requirements. Also, according to Hummels and Schaur (2012), delivery time has strong effect on trading-partner selection (Hummels & Schaur, 2012), which can be turned around to competitive advantage, if company delivers faster than competitors, which continues to lead to better export performance as Leonidou et al. (2002) found out. Hummels and Schaur also calculated that each additional day in sea freight delivery reduces the probability of trade by 1,5% for manufacturers, which means that, by putting enough effort to fast delivery will increase the probability for trade, which presumably leads to better performance in exporting over time. Delivering the product on time also matters, how the trade of exporter develops, and according to Djankov, Freund and Pham (2010) on average an extra delivery day reduces trade by 1%. All these factor affecting to delivery time are partial factors to export performance, so company might want to also consider these practical parts of exporting, when assessing their performance in foreign markets.

### 2.3 Distribution adaptation

Every market has a differing distribution network with many different choices how company can arrange its distribution channels and ways to reach the end users. This makes the adaptation to the new environment essential in exporting. Each country or market has its own distribution structure, which determines how goods flow from manufacturer to the end user, and this can be even considerably different from the company's domestic market. When the distribution arrangement need to be different compared to the domestic market, company does not have any other options than adapt

to the new situation, if they are willing to reach the end user effectively in the export market. (Cateora et al. 2013: 432-438.) In export performance context, distribution adaptation means the adaptation of exporting company's distribution channel design to meet the needs of export markets. (Leonidou et al. 2002.) Needs for adaptation can occur in two categories, either in business environment or distribution infrastructure. Business environment can vary by legislation, economic situation or by its physical conditions, and the infrastructure of distribution can differ in number of middle man for example or in types of outlets and channel functions. (Keegan, 1995; Leonidou et al. 2002.)

Practically, adapting distribution means that company chooses how it enters the market, how it copes with the differences of the target market business environment and distribution infrastructure, and which members it uses in its distribution chain. In distribution infrastructure, company have to choose whether it arranges the distribution directly or indirectly, which refers to the way how company handles the product flow between itself and the foreign buyer, importer or distributor. (Albaum & Duerr, 2008 :274-275.) Between the two extremes of direct and indirect export, are joint ventures and strategic alliances, which are also good options for adapting the distribution.

One of the two options of distribution channel adaptation is *direct exporting*, which means that company either distributes the goods straight to end users or the second distribution link/channel is located in a foreign country (Li, 2010). Usually the division between direct and indirect exporting is the fact who handles the international sales in foreign country. If the producer handles the sales abroad, exporting is direct. (Albaum & Duerr, 2008: 275.) Company has several ways to execute direct exporting and it can use multiple tools at the same time depending on the needs of channel adaptation. Different options for direct exporting are built-in export department, separate export department, export sales subsidiary, foreign sales branch, foreign sales subsidiary, travelling sales person or foreign based distributors and agents.

Company, which chooses to export directly, must found a department or a team to home country for exporting activities, since the tasks related to exporting are falling for manufacturer. The home-based export department can be responsible of export sales or it can be more like department, which coordinates and controls activities of another organization (sales office etc.) located in foreign country. If, the company is fairly new to export markets, small in size or the predicted export sales are small or intermediate, the best and the most suitable form of direct exporting is built-in export department. Despite the previous literature about that distributors are indirect exporting form, they

can be direct as well. Using foreign distributors when exporting directly, is the easiest and the cheapest way to do exporting, especially when the company is not familiar with the target market yet. Later on if the export sales reach the certain level the exporting company may look for founding an own subsidiary in order to grow more. (Albaum & Duerr, 2008: 321-332.)

*Indirect exporting* means that the international sales are handled by someone else than the producer such as intermediary organization. (Albaum & Duerr, 2008: 275. Intermediaries mean agents or distributor either at home country or in the target market, and locally founded subsidiaries (Hessels & Terjesen, 2008). Indirect exporting occurs when manufacturer/producer is using independent organization, based on manufacturer's home country, to market and deliver the goods to target market. (Albaum & Duerr, 2008: 308.) The two main options in exporting indirectly are using international marketing organizations or handling the exports through cooperative organization such as export management companies etc.

If company chooses to go indirect path it can use either merchants or agents as marketing organizations. The difference between these two is that merchants take the ownership of the manufacturer's product and agent will just represent the product and company to export markets. The most common form of a merchant is a trading company, which handles nearly every activity related to exporting after it buys the product from manufacturer. When company uses indirect export it relinquish control to foreign distributor, which exposes company to vulnerabilities and it have to be kept in mind when thinking about the buyer-supplier relationship (Katsikea & Morgan, 2003). Another example of marketing organization is export management company, which can handle products from several manufacturers but it only represents those manufacturers and everything, including contracts etc., will be made in name of the manufacturer. Cooperative organizations include piggyback marketing and export combinations. Piggyback marketing refers to joint exporting where other company markets another company's product alongside of its own products by using its foreign exporting/distribution channels and facilities. Export combination refers for instance to an association, which helps companies to export their products abroad. Other indirect options are single export merchants, export desk jobber, export commission house, confirming house, resident buyer or manufacturer's export agent. (Albaum & Duerr, 2008: 308-321.)

Shoham (2003) concluded in his meta-analysis that high adaptation degree of distribution channel part in marketing mix is essential in improving export performance and satisfaction with the performance, which means that it's important to put effort to adapting distribution as a part of the whole marketing strategy. Leonidou et al. (2002) found strong link between distribution adaptation and export performance and the most effective individual positive effects were examined on export intensity and export profit level. Distribution adaptation was one of the most significant factor determining the export performance. On top of this, according to Rasheed (2005), when company's domestic market is growing and doing well exporting companies have better growth rates. So if company is doing well in its domestic market, the investments in export markets do not have to be too cautious (Rasheed, 2005). Different ways to adapt distribution (direct or indirect) should not be viewed as carved in stone, but when the situation changes, the channel adaptation should change too (Albaum & Duerr, 2008: 321). So, adapting distribution and channels accordingly is essential for exporter to gain success. Company can increase its export intensity by correct adaptation, which means that it can increase the amount of its exporting activities in certain time, so it will become more efficient.

### 3 PROMOTION DETERMINANTS

This chapter explains the relevant promotion related factors on export performance and explains the benefits of each. The linkage between them and export performance found by Leonidou et al. (2002) will be presented. Chapter opens determinants as terms and explains their characteristics in B2B market and discusses about the influence they have on export performance.

#### 3.1 Advertising

Advertising is a way of promotion, which can reach potential customers despite the geographical or physical distance. Czinkota & Ronkainen (2013) defined advertising as “any form of non-personal presentation of ideas, goods or services by identified sponsor” and it can be in form of print, broadcast, electronic media or direct communication. Advertising is a positive statement of seller’s size, popularity and success, and customers are biased to think without further justification, that well-advertised products are more legitimate. All this because of the nature of advertising. (Armstrong & Kotler, 2015: 403.)

Advertising is one of the components under promotion part of marketing strategy and it is the most widely studied topic of promotion and marketing communication. Even though advertising is not the most frequently used marketing tool in B2B market, it still is in top three, but the focus in it has changed more to digital media (Brennan, Canning & McDowell, 2010). Advertising is crucial part of the marketing strategy and exporting as well, and it have to be integrated with other marketing strategy components in order to make it efficient. Advertising also cannot be replaced with another component to achieve the best results in company’s performance. Usually, the budget allocated to advertising is smaller in business than in consumer product marketing, since advertising to businesses is different from consumer advertising. B2B company’s main goal with advertising is to remind its customers about its new and already existing products, which will increase their brand awareness in target market. (Hutt & Speh, 2005.) And even more importantly, one of the main purposes of advertising in B2B market is to attempt to captivate the attention of decision makers and influencers who are responsible of customer company’s purchasing activities. This is why company’s advertising have to reflect and appeal the choice criteria used in the target audiences purchasing process in order to create effective advertising. (Brennan et al. 2010: 182.)

Advertising enables company to communicate with its customers at significantly lower cost per customer than personal selling for instance. Whether company is seeking to make B2B customers aware of its new product or in any way inform its customers about something, with well-placed advertising, it can reach a lot more customers than a sales person could and with a lot cheaper cost. Advertising facilitates contacting big audiences with considerably small effort and it is useful tool in trying to influence on different groups and behavior of decision makers. Advertising also supports other marketing activities by increasing the brand awareness among target customers, which leads to more effective sales in personal selling. (Brennan, Canning & McDowell, 2010: 181-182)

One of the channels of advertising is social media. Nowadays the presence of social media is increasing among B2B companies. It is a good channel for B2B companies to get support for their CRM processes and make it easier to target specific segments of customers (Heller, Baird & Parasnis, 2011). People working in B2B sales and sales related positions thought “social selling” as valuable asset and they are adding social media to the traditional promotion mix tools (Mangold & Faulds, 2009). Even though B2B sales people think that social media is beneficial in B2B sales, it is not used much, despite the fact that, according to Itani, Agnihotri & Dingus (2017), it can improve sales performance.

Although, company can reach many customer at once with advertising, it does not have the similar conclusive selling effect than company’s sales people. Advertising is also somewhat abstract and detached from company’s personality, which limits the engagement compared to personal selling for example. Another shortcoming of advertising is that usually it provides only one-way connection to customers and the response from customers is fairly weak, because of the lack of engagement and audience feeling about not reacting to advertisement. Because of various advertisement channel options, advertisement can be very expensive. If company uses TV advertisements, the budget needs to be considerable and also if company uses many channels at the same time, the total advertisement budget can grow surprisingly big. (Armstrong & Kotler, 2015: 403) Advertising is well-researched tool for company to inform and remind customers about its products and reach more easily to foreign customers overseas. All this together will increase sales gained through exporting. (Leonidou et al. 2002). According to Leonidou et al. (2002) advertisement has positive influence on exporting activities and it partly determines the success in export markets. Influence was particular in sales intensity, which means that with good advertising company should be able to increase its sales in export markets and more specifically, increase the sales in certain

time period (higher intensity), which would result as more efficient sales. Advertising also has positive relationship to “other” performance measures in Leonidou’s (2002) research, which are return on investment, export satisfaction, perceived success, perceived export growth, perceived profitability and perceived market share. Like other factors and variables, advertising has several points where it has influence. Company need to use consideration according to its goals when it’s deciding the resource allocation between different determinants.

### 3.2 Sales promotion

Sales promotion can be defined as nonrecurring and transient activity which supplements and strengthens personal selling and advertising (Albaum & Duerr 2008). Generally, in B2C market sales promotion refers to short-term tools for promoting sales with different incentives, such as discounts, contests, coupons and premiums, which try to speed up the actual purchase transaction. But in B2B market, sales promotion is slightly different even though the goal of speeding up the purchasing process is the same. On top of importers requirements on product and quality, importing companies highly value sales promotion and support possibility from exporter’s side, which is also one of the main criteria when importers select their suppliers (Piercy, Katsikeas & Cravens, 1997). While in consumer market sales promotion is focused on end users and trying to make them to form their buying decision faster, in business market the sales promotion is more focused on providing tools and incentives for the supply chain before consumers. The use of sales promotion can be divided into three areas depending on the target group, weather it is intended to spark reaction in own sales force, channel partners or in organizational customer. (Brennan et al. 2010: 187.)

One of the form of sales promotion in B2B selling companies is the information material what sales people use in their different tasks. Organization provides this material and it comprises presentation kits, product information, catalogues, brochures and other selling aids. This material support sales people’s working and it helps to explain and showcase features and benefits of the products or a service concerned. For sales people to be able to utilize the full potential of this material they need to be confident with the material and they need to know, how the material supports their work. Technology has given an opportunity to utilize company’s information remotely through portable multimedia

presentations, which allows sales people to be more flexible and effective with their proposals. (Brennan et al. 2010: 187.)

For companies using intermediaries and other channel partners, sales promotion is effective tool to boost their marketing push strategy and to gain “acceptance” from partners for a new product. Sales promotion in this case can be in a form of financial mechanisms like different incentives and promotional pricing. With incentives, company can try to target customer organizations by promising more orders or decreased price when certain level in sales is reached, but typically the effect is not as significant as with promotional pricing. Promotional pricing can be more valuable in situations when company tries to build long-term relationship with customer or when company tries to win a contract. (Brennan et al. 2010: 187.)

As company provides informational material for its sales force, it can provide informational material to its customers. Informational material is usually catalogues, brochures, application guides and other useful material which can support its customer’s sales activities. As mentioned before in this chapter, company can take the advantage of the digital technology and provide even more dynamic packages of informational material and make it easily available to potential or existing customers. (Brennan et al. 2010: 188.) To promoting sales through company’s own sales force company can use incentives, prizes or statuses for instance to boost sales in short-term particularly. Short coming of these short-term incentives is that sales people drive more to short-term goals regardless of the long-term thinking, which may be harmful for the partnership. (Brennan et al. 2010: 187.) Sales promotions can be designed to advance availability in distribution channels (Albaum & Duerr, 2008: 556-557). Sales promotion has similar effects as advertising and it boosts export sales intensity, while it also has effect on other performance measures. Companies with high export sales intensity have higher understanding of export processes (mechanisms, operational complexities and so on), which makes them more capable to overcome and face export related obstacles (Morgan & Katsikeas, 1998). In terms of export performance, samples, premiums and other promotional tools are effective ways to improve company’s performance. (Leonidou et al. 2002.)



### 3.3 Personal selling and visits

Personal selling has very long traditions and history as a profession. The goal of personal selling is to add value for customers as well as build and maintain long-term customer relationships. Through sales force and sales people, companies are seeking to listen their customers, assess and satisfy their needs, organize and even optimize the effort they are using to solve their customers problems. The best sales people are the ones who solve customers' problems with the aim of mutual gain and this is why educated and well-trained sales force is essential. (Armstrong & Kotler 2015: 403,432-434.)

Personal selling refers to action where company's sales force is doing personal customer interaction with intentions to make sales and build customer relationship. It involves personal person-to-person interaction between the customer and the sales representative and it can happen either face-to-face, by telephone, via e-mail or even twitter, or for example through video or online conferences. Personal selling is very effective way of selling, especially in more complex cases where it is easier that someone personally goes through the product related material and can answer the questions immediately. Compared to advertising, personal selling is more effective, because sales people can react to customer's problems in sales situation right when they appear and they can help customers to learn about their problems. Personal selling is also more customizable way to interact with customer, because sales people can fit their offering according to the problems what customers are facing. This way, company can provide an offer, which fits each customer's special needs. Personal selling is usually in a big role in business-to-business market where sales people are directly interacting with customers, while in consumer product business, sales force role is very important, but it is operating more behind-the-scenes. In B2B market sales force is also kind of a way of marketing because unfortunately in many cases the salesperson *is* the company, which means that good image of the sales people will bring in good visibility. (Armstrong & Kotler 2015: 403,432-434.)

In B2B market personal selling is the most frequently used promotional tool, while in consumer market it is advertising. (Ross, Canning, & McDowell 2010: 11-12.) Personal selling is used considerably lot because of the characteristics and buying behavior commonly found from B2B market rather than B2C market. In many B2B market there are a few powerful buyers who cover up the most of the demand and each one of them has significantly more buying power compared to a single consumer. (Ross, Canning, & McDowell 2010: 12.) The direct interaction between salesperson and buyers manager

enables more specific determination of supply requirements and specialization of offering according to the special needs of customer. And more importantly it creates the base for initiation for building and developing of supplier customer relationships. (Ross, Canning, & McDowell 2010: 206.)

What comes to personal selling in exporting, the major difference compared to B2B in general, is the physical distance from the target market (Saikkonen 2017.) Global competition and the complex nature of international business create the need as well as the means for closer relationships between supplier and customer. The nature of relationship is moving from one-time-event sales more towards long-term thinking, which means that personal selling is extremely important part what comes to international business and exporting. (Cateora, Gilly & Graham 2013.) Promotion-related research of Leonidou et al. (2002) examined export performance related determinants whether they have positive or negative effects on export performance. This research is relevant because most of the case companies reviewed were operating in industry goods market so as the case company in this research. According to Leonidou et al. (2002) personal selling has positive effects on export performance, even though the result needs to be reviewed with caution because of the small number studies reviewed of personal selling. Personal selling can be relevant improvement point particularly for companies operating in countries/markets, where the cost of sales force is low or there are restrictions on advertising and other marketing tools. However, in marketing of industrial goods and in cases of big orders (especially high priced items) the effort and importance of personal selling is significant (Czinkota, & Ronkainen 2013).

Personal selling is extremely efficient part of promotional tools and activities, which company can use in its exporting activities. Scale of communication activity, the frequency of sales activity, is not as intense as in advertising for instance, but the depth of the personal relationship is significantly better. This is also why personal selling is important, because it provides kind of added value through the interaction between seller and buyer, which cannot be gained through direct marketing. Carefully-selected, correctly-trained, well-compensated and with sufficient support, salesperson can make the difference whether company succeeds in foreign sales volume or not (Albaum & Duerr, 2008: 555). The amount and the quality in information transfer is high and more interactive, which means the information is always up to date and more in-depth. Another benefit of personal selling is related to the interaction, which gives seller opportunity to react to clients' needs easily and customize the offering per needs. However, personal selling is very expensive compared to other promotional activities and the benefits what

it provides are not usually fully understood by management. In many cases, management does not reflect the right benefits to the costs what personal selling creates and this can lead to underestimation of the effects of personal selling. If the real benefits are not recognized well enough, in long-term the attitude towards sales force can change to thinking it as a cost burden. (Brennan, Canning & McDowell, 2010.)

Proper communication and understanding is essential for healthy buyer-seller relationship and another way to influence to it is to conduct personal visits on top of the personal selling action to export markets. (Czinkota & Ronkainen, 2013). Personal visits have been seen as a beneficial tool in previous literature. Through personal visits to target country, company gains hands-on experience about possible opportunities and issues originating in target market. Visiting target country will also boost communication, make relationships more personal, and develop cooperation with customers abroad, which will help company to be more dynamic in providing on-time responses and support for the export market's needs in each situation at hand. Generally these arguments were supported by the research of Leonidou et al. (2002) in the light of success in export performance, but in industrial goods the relationship was not indicated despite the interdependent relationship of buyer and seller in export market. (Leonidou et al. 2002.)

Since personal selling is important piece of export sales and company sales organization, it have to be updated constantly when times change. When company grows and its involvement to exporting deepens, it should develop its export sales activities accordingly and adjust sales management to be able to respond the needs of sales practices. When the environment changes or company grows, its sales infrastructure should grow with it. (Katsikea & Morgan, 2003).

### 3.4 Trade shows and fairs

Trade fair or trade show is an exhibition where manufacturers, distributors and other vendors within certain industry introduces and promotes their products and services to potential customers. For industrial marketers, trade shows are still an important part of promotional mix, despite the digitalization of promotional activities (Rinallo, Bathelt & Golfetto, 2017). Trade fairs are aimed at both potential future customers and already existing old customers. Organizations take part to these fairs because of well targeted audience to whom they can introduce new products and sell their products and services.

Fairs have well targeted audience because fairs are a good opportunity for buyers to get familiar with the latest products and services available in the industry. Trade fairs provide usually good overview over the industry in general and how the things are in different countries, which is good if the company is seeking to go overseas markets. (Brennan, Canning & McDowell 2010: 188-193). Among other ways to communicate with target market, trade fairs and shows are one of the communication tools for company to increase their presence in foreign marketplace. On the other hand trade shows are a big cost creator in marketing budget right after sales force costs. (Czinkota & Ronkainen 2013: 396, 402.)

Companies looking for long-term sales and relationships may find trade shows worthwhile because of various reasons, despite the fact that trade shows are rather expensive. Certain products can be difficult to sell and market remotely through other channels because of their nature. For example many B2B products are too big either too complex to market through other channels, and it is more favorable for the selling company to showcase the product and give a chance for the customer to examine the product and see it in action. Simply, an appearance at the fair is good for the company and it will generate new contacts across the industry. Creating contacts with other companies and even government officials and decision makers will make company more recognizable and reckoned actor in the eyes of its competitors and the whole industry. (Czinkota & Ronkainen 2013: 402; Leonidou et al, 2002)

One of the best way to utilize trade fairs is to try to find an intermediary or distributor to present your product. In one event, company has cost-effective opportunity to screen many potential partners and candidates to represent the company, especially in new country or foreign market. At the fair, company has also a good opportunity to get their products market potential tested (Leonidou et al, 2002). While screening potential collaboration opportunities at the fair, company has an exceptional chance to do some market research, what is going on in the market, and observe what competitors are doing (Rinallo et al. 2017). The exporter has a chance to view many competitor at the same time and it will probably get enough intelligence to forecast, which direction the industry is developing. With gained data and knowledge, company can fix and create its marketing activities and campaigns to meet the competition and maybe get a few steps ahead competitors. (Czinkota & Ronkainen 2013: 402.)

For companies seeking sales prospects, trade fairs are the place to be. Approximately 80-90% of the fair attendees consists of buying influencers like managers with full decision-making right over purchasing products and services. Also, the audience at the fair is

reasonably targeted because all the attendees are interested in the industry if they decide to attend the fair. (Czinkota & Ronkainen 2013: 403.) Leonidou et al (2002) got positive results that attending to trade fairs has beneficial impact to company's export performance through increased proportion of export sales and composite measures of export performance. According to Sashi & Perretty (1992), despite the uncertainty of the value of trade shows, they are an important part of the marketing toolbox and marketing managers have to be able to evaluate the benefits with wider range and not just the selling activity. A lack of knowledge about how to evaluate trade show results is opposing factor in deciding whether to attend or not, but the proper preparation, execution and follow-up will lead to success in trade shows. (Sashi & Perretty, 1992.) As a summary, in trade shows, company can test their sales potential in the market-in-aim, as well as screen potential distributor candidates. Company can see market reactions on other competitive products, which helps them to evaluate their own offering and gives them direction how to be more competitive and adaptive (Leonidou et al., 2002; Rinallo et al. 2017).

### 3.5 Promotion adaptation

Promotion in foreign market and in foreign country usually means that the environment is somehow different than in own domestic market. In different market, company must usually at least partly adapt to the foreign market by adapting their promotion to meet the requirements, regulations or ways to operate in the target market. Adapting promotion means that materials, ways to execute things, language etc. will be integrated culturally closer to the target market. Differences, which affect to marketing communication and how it can be executed are for example language barriers, government regulations, media availability, economic differences, tastes and attitudes as well as buying process. For example, the channels typically used to promote can be similar but priorities and preferences how to use them can vary a lot even between geographically or culturally close countries. (Albaum & Duerr, 2008: 548-549.)

In certain segments of markets in different countries can be culturally similar, which reduces the weight on country related barriers. However, the main difficulty in promotion/marketing communication in foreign market is the delivering of the message. Exporter has "encoded" messages (information material about the product, advertisements and other material like sales presentations etc.) what it wants to convey to the buyer who have to "decode" them. The concern is, will the buyer understand the

message how exporter wanted the buyer to understand it? So, even though the market would be culturally similar and there is no glaring barriers, the encoding-decoding process might still not work because of the sum of the all little differences, which influence to the whole process. Exporter's promotion and communication is bound to buyer's behavior and not all cultures will react to marketing promotion the same way, even though the culture would seem similar on the surface. (Albaum & Duerr, 2008: 547-548).

One of the big concerns of export managers is that to what extent they should adapt their marketing strategies and promotion, if at all (Leonidou et al. 2002). Cavusgil, Zou and Naidu (1993) researched different variables and characteristics of company affecting to whether company should adapt their promotional activities to target market or retain their original standardized ways for promotion. According to them, the degree in adaptation of promotional positioning, packaging/labeling and adaptation of promotional approach is low for industrial products which means that companies operating in industrial market should not put too much weight on promotional adaptation, what comes to succeeding in exporting. Additionally, the degree of adaptation to multiple-market entry is higher than if company is going for one single market. On the other hand, Navarro et al., (2010) suggest that company should use standardized tactics if the target market characteristics are close to the domestic market. It is hard to make clear general statement on whether company should adapt more or less, without researching company background, industry/product features or export market characteristics. With relevant information about the company and industry, more concrete managerial implications would be possible to provide. When company matches the "exporting profile" where the competition is intense, the industry is technology oriented or the product is unique, company can both proactively and reactively do adaptation moves in export market promotion. So, some obvious promotional adaptation has to be done when the product is either unique or complex/technological (for example the manuals and guides must be in language used in target market), and after the company gains more international experience it will become more aware of market differences and it can reactively adapt their offering as the market requires. Next step after sufficient promotional adaptation is to consider adapting the product to fit even better to the target market. (Cavusgil, Zou & Naidu, 1993.)

By adapting promotion, company can cope with the differences in government restrictions, competitive practices, communication infrastructure etc. in target market. According to Navarro et al. (2010), by adapting marketing processes and practices/tactics,

company's managers will gain boost effects and satisfaction because of the achievements in competitive advantage, which leads on to better commitment towards exporting and foreign markets. Leonidou et al. (2002) proved a strong association between overall export performance and promotion adaptation regardless of the time, place or products. The strongest individual effect on exporting activities was on export sales growth and export intensity. However, the effect on profit contribution is limited despite the effect on sales and intensity. So, by adapting the promotion activities closer to market in aim, adaptation should bring in more sales from exporting than sticking in standardized promotion. (Leonidou et al. 2002.) By learning about export markets and by gaining more international experience, stepwise promotion adaptation is justified to perform better in export markets. But, it's essential that decisions related to promotion adaptation are made keeping in mind the costs, benefits and considerations about the competitive market (Cavusgil & Zou, 1994). Accordingly, adaptation of promotional activities is important part of the strategy in getting success in export markets, and therefore company needs to pay enough attention to examining the right moves to survive and succeed in different promotional environment. Study concerning Spain (Navarro et al. 2010) supports the fact that by adapting marketing plans to target market, will lead company to customize better offers for their customers' needs, which leads to increased competitive advantage, which further on results as more preferable outcomes in exporting.

Summarizing table of the prevailing views in literature of the pros and cons related to different export performance determinants;

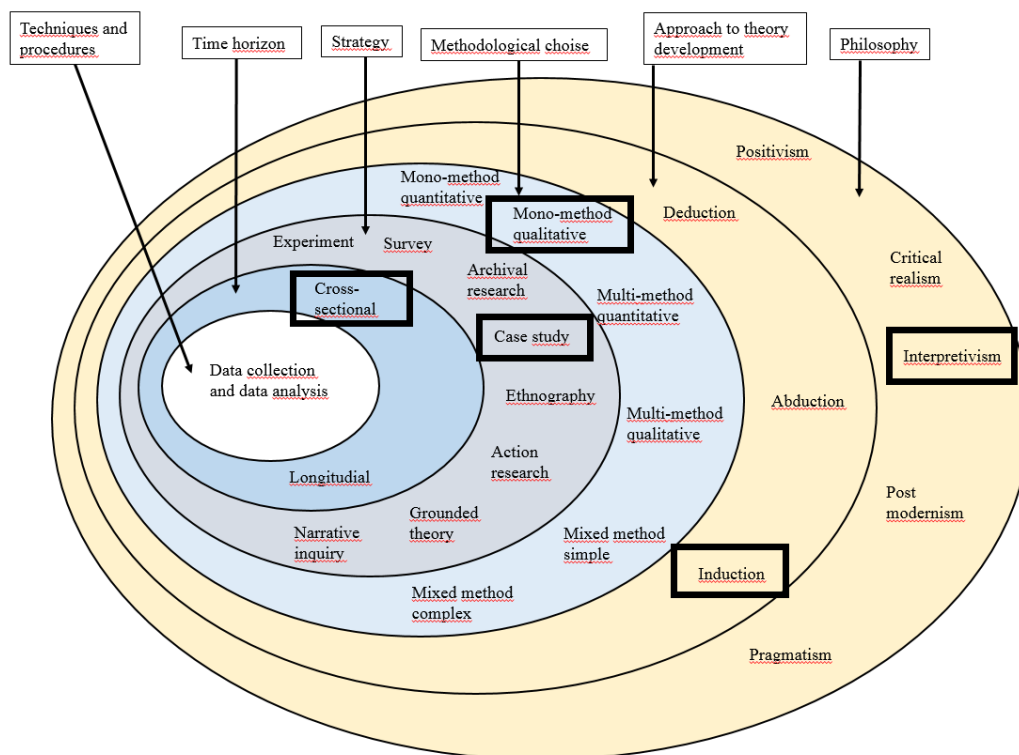
	Export determinant	Pros	Cons
Distribution	Dealer support	Increased trust and deeper relationship with distributor/dealer. Long term opportunities.	Distributors' opportunistic principles or behavior. Relationship to customer is hard to control or predict.
	Delivery time	Important factor for importers when selecting supplier. Significant factor for the dealer because of the influence on their competitiveness and success.	Multiple factors affecting to delivery time, bigger effort to influence to it.
	Distribution adaptation	Back bone for successful exporting operation but importance is dependent on the stage of exporting level.	Major decisions which have big influences (the mode of exporting, distribution channel etc.)
Promotion	Advertising	Reasonably cheap, wide coverage and full of different variations like social media for instance.	Will not provide feedback from customers, superficial effect on customers compared to personal selling.
	Sales promotion	Boosts personal selling and advertising, fairly easy to provide (material etc.)	Mainly supportive action, which may reduce its perceived value as an important part of the whole
	Personal selling and personal visits	Deeper customer relationship and trust. More thorough selling with instant feedback and possibility to customize sells according to customer needs.	Costly, under estimation of the benefits by management.
	Trade shows and fairs	Market research and industry update opportunity. Change for personal selling.	Expensive and more important for companies trying to establish presence in a new market.
	Promotion adaptation	Increases the responding to customer needs.	Effort and costs of adapting material for example.

**Table 3.** Export performance determinants in previous literature.



## 4 METHODOLOGY AND RESEARCH DESIGN

This study seeks to find out the reasons behind the underperformance in exporting activities in the case company. To create a coherent and logical framework for research, it is extremely important to determine correct research design. Research design is a general plan how to answer the set research question(s), what kind of ways to use to collect data and analyze it, from which perspective to interpret the subject and how to practically conduct the study. The following figure illustrated the nature of research design and decisions what have to be made along the way.



**Figure 4.** The research onion. (Saunders, Lewis & Thornhill, 2016)

### 4.1 Research philosophy

Choosing the research philosophy determines the framework how the researcher studies and looks at the topic at hand. This is why different topics and purposes have different perspectives from where to look at them. The five main research philosophies used in business related research are positivism, critical realism, interpretivism and post modernism and pragmatism (Saunders et al. 2016). Research philosophy used in this

study is interpretivism, which is often related to qualitative research, because researchers need to make sense of meanings and expressions, which may be subjective and socially constructed. (Saunders et al. 2016: 168.) Interpretivism was a logical choice because of the nature of the case. In this research the goal is to find deeper meanings and consider socially constructed reality of exporting activities in the case company and what is the real situation, what each of the interviewees think is the thing which needs improvement. Interpretivism gives researcher an opportunity to look at the topic more subjectively and to interact between the theory and data. (Saunders et al. 2016) Through interpretive philosophy and unstructured interviews is possible to find even surprising findings (Saunders et al. 2016), which can be reflected to the theory.

#### 4.2 Research approach

In scientific research there are three kinds of approaches, inductive, abductive and deductive, depending on how the theory will be approached in the research. In *Inductive* approach the researcher aims to build the theory or widen and make better already existing theoretical perspective or framework in previous literature. While inductive approach tries to build new theory, in *deductive* approach the focus is on data and with data researcher tests the theory whether the theory is workable or not. The third approach option is the *abductive* approach, which is in between the previous two approaches. In abductive approach the researcher uses data to steer the way of theoretical framework and has continuous iterative interaction between the data and the theory. (Saunders et al. 2016.)

Research approach to previous literature in this study is inductive because of the influence of the interviews, but characteristics of abductive approach can be seen as well. In the beginning the theoretical framework was decided broadly and it was fined down after the interviews. Through interviews, the theoretical framework got more specific and it was steered towards the possible major factors, which came up during the interviews. Researcher did not decide what is important but used the appearing problems as a guide to focus on the right direction. Abductive approach helps to find the core of the problem at hand when the theory part was modified according the interviews. Linkage to previous literature can be seen which is typical for both inductive and abductive approaches. This also gives more value to the company when the recommendations and suggestions will be more precise and not too general.

### 4.3 Research design

*“Research design provides a framework for collection and analysis of data”* – (Bryman & Bell, 2011: 40.)

Research design reflects the priorities given to the research and its perspectives towards the subject. It expresses the connections between different variables, understands the behavior and the meaning of the behavior in its specific social context. (Bryman & Bell, 2011: 40.)

Purpose of the research design can be exploratory, descriptive, explanatory or evaluative and it depend on the research topic, what is the most suitable perspective. (Saunders et al. 2016: 174) This study serves the exploratory purpose because the goal is to search for the problem in case company and exploratory is useful to utilize when research aims to clarify an issue, problem or phenomenon, even without certain knowledge of the true nature of the problem or phenomenon (Saunders et al. 2016: 175). Exploratory research is flexible and it can change the research path during the process, which have to be taken notice. Exploratory research can be done through several ways such as search of the literature, interviewing “experts” related to topic, in-depth individual interviews or focus groups for instance.

There are two main methodological options in research where to choose, quantitative and qualitative. This study was conducted through semi-structured, relatively unstructured, interviews and it was depending on the quality of the participants contributions in those interviews, which is typical for qualitative exploratory research. (Saunders et al. 2016: 175.) Quantitative method focuses more on numbers, while qualitative method emphasizes words and their meanings. Qualitative research is usually inductive and it creates or builds-up theory while quantitative research tests theory. Qualitative method tries to understand the world and its phenomena as they appear and through interpretation of participants in question. (Bryman & Bell, 2011: 386.) While quantitative research tries to provide generalizable results, qualitative research aims to contextual understanding of behavior, values, and beliefs and so on. (Bryman & Bell, 2011: 411.) Qualitative research is used in business studies, when quantitative data is not generated or collected, and when the subject of the study has deeper dimensions, which cannot be explained by numbers. (Bryman & Bell, 2011: 386-387.) Qualitative research data can be divided into two different kind of data, primary and secondary data. Primary data refers to data which the researcher itself collects through interviews and observation for instance (Saunders et al.

2016: 354, 388.) Secondary data means the data which can be either raw data or compiled data, which someone else have collected such as marketing material, documents, media etc. (Saunders et al. 2016: 318.) Secondary data used in this study was numerical data related to company's development, such as allocated costs to target market and gained sales from target market.

Qualitative research has its critics too and there are a few repeated allegations over the time. Quantitative researchers criticize qualitative research about its subjectivity and weak replicability. This is because of the relationships between researcher and participants may often be considerably close, which could affect to results. Criticism towards replicability comes from the more unstructured nature of qualitative research compared to quantitative research. Also researcher's predictions are inevitably present when researcher is the main "tool" for data collection, which raises concerns. Generalization and lack of transparency are another topics in the conversation about the quality of qualitative research. When unstructured interviews will be conducted to a small sample of participants in specific environment, it's hard to know how the results can be generalized to other setting. Transparency problem refers to how researcher draws conclusions and sometimes it's unclear how participant were chosen. (Bryman & Bell, 2011: 408-409.)

However, compared to quantitative studies, qualitative research provides rich and full results and findings with more dimensions. The relationship between everyday life and research in quantitative research is weak (Bryman & Bell, 2011: 168.), and this is one of the reasons why this study was conducted using qualitative methods, because it was more suitable for the research question in this study. This study also utilizes both primary and secondary data, in form of interviews and gained data from the company.

The link between research philosophy and the choices of methods to collect the data and analyze it, is research strategy. Research strategy is a plan how researcher can answer to the research question(s) and it gives coherence for the research design. (Denzin & Lincoln, 2011; Saunders et al. 2016: 178.) The chosen research strategy is dependent on the set research questions and objectives as well as research approach, purpose and the resources available. Different research strategies are for instance experiment, survey, archival and documentary research, case study, ethnography, action research, grounded theory and narrative inquiry. Two first ones are primarily used in quantitative research and the latter four mainly in qualitative, while the case study and archival and documentary researches can be used in both. (Saunders et al. 2016: 178.)

Study was conducted as a single case study, which was obvious choice since the study is meant to examine certain phenomenon in real-life organization, which is typical for case study (Yin, 2014). Generally, case studies are used to provide answers to questions “how” and “why” some phenomenon appear or happen, and when researcher has only slight control over what happens and when the subject has a real-life dimensions (Yin, 2014). Case study has been used in business studies (Ghauri & Gronhaug 2005), when the aim of the research has been in contributing our knowledge of organizational phenomena and understanding complex social effects while conserving the real-life characteristics in review (Yin, 2014.)

Single case studies can be utilized when the case is critical or unique and the case at hand has unique nature because of the precise limitation to certain organizational function (export) and specific theme in function (distribution and promotion). Case study tries to understand the characteristics and dynamics of the topic in its natural context and it can be targeted to a person, group, organization, an association, change process, an event and so on. For case study, it is essential to understand the context and combine it with the subject of the case with interaction between them. (Saunders et al. 2016: 184-186.) In this study the target is an organization (SK Tuote) and the goal through case study is to provide rich managerial implications.

Time horizon in research means how the study is conducted by the means of time period. Is the study a snapshot of the certain status of the topic or is it a diary-like or series of snapshots from some specific time period. The “snapshot” perspective is called cross-sectional and the diary-like perspective is longitudinal. For cross-sectional option, it is typical that it involves a study of particular phenomenon at a particular time, which gives an image of the current situation or status of the case. (Saunders et al. 2016: 200.) The time horizon of this study is cross-sectional. The data was collected at the certain time period (during the interviews) and the aim is to illustrate how the situation in the company was by the time when interviews and conversations were held.

#### 4.4 Data collection and analysis

The main research methods associated with qualitative research are ethnography/participant observation, qualitative interviewing, focus groups, language-

based approaches to the collection of qualitative data and the collection and qualitative analysis of texts and documents. (Bryman & Bell, 2011.)

Data was collected through several different research methods including interviews, observation, conversations and use of the data (numbers in export market) gained from the company (marketing material), but the main source of information was personal recorded qualitative interviews and conversations with general and open questions related to the topic. Interviews were held as semi-structured interviews in order to be able to ask questions during interview and to get the optimum understanding of the situation in company at the present moment. In semi-structured interviews, the flow of the conversation can determine the order of the questions and it also makes it possible for interviewer to ask specifying questions to get more information related to the research question. Semi-structured interviews give an opportunity for interviewee to speak about anything related to the topic, which gives more rich insight for the interviewer for the interpretation (Saunders, Lewis & Thornhill 2016: 465-468). The main goal was to get clarifying information through observation and real genuine reactions on questions, that which would be the most significant era to study in terms of success in exports in this certain case.

Because the company is comparatively small and their exporting unit (people working full time for export markets) is new and just searching its form, the interviews were aimed to the employees who work closely with exporting (export manager and assistant export manager). Two interviews were conducted and both of them lasted approximately half an hour. Interviews were done with managers responsible of the exporting activities and they involved in export process throughout the company. This means that informants are not limited to certain level, but the managers who are included to exporting activities are considered to be relevant in term of finding consensus on how the company is doing in their exporting activities. With open question interviews the aim was to find out, if something is not working right, why it is not working.

In analyzing qualitative data, with interpretivist philosophy, researcher needs to reason subjective and socially constructed meanings of the participant's expressions related to research topic. This is why qualitative data is more varied flexible and complex than quantitative data. By the nature, qualitative data is rich and full, because of the exploration of the subject in its real context. In analyzing qualitative data the results and conclusions are typically drawn from words and images and not from numbers, which makes it necessity to clarify the meanings carefully. (Saunders et al., 2016.)

Interviews guided the focus of theme at hand towards the most crucial points where to focus on, in terms of improving export performance in this case company. Inductive or abductive approach are likely to be used when the data collection determines, which themes and issues to concentrate on (Saunders et al., 2016: 566). Since interviews were open and the questions were broad like, "*What problems or obstacles company have faced in exporting to target market?*" it brought the very first reactions, impressions and answers from the interviewee, which gives more realistic image of the current situation in the case company. This also results as more relevant focus on the right theoretical themes, even each employee would be biased because of their position. Interests from company side through conversations, about the subject, already guided the focus to marketing in general in export performance and interviews specified the focus on the current topics. Interviews revealed some problems and improvement points, which steered researcher to focus on marketing mix and more specifically to distribution and promotion determinants.

After the first analysis of getting the right direction where to focus, interviews were analyzed more thoroughly in order to find more specific issues in different variables. Interviews were coded with different colors by different themes of export performance to make it easier to separate different parts of interviews. Interviews have been coded so that certain color refers to certain part of the theory. For example all the yellow parts of the interview are related to promotion and blue parts are related to distribution related themes. Other parts of the marketing mix (product, pricing) were left out the review because of the relevancy of other two marketing mix variables (promotion, distribution) and to be able to concentrate more deeply on the other two. Highlighting something from the interview was determined if there was a link between what interviewee said and previous literature/theory. After analyzing interviews for the first time the focus was specified to promotion and distribution and their different determinants.

#### 4.5 Trustworthiness of the study

The quality of the research study is mainly measured by reliability, which refers to replication, and validity, which refers to the appropriateness of the measures used. These are widely used quality measures in quantitative research but they are debated as qualitative research measurements because of the nature of qualitative research. (Saunders et al. 2016: 204-205.) Apart from the more traditional ways to show the quality

of research parallel options for proving the quality of the research can be utilized in qualitative studies.

Shenton (2004) addresses four criteria with which qualitative research can be proved to be scientifically sound and convincing. These criteria are credibility, transferability, dependability and confirmability. *Credibility* refers to measuring, so that the study measures and tests what it was intentionally intended to measure. In this study the interviews guided the theory according to the appeared issues in interviews. However, the low number of interviews reduces the trustworthiness of the study because the sample is fairly small, which means that with more interviews, new and more issues would have possibly appeared. *Transferability* refers to scaling the results, so despite the specific results to certain relatively small group of individuals or environments, results can be drawn to apply to a wider population as well. In this study the results are scalable when the setting is the similar (same industry, similar positions etc.). The third criteria is *dependability* and it refers to repetition of the study. In qualitative research the study is usually dependent on environment, participants and current situation, and that is why the progress of the research should be described in detail to make it possible for future researcher to repeat the work. This study can be repeated the same way by selecting suitable participants with similar positions and with a company which has similar profile as case company in this case study. The last of the criteria is *confirmability*. It refers to objectivity, which states that the findings of the study must be originating from the subject and not from the researcher. (Shenton, 2004; Saunders et al. 2016: 206.) Because of the open questions in interviews, researcher was not influencing significantly to the results of interviews, and the interpretation of the results is supported with citations from interviews, which makes the interpretation more transparent.

The fact which increases the trustworthiness of this study is that the interviews were conducted with very open questions related to issues, so interviewees had wide range to answer. Participants were not lead by specific questions or themes, so the answers were very first impressions about the possible issues and problems. This is also why similar results in similar setting can be expected because participant were honestly able to express their thought about company processes. Sample could have been larger in order to get wider view inside the company but in this case, when the aim was to get the specification to the literature framework, two interview provided it reasonably well.



## 5 FINDINGS

In this chapter the empirical material and its analysis will be examined. The empirical finding will be presented and reflected to the previous literature and studies, in order to create coherent analysis for the conclusions.

### 5.1 Case company

Case company (SK Tuote) is family-run Finnish company operating in HVAC (Heating Ventilation Air Conditioning) industry, manufacturing solutions for roof materials and air ventilation systems in both private and industrial sector. It was founded 1975 and it started with a unique product, which was revolutionary innovation in this particular industry. In 1988 company expanded their product portfolio and they created VILPE, which is a brand for all the company products nowadays. Company is operating in over 30 countries and it has offices and facilities in Finland, Sweden, Russia and Poland. Company has been in Sweden before, but they had to divest because of the recession in construction industry. Now they are building international future faster than ever before. SK Tuote had a goal to be an international company in 2016, which created a framework for them, how to do things to achieve the international presence and this also worked as a strategy to get the company more global. Company managed to develop their operations and processes significantly, by hiring more people to export related operations in Finland and in Sweden for example. However, they are not utilizing the full potential of the market yet and they are lacking the information, which is the best way to allocate scarce resources into export related activities.

### Industry

Industry where case company is operating, is in-between roof industry and ventilation industry, which creates their business environment a mix of characteristic from both of those two industries. Roof industry is more traditional and conservative while air ventilation industry is more open and innovative. (Saikkonen, 2017.) According to Saikkonen (2017), Sweden as a market has been traditionally tied to metal based solutions and SK Tuote's plastic solutions have been shied away by traditional operators in the industry. Finnish market is relatively limited for this kind of a B2B company, so exporting activities are a natural extension for them.

## Product

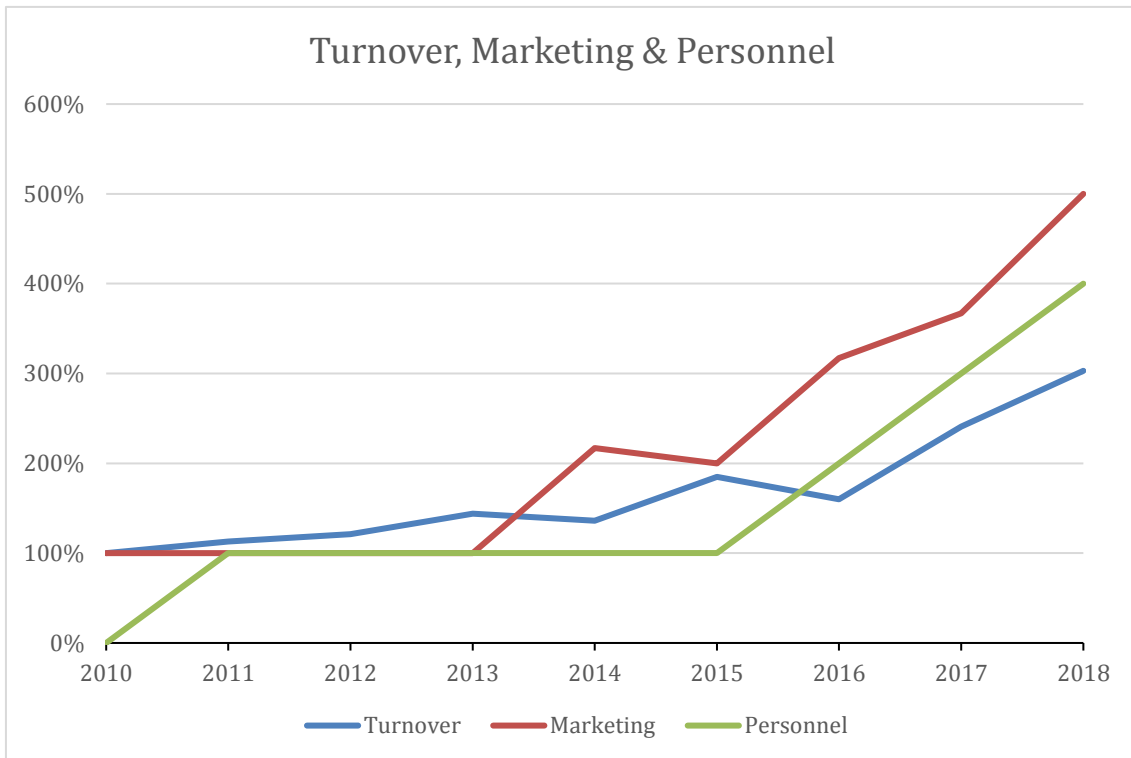
Products in general are rather technical and they are aimed to B2B customers who install them either distribute and wholesale them. All the products are solutions for intake or exhaust ventilation or pass-thoughts to the roof, and product offering also includes supplies like roof fans and fasteners. Solutions can be used every time when building needs ventilation and SK Tuote has specialized product offering for wide range of target buildings. SK Tuote also has been credited with ISO 14001 environmental standard. Compared to competitors, and what makes SK Tuote unique, is that company has products which are applicable for many different roofs and environment without modification, which makes them easy to install.

## Case Sweden

Sweden has been close and interesting market for SK Tuote for several years. Physically the market is close to Finland and the building infrastructure is more or less similar but the culture of this industry has been a bit different. In Sweden this industry has been using metal/tin plate for the roofing solutions, while in Finland SK Tuote has been able to change the course to more economical solution made out of plastic. The resistance what SK Tuote has confronted in its export activities has been related to problems to establish a proper presence among old traditional operators. Company has been looking for the best ways to convince its customers and the whole industry about the superiority of their innovative solution, but they have been lacking in the alternatives, which would be the best ways to do it.

Company has a significant presence in the Finnish market with market share close to 85%. On the other hand, in Sweden, which is the second largest market for case company, the market share is only 5% even though the whole market is approximately twice as big as the market in Finland. Another interesting thing is that the awareness of VILPE brand is more than the market share, so there is hidden potential what case company has not managed to utilize yet. Company has researched for opportunities of Swedish market and the comparison to Finnish market shows that there is significant potential. In Finland particular markets are approximately 15 million while in Sweden markets are around 25 million. Even though company has a subsidiary in Sweden (VILPE Sverige AB) they have not managed to gain the share or the sales, which would be possible in terms of the market potential. In addition, because there is no other similar company in the market, no one is taking advantage of this potential yet. (Saikkonen 2017.) Company sees that the

step for better performance would come from hiring more employees, which would definitely help, but since the resources are limited they need to figure out other less expensive alternatives, and they are struggling with the knowledge, which would be the best option for them.



**Figure 5.** Turnover, Marketing & Personnel in Target market (Sweden). (Saikkonen 2017.)

Main issue with the target market is that company does not know how to practically increase their sales in the target market and more precisely what is the critical point in their exporting process, where they should invest. (Saikkonen 2017.) The graph above shows how exporting activities have developed in Sweden, in terms of turnover, marketing and personnel, during the years of exporting. From the graph can be seen that turnover follows marketing expenditure closely, but slightly late. In 2014 when marketing expenditure decreased compared to the year before the turnover fell in the following year. After hiring more personnel, turnover has been growing steadily. The vision/campaign “International 2016” seems to be one of the epoch-making point for exporting to this target market, since more resources were allocated to exporting activities (more commitment), which resulted in increased turnover. Numbers for the year 2018 are from the budget, which is made for the year and it shows increasing commitment towards exporting activities in this certain export market.

Since Sweden is similar in many ways as a market, and the main issue is to gain the substantial presence in the market, the development points can be found from internal processes of the company. In Finland the market has been stable and company has not had the need to do big investments or actual selling, but they still have got sales in because of the significant market share gained over the years. What comes to the interviews, it seems that the processes and functions related to exporting to Sweden are the point which needs reviewing. Distribution and promotion related determinants and processes are ways to improve their presence in the market and so on improve the performance of exporting.

## 5.2 Strategy

Turned out that company has sort of a base for their exporting activities because they already have three full-time employees working in target market. In general, hiring more employees to organization in target market seems too big risk for the company.

*"Lack of resources is the thing that company like us cannot just out of nowhere recruit, let's say ten employees and say, "let's immediately take over the market", because that would be so big risk for our company, that if we would not get the turnover from that in the first year we would be heavily in red in the next year." – Export manager*

The fact, that current situation is not favorable for hiring new people or making any other big investments, was the main reason why promotion and distribution were chosen under more vast research. Through different variables in promotion and distribution allows company to improve their performance without any major investment. Company can scale the investment and allocated money to suit their resources available, because smaller companies are usually strained by limited or scarce resources (Brouthers, Nakos, Hadjimarcou & Brouthers, 2009). Because of the risk in hiring work force, they should try to get the most out of their current resources, and in this part the theory comes in when improvements can be researched from the variables of export performance, how company can improve its performance through alternative options available in each situation. For example, if resources are scarce and hiring is very expensive and risky, company should focus on other alternatives in terms of improving export performance.

General image gained through interviews with employees and conversations with export manager was that company was searching the best way to utilize their resources without risking too much. Company really wants to improve exporting activities but it's lacking

in tangible ways to start trying to improve their performance in the target market. Felt like they were lacking the focus, what they should do in terms of improving the export performance excluding bigger investments like hiring. Answering the research question will give base for the company to improve their exporting activities the most suitable way for them.

From strategical point of view, from both interviews and reactions of interviewees can be observed that there has not been proper strategy for going to this certain export market, because when interviewees were asked if there has been a clear strategy to export, they both give a little laugh and seemed amused at first.

*”yeess, yes, yes (laughter) and this morning we had discussion about when the new strategy will be presented to employees, so in the near future we should get more information about how we continue, but yes we have a strategy.”* – Assistant Export Manager

From these kind of comments can be drawn, that there is no clear strategy or it's not communicated clearly to the organization, or at least some parts of the organization feel that it's not well-enough communicated. And another point, which comes out is why Assistant Export Manager is not involved in strategy process? According to the theory about marketing strategy in export performance, Morgan et al. (2012) stated the following; *“The literature posits that the effective implementation of planned export marketing strategy is a key determinant of the performance of firms operating in international markets.”* Another sign about the current culture and situation in strategy planning and implementation is when Export Managers comments:

*“Yes, we have always had strategies (laugh)...from the 2010 we had an internationalization goal that in 2016 half of the turnover supposed to come from exporting...”* – Export Manager.

There has been a strategy, but clearly not concrete enough, and from here we can also draw that the goals were not reached apparently. However, also some positive effects of the concrete strategy has been identified, when export manager continues;

*“The strategy/goal drove us really hard towards founding subsidiaries to different countries in Europe and along with that in summer 2016 we founded subsidiary to Sweden as well once we got the first positive indicators from the market.”* – Export Manager

This reflects the positive effects of the clear concrete goal of striving to gain half of the turnover from exporting. Even though the actual goal was not reached, setting the concrete goal and plan still provoked a spark for the next gear in exporting to the case target market, which can be seen in the figure 5.

### 5.3 Distribution

Distribution appears to be one of the biggest variables in case company, what comes to daily routines related to exporting. According to the interviews, distribution is also known as a factor, which has influence on export performance and company is willing to find more ways to improve performance even further.

#### **Dealer support**

Interviews provided some information about the state of distribution in the case company;

*”...now we have got two new channels, T-Empalage and Bevego, where our products are available, so I would say that the first step has taken that our products are available and now we can cooperate, do joint campaigns and so on. So, we have gained some of the potential when the channels are established but now we should change the next gear that we would get products moving faster in the market.” – Export Manager*

*“And so, it feels like, that if we already have strong relationships with our clients, which is what we want, that how we could support them and help them to get our clients sales up.” – Assistant Export Manager*

The context, which these interview citations deliver, creates good view of how the situation stands between company and its dealers. Dealer support had the biggest presence with personal selling in interviews and it came up in several questions. Company has taken significant improvement steps in opening the channels to export market and it has got two new potential dealer /partners from the target market. Company has managed to replace the old partners, which were not as development oriented as company would have wanted. Interviews reflected two things, satisfaction of getting new bigger and more relevant partners, but also thoughts of the lack of dealer support, which makes it extremely relevant theme to review. Dealer support has a positive influence on volume, growth and intensity in export sales and with internal brought up concerns about the

importance of dealer support, it is one of the most relevant determinants of export performance in case company. Company has technically oriented product and it's also operating in B2B market, which increases the importance of dealer support as a determinant.

### **Delivery time**

Delivery time of a product is one of the most important criteria for importers when they choose their suppliers (Piercy et al., 1997). It appears in the interviews that delivery time could be also one of the improvement points in case company, when both interviewees refer to founding an own warehouse, if they would have enough resources for it;

*"I would seriously consider that, would we need some kind of logistic center to target market, like outsourced to some logistic service, so that the products would be available in target market with faster delivery times."* – Export Manager

*"Well, maybe it would be an own warehouse, so that we could deliver smaller offer faster to customers."* – Assistant Export Manager

These comments make it look like that it would be almost impossible to influence on the delivery time without own warehouse. Since company already has a few dealers in their supply chain, the delivery time is not the most relevant factor for them, while the dealer selection is not on their table at the moment. However, the delivery time is very important to customers (dealers) and their satisfaction, so company has to keep that in mind even though, it would not be the priority.

### **Distribution adaptation**

Company exports directly to export market by using distributors and dealers to help their sales. It appears in the interviews and conversations that company has already adapted their distribution to foreign market because they have found local partners for distribution. Company uses distributors and dealers in target market and aims to build more in-depth and long-term relationships with them. Company has managed to cope with differences in target market once before when they needed to reselect their partners, so they could find more suitable partners for their needs;

*"Very quickly we saw that we might not have the potential in our distribution channel, so that not all the companies (we were working*

*with), were not companies who could develop with us and we quite fast realized that, when we started properly export to Sweden.” – Export Manager*

Distribution adaptation overlaps the delivery time in this case company, because the next step in their even deeper adaptation to target market would be an own warehouse or logistic center. Assistant export manager brought up that the smaller orders create problems and costs because they need someone, as an extra person, to handle them and booking transportation etc. So, in this era company has still distribution adaptation related improvements to make, that they will get their deliveries even more efficient. Company's actions on changing their distribution adaptation when they noticed the mismatch with previous partner's shows, that company is aware it have to change channel adaptation, if the situation in the market changes.

#### 5.4 Promotion

Conservatism and resistance were some of the arguments and problems, which came up during the interview;

*“But on the other hand the conservatism of the roof business slows down our activity in target market (Sweden).” – Export Manager*

*“Roof business is highly tied to the culture. Things are liked to do as they have always been done. In air ventilation business, we operate between the roof business and air ventilation business, and air ventilation business is luckily more modern, which means it is more open for new innovations and it has helped us.” – Export Manager*

At the first sight one would think that product adaptation would be the key in this, but no. Since the product is fairly new and unique it's more likely that these kind of reactions in market appear because of the change and resistance to new products, which means company should be able to convince the customers about the products superior features. Also, because the price is just a minor factor what comes to export performance, and significant product adaptation is not relevant in this case, the focus on promotion is logical.

In the interviews, several problems and improvement points were found related to promotion. How export manager describes activities and support given towards target



market, when asked about the obstacles and problems in target market, reflects the current situation well;

*“...in organization inside, so, our communication has not always played out perfectly in the context what Leif (employee in Sweden) for example has really needed in target market and what kind of tools etc. we have offered to him.”* – Export manager

Accordingly, company has no clear vision which affects to export performance or how substantial the effect of different variables of promotion are. Like Hutt & Speh (2005) previously stated; “Nation-states and firms do not make deals; individuals do that for them”. Which is why, these kind of concerns created the interest to look into promotion in export performance more comprehensively and try to sort out the most effective ways to influence company’s export performance.

## **Advertising**

Advertising is not the biggest or the most frequently used marketing tool in B2B market, and like consumer advertising, B2B advertising has changed more to digital form nowadays (Brennan et al. 2010). Company has done some advertising previously and they have been starting to utilize more digital media as well. Since, advertising makes product look more legitimate and increases the brand awareness, company has to pay more attention to it. The following shows the idea behind the struggle which could be helped with advertising;

*”That, so we would manage to convince market more widely that it’s worth to use our products, because they are always similar, there is no custom installation, they are more simple, easy, fast, safe, and energy-efficient to install...”* – Export Manager

In advertising, an option is the social media and digital media in general, because those alternatives are less expensive compared to traditional forms of advertising (TV, radio, printed ads). Nowadays companies can also more easily target their advertisement to the certain segments, which makes marketing even more efficient for the company. In the interview came up one “problem” or part of the supply chain, which partly slows down the business.

*”This has been the problem for us that how we can either pass this one troublesome (plotslagare) segment or pass it, while it’s very influential there in target market.” – Export Manager*

Since the biggest customers for the case company are distributors and wholesalers, company should look into an alternative to pass this segment or try to influence them indirectly. This where digital advertising and social media advertising would bring an option when it is used through the right channels (targeted correctly).

Interviews brought up that company had been doing some joint advertising campaigns and projects with its customers but there has not been any clear strategy for advertising as a part of the marketing strategy. When asked about how interviewee would invest 100 000 euros, he chose to go with advertising campaign over hiring person because that would be just a one-time investment and hiring would be more long term investment. And if the advertisement campaign would be well-targeted it might work. Since advertising, especially in B2B market, is not as compelling as personal selling for example, company should not focus too much on this variable. However, advertising is one of the most common way to increase the brand-awareness and according to the interviews, it seems that company need to increase it in order to convince its customers more properly.

### **Sales promotion**

*”...for example, what kind of marketing material we have offered (to sales), what kind of promotional resources we have offered, so we haven’t succeeded every time, and maybe we haven’t always given the weigh on the target market what we should have given...” – Export Manager*

As we can see the company also recognizes some issues, which they could do better and for example the commitment to exporting activities is one of the main reasons why export activities will not fulfill the expectations. Sales promotion was relevant focus because company clearly has problems in providing “tools” for its sales force, which relates to sales promotion and how company can support its sales to perform better. At least own sales force should have all the information and support available and next step would be improve the material and support to customers and other supply chain members as well. This also relates to promotion adaptation when company figures out how to change or adapt their materials to meet the customer needs in the foreign market.

Sales promotion in B2B market focuses more on providing tools and incentives for the supply chain before the end users. So, company should be supportive and more committed to different efforts in trying to understand problems of the customer/distributor and try to support customers, where case company has an improvement point. The following citation illustrated the situation when interviewee was asked about how she would invest 100 000€;

*“And so, it feels like, that if we already have strong relationships with our clients, which is what we want, that how we could support them and help them to get our clients sales up.”* – Assistant Export Manager

Another issue came in internal sales promotion when the provided material is not always understandable because of multilingualism in company and also because communication standards are not clear-enough every time, as the reference indicates, when the interviewee was asked about issues related to exporting;

*“Mmm, I think language skills in a way, language skills or our habits. Till the day the internal communication has been pretty much of course in Finnish, but it means that for example, if we make a new product and we ask specifications/information from our different markets, always someone have to translate it and ask from different markets do you need this or what you think about this and so on...”*

*“...In case we close some product the internal handout is usually in Finnish and it would be easier if it would be in English and would be forwarded to everyone at the same time so no one wouldn't be forgotten to inform,”* – Assistant Export Manager

Apparently, case company has a great opportunity to enhance export performance by improving the sales material offering and general sales support to customer, which might also deepen the relationship with partners. Interviews revealed some critical points in sales promotion which could be looked into in order to gain more solid performance in exporting. Since sales promotion is a big factor, which dealers and partners appreciate, and it has positive effects on export sales intensity and overall export performance. Sales promotion can be also designed to improve the availability in distribution channels and this was one of the obstacles company is facing.

## Personal selling

Different promotion related variables were recognizable in interviews. From the perspective of personal selling, company has taken steps to right direction.

*“In Sweden for instance, we have recruited local employees, who should have the best knowledge of the market, the culture and how thing work there, compared to foreign workers.”* – Export manager

Because personal selling is extremely essential way to sell products (Armstrong & Kotler 2015), and it's the most used promotional tool in B2B market (Ross, Canning, & McDowell 2010: 11-12), it's very important for the company to pay enough attention in having competent and export-wise suitable workforce. In this case, local sales people who have the best knowledge of their own culture and market. Usually in B2B market the sales person presents the company to the buyers also as “marketing tool”, which means that the sales person is the company image for the buyers. By local sales people company has significantly better opportunities to create more in-depth relationships with buyers and the understanding of markets and customer needs will be more fluent, which are typical benefits of personal selling as a promotional tool. Another sign of the recognition of personal selling benefits came up, when interviewee was asked about the successes related to exporting;

*“And, the first thing coming to my mind is all the new customers what we have got after hiring Leif (employee in target market). Of course it takes time, but now it seems that we are going to get two new customer during this year, and we also do some projects there, and we have got reference projects and so on, and it's always good that you can show with pictures that the products are in use in our target market.”* – Assistant Export Manager

Personal selling related comments and themes had a strong presence in interviews. Export related benefits of personal selling have been well recognized in company and it is a right way to improve exporting while personal selling is extremely essential in B2B market. At the moment, the benefits are known and even seen because of positive results, but more thorough knowledge about why it has happened and how it could be improved even further, would be good information for the future. Because of the importance of personal selling role in B2B market, and the personal selling strong presence in interviews, company have to make the most out of the good experiences they have had related to personal selling and make that one their drivers towards better export performance.

## Trade shows and fairs

According to the conversations held with Export Manager, company takes part to trade fairs and they see them as a good way to improve their brand-awareness and get connections throughout the industry. The following statement from Assistant Export Manager supports the perspective how company thinks about trade fairs;

*“I’ve been in the company over four years and two times I have been in trade fair and I noticed, since they are held every two years, that you are able to see the difference. Now, when we went there last spring, we have taken a big step forward because many visitors were about the product like “hey, here it is!”.”* – Assistant Export Manager

Like other promotional variables as well, trade fairs came up during the interviews a few times, which strengthened the relevancy of the focus on promotion and distribution. The comment tells that the value of trade fairs has been recognized, which is important, since trade fairs are significant part of the B2B market. (Czinkota & Ronkainen, 2013; Leonidou et al., 2002). Company seeks to attend more and more fairs in the future, but the cost of trade fairs is also a factor, which they have to consider when allocating resources. When company goes to trade fair it needs to figure out the focus and plan the fair according to it. In this case, when company already has distributors and they are selling in the target market, they should focus on improving brand-awareness and benchmark what competitors are doing, in which trade fairs are essential. According to the interviews and conversations held case company is also looking for longer-term partnerships, which is typical in B2B market. Company seeks to find trusted “big players” who could be able to grow alongside the case company and this also supports the research focus on trade fairs as a determinant for export performance.

## Promotion adaptation

*“When you think that there will be new customers and you’ll need specification/information and material for them and we have many country and area, so that we should know in time what we need and that we have enough time to produce the material and so on.”* – Assistant Export Manager

This comment illustrates the issue related to promotion adaptation, which makes promotion adaptation relevant for reviewing. Company should be able to meet the needs of clients as well as the internal needs of the company, what comes to promotion material. This means company must adapt their strategies and ways to work accordingly to meet the environment in exporting market. Adaptation of promotion refers to adapting things, which influence on marketing communication related to export market. Language barriers, which came up during the interviews, therefore can be also considered as a slowing factor in promotion adaptation. Clear improvement points appeared in the era of standardizing internal processes like language and the ways how the communication works between different employees involved in exporting activities. Appeared problems in interviews, and the fact that promotion adaptation has a strong association to overall export performance (Leonidou et al., 2002), highlighted promotion adaptation as a determinant to look into as well as underline it as an improvement point where company has serious opportunities to influence their export performance.

### **Performance measurements**

Measuring the things what have been done is important in order to recognize the effects of different actions. Even though interviews were not aimed to find out exporting performance measures, some measures appeared such as sales value/turnover and generic measures like satisfaction to exporting. These are relevant findings, since the effects of different determinants are tied to the most used export performance measures. Overall image of the interviews was, that the case company is following how export market is developing and doing, but there could be more measures and more concrete measures how to examine the performance. Measures could be also more targeted to the actions what company does for the sake of export performance i.e. company could use measures, which are positively related to performance determinants. Such measures are for example export sales volume, export growth and intensity, which are related to almost all different determinants.

Summary	Export manager	Assistant export manager
Strategy/ commitment	<i>"Yes, we have always had strategies (laugh)...from the 2010 we had an internationalization goal that in 2016 half of the turnover supposed to come from exporting..."</i>	<i>"yeess, yes, yes (laughter) and this morning we had discussion about when the new strategy will be presented to employees, so in the near future we should get more information about how we continue, but yes we have a strategy."</i>
Distribution	<i>"...now we have got two new channels, T-Empalage and Bevego, where our products are available, so I would say that the first step has taken that our products are available and now we can cooperate, do joint campaigns and so on. So, we have gained some of the potential when the channels are established but now we should change the next gear that we would get products moving faster in the market."</i>	<i>"And so, it feels like, that if we already have strong relationships with our clients, which is what we want, that how we could support them and help them to get our clients sales up."</i>
Promotion	<i>"Roof business is highly tied to the culture. Things are liked to do as they have always been done. In air ventilation business, we operate between the roof business and air ventilation business, and air ventilation business is luckily more modern, which means it is more open for new innovations and it has helped us."</i>	<i>"Mmm, I think language skills in a way, language skills or our habits. Till the day the internal communication has been pretty much of course in Finnish, but it means that for example, if we make a new product and we ask specifications/information from our different markets, always someone have to translate it and ask from different markets do you need this or what you think about this and so on..."</i>
	<i>"...in organization inside, so, our communication has not always played out perfectly in the context what Leif (employee in Sweden) for example has really needed in target market and what kind of tools etc. we have offered to him."</i>	<i>"When you think that there will be new customers and you'll need specification/information and material for them and we have many country and area, so that we should know in time what we need and that we have enough time to produce the material and so on."</i>
	<i>"That, so we would manage to convince market more widely that it's worth to use our products, because they are always similar,</i>	

	<i>there is no custom installation, they are more simple, easy, fast, safe, and energy-efficient to install...</i>	
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Table 4. Summary of the appeared comments on issues in exporting.



## 6 SUMMARY AND CONCLUSIONS

The last chapter summarizes the results and provides conclusions of the research. Contributions to the literature and possible future research opportunities will be dealt with.

### 6.1 Summary

This thesis seeks to answer the research question, which is separated into two parts, and the first part goes as follows;

*What are the export performance related issues for the company?*

Empirical findings from the interviews and conversations combined with the best and most frequently used practices in previous literature, created an image of where case company has things to improve and how critical they are. Things why case company is not getting the full potential out of the target market, depending on several points which affect to company's performance. Another part of the research question refers to the improvement opportunities and next steps in case company;

*How company can enhance their exporting activities to the selected target country through determinants of promotion and distribution?*

As a takeaway for managers in exporting companies and in the case company, the most crucial implications of this research is the overall image of how export performance consists of different determinants in promotion and distribution, how they influence on different things, and what kind of different ways there are to improve performance in real life. Also, the culture of how export and export performance are seen internally, has influence on overall commitment how serious company is with exporting. If those determinants will be paid attention and resources enough, company can improve its performance in foreign market.

Empirical research shows the linkage between the previous literature and real life, when the most of the recognized export performance determinants are appearing either as drivers of success or obstacles of growth in export performance. If company is executing

some of the factors correctly, it usually has been recognized as a driver or success factor in company without really realizing the linkage to export performance. On the other hand, seem that if company is not reaching its export performance goals, it can state a few “reasons” or “issues”, but the bigger image of the determinants in export performance is lacking.

All the finding which came up in the empirical part, came up without specific questions asked about them. This supports the chosen topics because the first things coming up in conversations or interviews are the most crucial topics or the most memorable successes for example. Analysis also shows that company has right direction what comes to exporting, but more specific information would be useful, which this research was aimed to provide.

What comes to different export performance determinants, the biggest weight in interviews were on personal selling and dealer support related themes. Strategy was also in significant role, but company had more specific data and knowledge about specific factors related to export performance, which steered the interest of the research towards practical improvement opportunities. Strategy would have been an interesting topic as well, but more specific variables were chose under the review because they were more suitable and relevant for the case at hand, because of the effort and resources they take, in order to be improved.

## 6.2 Managerial implications

Managerial implications which will be provided, have been considered keeping in mind the current situation in case company. Company has done some efforts already towards better performance in exporting and they also have limited resources what they can allocate straight to export activities. This framework steers recommendations and implications towards minor and more easily doable, yet concrete, alternatives compared to hiring a person for example. The following table summarizes recommended actions and options what company can consider in their current situation. Later on, also more long-term opportunities will be provided.

Priority	Determinant	Actions	Effect
1.	Commitment/strategy	Understanding the importance of the strategy and commitment, boosting mind-set	High
2.	Personal selling	Improving material, information, tools, motivation (incentives), work environment.	High
3.	Dealer support	Market research, training for distributor's sales unit/personnel, support for sales communication, business counselling, technical assistance, promotional support and knowhow, financing and cooperative advertising, joint campaigns, providing product specifications, data, catalogs and everything which is needed to be able to sell the product the best way possible.	High
4.	Sales promotion	Use of promotional pricing, incentives tied to common goals etc.	Medium
5.	Promotion adaptation	Suitable and relevant material available for customers, make encode/decode process easier by standardizing internal processes.	High
Long-term			
1.	Hiring employees	To different export activities and to personal selling.	Very high
2.	Product warehouse /warehouse service in target market	Product warehouse, purchased logistic center.	High

**Table 5.** Priority list of export performance determinant improvement alternatives.

## Priorities

Even though the *strategy* was not under the main focus in this study, it is a factor which cannot be totally ignored. Usually strategy is for longer-term, but in this case the recommendation refers to understanding the importance of strategy in case of export

performance. Strategy for doing anything is important and it has an essential role in exporting. Company should have a clear strategy, which should be communicated and implemented well in order to get the most out of the different determinants of export performance. Management **commitment** is also one of the factors, which defines how the strategy is formed and implemented, in other words, how serious management is about exporting or certain venture. These things as a base, it's possible to build on more concrete variables in promotion and distribution, and because this needs the least effort and resources, it is the first thing to focus on.

Promotion related factors are somewhat overlapping but tangible improvement points and easy to recognize after research. **Personal selling** is probably the most influential tool for B2B marketing and even more essential for companies, which are operating in business of technically oriented or complex products. Because personal selling is crucial in selling B2B market, everything (resources, materials, education, information etc.) have to be thought with the same principles. Personal selling is also extremely crucial in B2B market because the weight is more on a few, more powerful buyers. So, company has to commit to creating the best environment possible to succeed in personal selling. When personal selling functions and activities are provided with the best material, information, tools, and environment in general, then the results are also more comparable and then company can think about hiring more sales people. The work environment with good tools and support gives the employee a feeling that his/her work is important and appreciated, which further on drives the motivation in employees. Company has also seen personal selling as one of their most profitable tools in exporting, so they have already got proves of its effects, which boosts the commitment to it. The environment for successful personal selling is a lot cheaper to build, than hiring a person, and since this determinant has proved positive effect on export performance in previous studies as well as in case company, it is priority number two.

Personal selling is a lot about building more in-depth relationship with the customer. Empirical findings shows that this dimension has been recognized in company and more concrete actions are needed to transform ideas into practice. Since the relationship with dealer is highly important and it's desirable to create a good in-depth relationship with the dealer through personal selling for instance. Also company has to pay attention to taking care of that gained relationship. According to previous literature and studies, **dealer support** is significant determinant in export performance. This determinant was strongly presented in the empirical data as well, which makes it third on the priority list. Company can support the dealer in various ways and according to the empirical findings

the top priority from the alternatives (see the table) are support for sales communication and promotional support. For example, joint campaigns and close interaction with dealer perishes the relationship, which leads to more dynamic cooperation and further on better results in exporting. The perspective and reasons behind these actions are in line with the reasons to focus on personal selling. If, dealers/partners are treated the best way possible, they get the support they need, they will eventually feel more appreciated and they try to contribute to the relationship as well as they can, on their side as well. Mutual respect and appreciation drives the relationship to the direction where both want, which again leads to improved results in business.

***Sales promotion*** is part of the dealer support in a way. It overlaps with supporting marketing communication, but more specifically, it refers to different incentives and tools how company can spark up and boost reactions in either own sales force, dealer/distributor or organizational customer. Company can provide presentation kits, product information, catalogues, brochures and other selling aids to help and boost the selling work of different supply chain members. Nowadays when information is easier to share and provide remotely, company should try to utilize digitalization as much as possible. Sales promotion as a priority has the focus on boosting sales operations in all other supply chain actors, while dealer support focuses more on supporting specific dealer in order to deepen the relationship. The material what company has for sales promotion is neither standardized nor in same language, which causes issues in the flow of information between different markets and functions. The promotion material should be more standardized inside the company that it would be in-line throughout the company, and it could be utilized more efficiently when it needs to be adapted to different market.

***Promotion adaptation*** has a strong positive effect on overall export performance regardless of the product, time or place, and it brings in more sales than promotion standardizing. Company should keep on adapting their promotion related activities to meet the target market even better and aim to reduce the encode/decode problem, for example by providing broad material for customers. Company could be more efficient, if it would create centralized “material bank” in English, which means that material would be in a same place with the same language and not fragmented in to different functions in several languages. This would partly standardize company’s internal processes.

***The rest of the determinants*** are important as well, but their importance is not so significant in prevailing situation in case company. Promotion determinants, which were left out from the priority list (trade shows/fairs and advertising), are important as well,

but not the most essential in the case with the current situation. For instance, trade shows and fairs are really good channels to get product to the market and get familiar with the network of the foreign market industry. However, case company has already passed that step in exporting and the comparison between the benefits and costs is more likely to be unfavorable compared to other alternative tools. The thing what company could add to its advertising at the moment, is to make more even effort in social media marketing because of its competitive pricing, but other advertising efforts were not considered to be as timely as other promotional alternatives. Additionally, distribution related determinants; delivery time and distribution adaptation are not in the top priority because of the stage where company is at the moment. Distribution adaptation is extremely important determinant in export performance, but company has already done major adaptations to reach the state it is now. The only thing what must keep in mind is that the state in distribution adaptation may not be stable throughout the years and changes needs to be done, if the environment indicates so.

**Measuring** export related processes is important in two ways. It helps employees to commit better to different export related activities, when they get clear results how the company is doing and how different things influence on performance. Case company has been measuring performance in target market by the development of the company's activities, which include sales growth, personnel number and turnover. Measures are good and company could have more measures related to sales performance, since company is at the stage in exporting where sales measures are more favorable. Measures related to different determinants in distribution and promotion, would be good to utilize better and create specific goals tied to those measures, which would force the company to focus on developing export activities in order to reach the goals. Clear goals also make it easier to comprehend the export as a process, which makes it easier to commit to it when there is clear aim where to reach. Recommended measures are the ones, which are tied to the most relevant determinants of export performance in case company, such measures are export sales volume, export sales intensity, export sales growth etc. More non-economic and generic measures like satisfaction to export would be important to improve in order to stay updated how processes are performing, and these kind of measures also can reflect overall attitudes and commitment towards exporting.

By clarifying internal processes, rules, measures, strategy and ways to work related to exporting will gear up company's exporting to the next level. In the future, company may hire more people and probably build or purchase own warehouse or logistic center to target market to serve foreign customers even better. These two long term considerations

are more expensive and not timely in this prevailing situation, but still worth the effort to include in the overall strategy.

### 6.3 Limitations and future research directions

This research contributes to the previous literature of export performance and what determines the success in exporting activities, especially in a company, which is operating in B2B market and where the resources are limited. Research supports the arguments on the importance of strategic planning and implementation (Morgan, Katsikeas & Vorhies, 2012), and that export marketing strategies are essential instruments, through which company's resources and capabilities such as promotion and distribution can be converted into better performance in exporting. Research deals with company's capabilities in marketing more specifically in distribution and promotion, and by reflecting empirical data previous literature of export performance, it supports previously researched determinants of export performance.

In the future it would be an interesting direction for research to study the phenomena why companies and managers are not utilizing the information available of export performance, or at least it looks like that companies are making similar mistakes, which already have been studied. Secondly, now that the current literature has identified measures and factors for export performance, it would be interesting to see more longitudinal or history based researches on certain factors (i.e. personal selling, promotion adaptation dealer support etc.), examining which kind of effect each factor has on certain company's export performance. For example if company has started some actions in order to try to improve their export performance, how those actions have worked out and why? Thirdly, by comparing differences between different countries and target market would be an interesting topic as well because of the cultural differences, which most certainly has effect on practical processes and marketing strategy implementation. Examining the synergies of processes and how the integration on practical level has been planned or surveyed is also interesting direction for the future research, since most of the determinants are overlapping and effecting each other some way. Lastly, the literature has become more coherent on performance measures and factors affecting to it, but it could get clearer through empirical researches on companies, what kind of concrete effects different factors have on company's performance.

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