Relationship marketing, distribution channels, and export performance: The case of a Slovenian retailer in the Croatian market

Gregor Pfajfar, MSc
University of Ljubljana
Faculty of Economics
Kardeljeva ploščad 17
1000 Ljubljana
Tel. +386 1 5892 821
e-mail: gregor.pfajfar@ef.uni-lj.si

Maja Makovec Brenčič, PhD
University of Ljubljana
Faculty of Economics
Kardeljeva ploščad 17
1000 Ljubljana
Tel. +386 1 5892 564
e-mail: maja.makovec@ef.uni-lj.si

Abstract
This paper examines the theoretical and empirical contribution of the influence of relationship components on export performance throughout the entire distribution (or supply) chain, presenting a study of buyer and seller (or distributor) relationships. We study the relationships in the emerging Slovenian economy, in which firms highly depend on imports and exports from international B2B markets, where business relationships and their components are important performance drivers. The findings are based on a case study of a Slovenian retailer that purchases home improvement and construction products from a German supplier and sells them in the Croatian market to its B2B buyers. The study was carried out in 2007. The qualitative part included 25 in-depth interviews with the retailer's employees in the Croatian market. A quantitative study of Croatian buyers of home improvement and construction products represents the second part of the empirical research. Using purpose-based sampling, 42 regular buyers answered the questionnaire. The study yielded some interesting results. The main indication was that export performance as a dependent variable was affected by two major factors: readiness to export and formation of the internationalization process, and the systematic creation and incorporation of relationships with potential buyers from the early (or preparatory) stages of the firm's entrance into the market, irrespective of the level of the distribution channel. It also showed that relationship marketing can be differently approached and understood in different cultures, and that marketers should be very cautious when designing "universal solutions" for relationships, as Palmer (1997) explained a decade ago.

Keywords
Relationship marketing, export performance, distribution channel, case study, Slovenia and Croatia.

Introduction

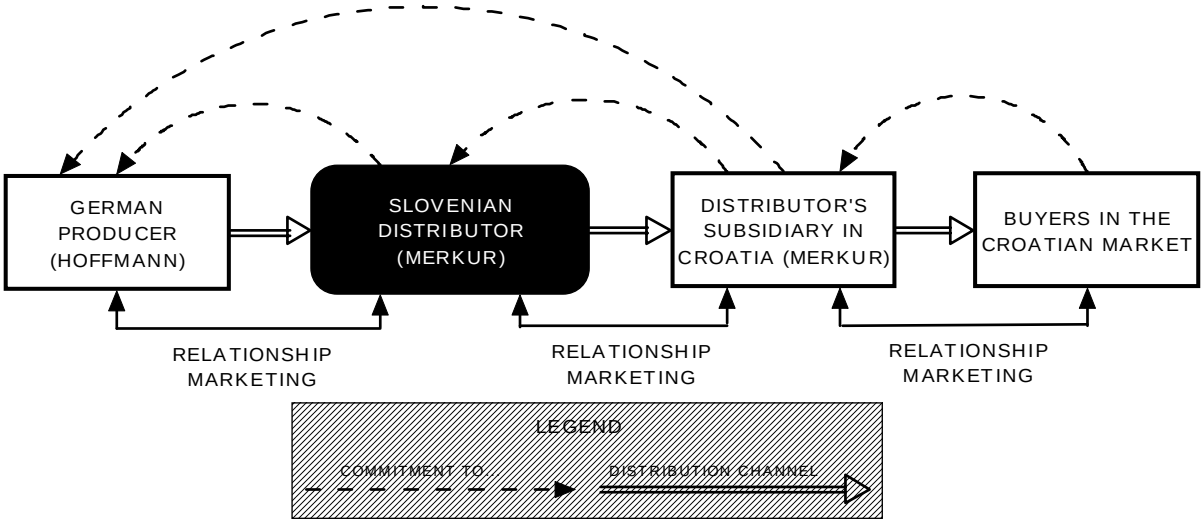
Resource-based theory explains that resources, which are classified into four categories, i.e. products, facilities, business units and business relationships; play a key role in the internationalization process of a firm (Ciabuschi, 2002). The buyer supplier relationships have been the subject of theory building and empirical model testing for many years, particularly within the Industrial Marketing and Purchasing Group (IMP) with interaction model (Håkansson, 1982), while other examples include network models (Jarillo, 1988), channel models (Heide *et al.*, 1992) and partnership models (Helper *et al.*, 1995) (in: de Burca, Fynes, 2001). The international studies soon found that "establishing, developing, and maintaining successful business relationships with distant partners is not an easy task, …, as the major barrier is cultural distance, …, while ethnocentrism negatively affects cultural sensitivity and the quality of relationship between exporters and importers" (Trang, Barrett, Tho, 2003). Carr (2002), who explored cultural impact on relationships, found that stereotypes are present at the early stage of the relationship and could hinder the later progress of the potential partnership. In addition, a few studies (e.g., Mainela, 2001; Leonidou, Kaleka, 1998; Leonidou, 2004; Styles, Ambler, 2004) have focused on the international aspect and have incorporated the empirical or theoretical contribution of the influence of relationship components on export performance. Because the Slovenian economy highly depends on exports, developing successful relationships in international and especially neighboring markets is very important. In addition, most of the exports and added value of Slovenian firms is created in international business-to-business (B2B) markets, where business relationships and their components are important performance drivers. For this reason, this paper seeks to examine the existence and influence of relationship marketing between the producer and distributor, as well as the distributor and retailer in international markets as an example of the importance of relationship marketing in international distribution channels.

The research on relationships alongside the distribution channel in retail business is rare, especially in southeast Europe, although some research has examined supplier-retailer relationships within the food industry (e.g. Hingley, Lindgreen, 2004) and the textile industry (e.g. Guercini, Runfola, 2005). To this we have added the aspect of cross-cultural comparisons (Žabkar, Makovec Brenčič 2004). This paper is based on a case study of the Slovenian retailer Merkur, which purchases home improvement and construction products from a German supplier (the Hoffmann Group) and sells them through its foreign subsidiary in the Croatian market to its B2B buyers (the complexity of the relationships examined is illustrated in Figure 1). We apply a definition by Agndal and Axelsson (2002), who said that "a business relationship is considered to exist between two parties when it requires interaction between these two parties", therefore mutual relationship orientation between buyer and seller is required. Based on the case analysis, we discuss whether the use of the relationship marketing concept has an impact on the company's export performance in the Croatian market. Recent research has determined that entire supply (or distribution) chains compete with one another rather than individual firms alone (Cohen, Roussel, 2005). We therefore examine relationship marketing at various stages of a particular distribution channel, adding the international component based on a study of buyer and seller (or distributor) relationships.

The research found that for successful buyer-seller relationships it is crucial to know who should be involved and to what extent in the purchasing decision process, as well as be aware of the interactions that take place after the decision has been made (Wynstra, Axelsson, van der Valk, 2006). Furthermore, several authors argue (Axelsson, Agndal, 2000; Ciabuschi, 2002; de Burca, Fynes, 2001) that IMP Group's interaction approach claims that studies of

business marketing and purchasing should focus less on transactional process and more on the ongoing interactions between suppliers and buyers. In addition, Wynstra, Axelsson and van der Valk (2006) explain that "ongoing interactions in business relationships are particularly relevant given the fact that most firms tend to engage in a limited number of long-lasting relationships". As Grönroos (1996) explains, the products and services are produced and consumed in interactive processes between seller and buyer, the idea embedded in the IMP Group conceptual framework, which we also follow throughout our study. The framework, as explained by van der Valk, Wynstra and Axelsson (2005), follows the structure-conduct-performance logic, developed by Porter (1991), explaining that interaction is made up of certain processes (conduct), which is affected by the buyer-supplier interface (structure), while depending on the design of the interaction and the processes, a certain result regarding the purchase is expected (performance). Ciabuschi (2002) adds, that ongoing interaction should be promoted to aim at coordinating supplier and buyer activities, which can be achieved by two types of processes, that is through communication and adaptation.

Figure 1: The distribution channel and relationship marketing in the case of Merkur



This case study seeks to contribute to a better understanding of the role of internal influences (i.e., preparedness to export, or market commitment; commitment to the Hoffmann brand and Merkur, or product commitment) and external influences (i.e., long-term commitment of Croatian buyers and Merkur's high responsiveness, or relationship commitment) on export performance (Styles, Ambler, 1994), which is considered to be contribution to the current state of the theory, as the impact of internal/external influences on export performance was studied separately. To some extent, "inter-firm relationships have been acknowledged as a driving force in internationalization" (Axelsson, Agndal, 2000), and thus compared to other studies, we combine internal, as well as external influences of export performance and fill this gap in to us known literature. The suggested conceptual model for the constructs of relationship marketing and export performance was further developed, because it was evaluated through the entire distribution channel, and also included an international perspective, examining cultural differences in the varying business-to-business relationships in these two countries, Slovenia and Croatia. Thus, this paper offers a review of relationship marketing theory with respect to distribution channel theory as well as internationalization marketing theories, in which specific importance is given to export performance and its relational antecedents. The remainder of this paper is structured as follows. First, the literature on relationship marketing is briefly reviewed, in which special importance is dedicated to the

international aspect and distribution channel specifics. This is followed by a description of the conceptual model and research hypotheses, and then the research methodology and results are presented and discussed. Finally, managerial and research implications are provided.

Relationship marketing and distribution channels in an international perspective

Relationship marketing has many definitions. Morgan and Hunt (1994) explain that relationship marketing relates to all the marketing activities performed to establish, develop, and maintain relations. Hutt and Speh (2004) add that relationship marketing comprises activities that lead to successful exchanges with buyers. On the other hand, Gummesson (2000) states that relationship marketing is a synonym for networking, marketing from the viewpoint of relations, and mutual business activity. Parvatiyar and Sheth (2000) go even further, explaining the concept as a process of never-ending mutual activities between the company and buyers in order to establish and enrich their value with lower cost involved. The extended definition by Grönroos (1996) also includes relationship marketing goals, which are defined as establishment, development, and maintenance of relations and thereby creating profit, but sometimes breaking the relation-bonds when necessary so that all the goals of the participants can be achieved. In sum, relationship marketing is "reorienting the positions of suppliers and customers through a business strategy of bringing them together in co-operative, trusting and mutually beneficial relationships" (Veloutsou, Saren, Tzokas, 2002).

Relationship marketing theory identifies several relationship marketing components that can be evaluated. Žabkar and Makovec Brenčič (2004) speak about values, trust, and relationship commitment. Furthermore, Rojšek and Matajič (2002) identified two groups of relationship marketing components, the socio-psychological factors of individuals' behavior within interchange episodes (e.g. trust, commitment, a long-term relationship, interpersonal relationships, etc.) and organizational variables (e.g. adaptation in inter-firm relationships, specific investments in a relationship, and contractual terms). In addition, Harker (1999) found seven conceptual categories of relationship marketing: creation (attracting, establish, getting), development (enhancing, strengthening, enhance), maintenance (sustaining, stable, keeping), interactive (exchange, mutually, co-operative), long-term (lasting, permanent, retaining), emotional content (commitment, trust, promises), and output (profitable, rewarding, efficiency). Most research on emotional content and output (e.g., Dwyer et al., 1987; Coulter, Coulter, 2002; Fullerton, 2005; Morgan, Hunt, 1994; Peterson, 1998; Sanchez, Iniesta, 2004; Woo, Ennew, 2004; Žabkar, Makovec Brenčič, 2004) has addressed commitment and trust as the two central constructs of relationship marketing (Morgan, Hunt, 1994). However, later studies explored the relationship between commitment and export performance (Cicic, Patterson, Shoham, 2001; Katsikeas, Piercy, Ioannidis, 1995; La, Patterson, Styles, 2005; Morgan, Kaleka, Katsikeas, 2004; Styles, Ambler, 1994) and also investigated the importance of component parts of these constructs (Mouzas, Henneberg, Naude, 2007), pointing at the distinction between internal and external commitment (Styles, Ambler, 2000). There were also some recent trials how the commitment to organizations (Kelley, Davis, 1994), products (Marting, Goodel, 1991) or brands (Perrachio, Meyers-Levy, 1997) impact the relationships between sellers and buyers. As Frazier (1999) adds, inter-firm relationships have an impact on relationships with end-customers; however there is a lack of empirical research in that field.

Understanding the factors that impact buyer-seller business relationships is considered to be particularly important, especially when the parties are from different countries (Piercy, Katsikeas, Cravens, 1997). Namely, a relationship nurturing method that has worked well at

home may fail in a culture with different values (Žabkar, Makovec Brenčič, 2004). Nevertheless, relationship marketing has different understandings and perceptions in different cultures, and marketers should be very cautious when prescribing universal solutions for relationships as they do when developing standardized product and promotion policies for all markets (Palmer, 1997). In addition, it also makes a difference whether the company is operating in an end-consumer market or dealing with other companies. For retailers, relations are merely part of their service package (Alexander, Myers, 2000), whereas in B2B markets the relations represent a long-term development process. However, in both markets companies recognize that their response to individual customers will not only result in increased sales in the long run, but will also help establish strong relationships and create more loyal customers (Paden, McAlister, 1996).

This paper addresses the relationship of marketing theory with distribution channel theory and provides interesting insights. Johnson, Sakano and Onzo (1989) explain that for firms conducting business in international markets, success depends partly on effective delivery to their customers, and partly of their knowledge to maintain good relationships. As Moberg and Speh (2003) claim, relational research is an essential component of supply chain management theory development because supply chain management "requires that multiple trading partners work together to improve the efficiency and effectiveness of logistic operations for each member of the supply chain." Min and Mentzer (2000) also confirm this statement, adding that supply chain management extends the concept of functional integration beyond a firm to all the firms in the supply chain, in which the primary goal is for each member of a distribution channel to help the others improve the competitiveness of the chain and strengthen relationships. In addition, Keller (2002) explains that successful partnerships and relationship integration throughout the distribution channel are necessary to improve efficiency and profits compared to firms that are operating more individually. The author also suggests that firms should concentrate on motivating customer-conscious employees through internal marketing, which will yield higher relationship performance in the external supply chain (Keller, 2002). Wu et al. (2004) provide an even more detailed overview of distribution channel relationships because they study the behavioral determinants of supply chain management (trust, power, continuity, and communication – all of these are also components of relationship marketing) that impact supply chain commitment; according to their findings, this is crucial for a higher level of integration. Frazier (1999) adds that in circumstances when one firm exercises a great power, it might influence other firm's beliefs, attitudes and behavior, and thereby change channel relationships. To sum up, it is important for firms to realize the benefits of integration and therefore they must first build the proper type of inter-firm relationship, which is discussed further in the section that develops a conceptual model.

A case study of a Slovenian retailer in the Croatian market

This study is based on a case study of the Slovenian retailer Merkur, which purchases products on the German market from Europe's leading manufacturer of tools for industrial use (the Hoffmann Group) and is starting to penetrate the Croatian market with these particular products. We used this case study as an example of two multinational companies that build their business on relationships. In addition, this case study presents an opportunity to review the relationship marketing concept throughout the entire distribution channel, from the manufacturer to the end-users in Croatia, and provides a link between three different cultures. Merkur is a company involved in wholesale and retail sale of home improvement and construction products. Recently, the Merkur Group has identified potential for further growth in some of the largest markets of southeast Europe, including Croatia, Serbia, Montenegro,

Bosnia, and Macedonia. Merkur already has nine companies abroad. The company is already present in the Croatian market in retail trade, whereas its wholesale operations are particularly oriented toward selling steel. The partnership agreement between Hoffmann and Merkur was signed on 1st July 1997. Merkur thereby obtained a license to act as an exclusive distributor in Slovenia, as well as in southeast European markets. Almost on the same date, Merkur Zagreb International was registered as a sales subsidiary in Croatia, although it had already been present there as a representative office. Currently, the subsidiary in Croatia has also decided to strengthen its position in tools, for which the Hoffmann Group's products could represent a turning point in the company's sales, because these products enjoy a good reputation among industrial buyers. However, results cannot be achieved if the salespeople do not follow the manufacturer's specific training, if they do not respect the instructions and experience of the Slovenian parent company, and if they change their relationship to buyers in order to become a mediator of the Hoffmann brand's values. Therefore the value of a relationship marketing study addressing all links in the distribution channel is high.

Conceptualization and hypothesis development

Cultural interaction and differences in relationship marketing

Cultural aspects of the relationship marketing have to be studied, when doing business internationally. As Grönroos (1996) explains the cultural differences have an affect on the relationships that are built internationally, however his study included culturally totally opposite countries. Hewett, Money and Sharma (2006) found that national culture is associated with corporate culture, where they both moderate the relationship-repurchase link. Their study confirmed that uncertainty avoidance is the primary driver of national culture's influence on the previously explained link, while power distance has the most direct affect on corporate culture. On the other hand, Ha, Karande and Singhapakdi (2004) found that distribution channel relationships can be explained via cultural distance (the extent to which culture is seen as being different from one's own) and behavioral transparency (the extent to which alliance negotiators know and understand each other's actions). Battaglia, Nadin and Gobbini (2004), who explored the impact of cultural differences between Western (Italian) and Eastern (Chinese) economies on negotiation processes, stress that main factors for a successful relationship represent a right partner (culturally complementary), trust building, flexibility and attention to fable messages, and mutual benefit search. They also argue that most of the exporting firms are not totally aware of those cultural issues that are more often becoming the precondition for clinching a deal. Therefore, we question ourselves whether there are differences between two neighboring countries, which both present emerging economies with similar historical background (we compared the answers of Croatian buyers and Slovenian salespeople according to commitment as part of the relationship marketing). Therefore, we examine:

Hypothesis 1a. Relationship commitment is understood differently in Croatia compared to Slovenia.

Hypothesis 1b. Commitment to firm's or brand's values (product commitment) is understood differently in Croatia compared to Slovenia.

Commitment (in general)

Commitment is viewed as a central construct in the relationship marketing literature (Morgan, Hunt, 1994). On one hand, commitment is understood as an implicit or explicit pledge of the continuity of a relationship between exchange partners (Dwyer et al., 1987), while some think that "commitment is the most advanced phase of partners' interdependence", which is beneficial for both companies, as manufacturers can obtain improved product developments,

increased margins and market shares, while distributors gain deeper market penetration and higher customer satisfaction (Wetzels, Ruyter, Birgelen, 1998). On the other hand, Fullerton (2005) also talks about commitment in opposite aspect, as it is supposed to undermine customer loyalty and thereby relationships, as leads to forsaking of alternatives and mutuality with only one company. However, we will follow the definition of Sanchez and Iniesta (2004), who said that "commitment is a psychological state generated by an individual's perceptions, beliefs and emotions which provoke the willingness or intention of developing and maintaining a stable and durable relationship, because the individual wants it or feels that he/she should make it, and which manifests itself in a behavior which bears certain obligation".

Relationship commitment

However, there were several authors (Morgan, Hunt, 1994; Sanchez, Iniesta, 2004; Fullerton, 2005), who researched relationship commitment as affective commitment, while distinguishing also among continuance commitment. The authors commonly came to one major conclusion, that continuance commitment (customers can be committed to the relationship because they feel that ending the relationship involves an economic or social sacrifice or because they have no choice but to maintain the current relationship – it is rooted in switching costs, sacrifice, lack of choice and dependence) has a much smaller effect on switching intentions than affective commitment (affective commitment exists when the individual consumer identifies with and is attached to their relational partner). In addition, Sanchez and Iniesta (2004) talk about the distinction, stating that, "a person is envisioned as having acted in such a way ('made a commitment') or being in such a state ('being committed')". In other words, this is a distinction between attitudinal commitment and behavioral or manifest commitment, whereas the authors talk also about cognitive and emotional dimension of the latent commitment (Fullerton, 2005).

Market commitment

Narver and Slater (1990) state that market commitment is the "organizational culture that most effectively and efficiently creates the necessary behaviors for the creation of superior value for buyers and thus continuous superior relationships and performance for the business." Their study also indicates that market commitment consists of three behavioral components, which are customer orientation, competitor orientation, and inter-functional coordination. Although market commitment is usually evaluated by collecting the data on the amount of funds prepared by a distributor for investment abroad or the level of commitment to international markets (Johanson, Vahlne, 1977), we used internationalization motives as factors for fostering marketing commitment. Motivation describes how one's behavior is initiated, energized, sustained, directed, and stopped (Morgan, 1997). It is also argued that motivation is also a process whereby individuals make choices among various activity alternatives (Vroom, 1964). Both definitions identify factors that affect individual choice behavior. Theory about the motivation to internationalize distinguishes between factors that initiate export (i.e., stimuli) and factors that sustain an ongoing export operation at an increasing level (i.e., motivators; Katsikeas, Piercy, Ioannidis, 1996; Morgan, 1997). In the search for a classification of motives, we build on Kacker (1985) and Treadgold and Davies (1988), who distinguished between "push" and "pull" motives. According to Tatoglu, Demirbag, and Kaplan (2003), push factors initially predominated, including the mature state of the domestic market, intense competitive pressures, a restrictive trading environment, and other factors, and this formed the basis of the **reactive school** of thought (Alexander, Myers, 2000). Several authors have questioned the main assumption of the reactive approach (Alexander, Quinn, 2002) and instead, scholars proposed focusing on the attractive

characteristics of a host-country environment and promoted pull motives, which have led to the development of a **proactive school** of thought (Alexander, Myers, 2000). Parallel to this, research has distinguished between **internal** and **external** environmental motives (Morgan, 1997; Katsikeas, Piercy, Ioannidis, 1996). Internal motives are associated with influences in the corporate environment of the firm, whereas external motives originate in the firm's domestic or foreign external environment (Leonidou, Katsikeas, 1998). Whereas previous studies tended to adopt one or the other approach, recent attempts seek to align the two streams (Alexander and Myers 2000; Tatoglu, Demirbag, Kaplan, 2003). Thus, proactive motives are forces based on a firm's unique internal skills (Leonidou, Katsikeas, 1998), whereas reactive motives explain a firm's export engagement as a response to environmental pressures (Czinkota, Ronkainen, Moffet, 2005). To sum up, motives for internationalization should explain export performance because previous studies (Narver, Slater, 1990) have already indicated that there is a positive relationship between market commitment and two decision criteria: long-term focus and profitability (other research uses profitability also as one of the indications of export performance).

Product commitment

Martin and Goodel (1991) explain that the concept of product commitment relates to "the loyalty of consumers towards a product class or brand." According to their study, product commitment includes a behavioral dimension (purchase consistency) and an attitudinal dimension, whereby the latter relates to affective, situational, and behavioral variables, which are supposed to shape the level of commitment within an individual. The authors also talk about low and high product commitment. Based on their description of high product commitment (e.g., the product is well-insulated from competitive threats, has a stable market position, is perceived as a good value or as a justifiable expenditure, buyers may exert considerable effort in searching for those products and may be willing to pay a premium price) and the evaluation of the Hoffmann Group's past performance and buyers' reviews, we can assume that Hoffmann Group brands enjoy high product commitment. On the other hand, Waller and Ahire (1996) argue that managers in companies that promote relationship quality must also see the link between the quality of their products and their customer's perceptions of the quality of their products. They claim that those managers that do not see this link may also not see the importance of improving product quality and therefore the importance of implementing relationship improvement techniques. Our study follows the argument of both studies, building on previous research. Thus, there is evidence that product commitment is positively related to comparative ads for products that evoked affective and cognitive motivations simultaneously (Putrevu, Lord, 1994); that product commitment is a weak predictor of consumption (Wansink, Ray, 1992), and that product commitment is not subject to various cultural stimuli (Schmitt, Pan, Tavassoli, 1994). However, there is no empirical evidence that there is also a link to relationship marketing concepts. Many studies explain that, before a selling organization can actually begin the relationship-building process with the customer, the organization should focus internally (Cann, 1998). How to achieve employees' commitment to their organization and products internationally is a question often faced by many multinationals. We also examine commitment as a relation between a company and a salesperson in a foreign market, because recent research has indicated that high export performance is achieved only if there is commitment within the specific distribution channel (Cohen, Roussel, 2005). Therefore:

Hypothesis 2. Merkur employees' commitment to Hoffmann Group products has a positive impact on Merkur's readiness to export.

Adaptation in inter-firm relationships

Adaptation in inter-firm relationships is understood as an act of one (or usually both) of the partners in a relationship that alters its business conditions and improves cooperation in order to satisfy the expectations of the other side, whereby the most widely recognized adaptation is customization of companies' products (Hallen, Johanson, Mohamed, 1991). Although adaptation can take place at the level of the product, information exchange, management processes, or even organizational restructuring, there is evidence that suppliers are more frequently involved in adaptation processes than buyers in B2B markets (Brennan, Turnbull, Wilson, 2003). Spiro and Weitz (1990) discuss adaptive selling, and their study recognized five facets: recognition that different sales approaches are needed for different customers, confidence in the ability to use a variety of approaches, confidence in the ability to alter the approach during an interaction, collection of information to facilitate adaptation, and actual use of different approaches. There is empirical evidence that, in the first phases of relationships, adaptation in inter-firm relationships improves trust, and later has an impact on relationship commitment (Jeffries, Reed, 2000). On the other hand, Hallen, Johanson, and Mohamed (1991) also discuss organizational interdependencies, noting that the stronger the position of the firm, the more the other party is expect to adapt. Recent research has indicated that adaptation in inter-firm relationships is strongly connected with investment in the relationship and has an effect on making it difficult for the competition to enter the market. Some might say that investment in a relationship is an active adaptation (Brennan, Turnbull, 1999). To sum up, adaptation in inter-firm relationships is part of the seller-buyer relationship that is oriented toward the long term (Schmidt, Tyler, Brennan, 2007). As Wu et al. (2004) have already explained, a firm must first build the right type of inter-firm relationship in order to enjoy all the benefits of integration within the given distribution channel. Therefore, we examine:

Hypothesis 3. Adaptation in inter-firm relationships (e.g., higher responsiveness) has a positive impact on the commitment of Merkur's buyers.

Export performance

Export performance was first examined by Madsen (1987), whose evaluation was four-dimensional: sales, profits, sales change, and profit change. Throughout the history of export evaluation, many other aspects have been studied. Cavusgil and Zou's (1994) study among US manufacturers found that the export-marketing strategy is driven by both internal forces (e.g., firm and product characteristics) and external forces (e.g. industry and export market characteristics), in which an important role was also given to export-marketing strategy (e.g., marketing mix adaptation and price competitiveness). At that time, this was the prevailing theoretical approach, which soon developed into two rival theoretical perspectives that have been applied to export-performance research over the past decade (La, Patterson, Styles, 2005). The first has been recognized as the "behavioral perspective" (Leonidou et al., 2002), and the "relational approach" (Styles, Ambler, 1994, 2000), and the latter explores the nature and impact of exporter-distributor relationships in particular. Today many theoretical streams exist, each of them explaining export performance differently. Thus, Cicic, Patterson, and Shoham (2001) claim that export attitudes, export barriers, and management support are among the most important antecedents of export performance. According to Morgan, Kaleka, and Katsikeas (2004), the most important aspects of economic performance are effectiveness (i.e., the extent to which desired goals are achieved), efficiency (i.e., the ratio of performance outcomes achieved to the resources consumed), and adaptability (i.e., the export venture's ability to respond to environmental changes). Although the majority of export performance

research has focused on manufacturing firms (Grönroos, 1999) and the literature suggests that export performance was examined primarily for two different stakeholders – distributors and end-user customers (Cavusgil, Zou, 1994) – we evaluate export performance at all levels of the distribution channels and within all business formats. Performance was in the IMP research tradition named as the appropriateness or functionality of interaction between buyer and seller, where functionality of interaction refers to "the extent to which it contributes to fulfilling certain functions for the buyer-supplier relationship" (van der Valk, Wynstra, Axelsson, 2005). Recent research indicates that the relationship between supplier performance and future purchase intentions is strong (Piercy, Katsikeas, Cravens, 1997), and therefore it will also be used in our study as part of other factors indicating export performance. Following the relational approach to export performance, we examine:

Hypothesis 4a. Systematic creation and incorporation of relationships with potential buyers from the early stage of a firm's entrance into the market has a positive impact on export performance.

Hypothesis 4b. Commitment to exporting (e.g., readiness to export) has a positive impact on export performance.

Research framework and results

Research methods

On one hand, quantitative methods have usually been used to measure relationship marketing by many scholars (i.e., Morgan, Hunt, 1994; Halen, Johanson, Mohamed, 1991; Piercy, Katsikeas, Cravens, 1997; Wu et al., 1999), while the research on business relationships by authors of IMP Group favors qualitative methods of inquiry, as they tend to understand relationships as embedded into their context. This was also empirically confirmed, as when the variables are difficult to measure (e.g., the firm's inclination towards international business and relationship marketing, etc.), qualitative methods are more suitable for assessing the real company orientation (Albaum et al., 1989). We selected in-depth interviews as a qualitative method and combined this with a structured questionnaire as a quantitative method. Non-metric variables (with a nominal and ordinal metric scale) are presented by frequencies, and for metric variables (with a (divergent) metric scale) we calculate descriptive statistics; namely, the mean and standard deviation. The hypotheses are tested with univariate and multivariate analyses, including a paired samples *t*-test, univariate and multivariate regression analyses, and partial correlation analysis, as well as factor analysis. All variables were measured on six-point Likert scales (1 = completely disagree, 6 = completely agree), although seven-point Likert scales were usually used when doing research on relationship marketing in southeast European markets (Manolova et al., 2007; Žabkar, Makovec Brenčič, 2004). The questionnaires with seven-point Likert scales that were pre-tested in both markets revealed that respondents mainly choose the middle value, which indicates a culturally specific behavior of Slovenian and Croatian respondents compared to the studies above.

Data and sample

The research was carried out in 2007, when the Slovenian retailer Merkur was introducing a product range by the German supplier the Hoffmann Group to the Croatian market, while the same products were already successfully selling in the Slovenian market. The qualitative part included 25 in-depth interviews with the retailer's employees in the Slovenian and Croatian markets. The condition for employees to be selected for the sample was that they had completed sales training at Hoffmann and had job descriptions as current or potential

salespeople for that particular product range. This part of the study was necessary in order to assess salespeople's perception of relationship marketing. A quantitative study of Croatian buyers of home improvement and construction products represented the second part of the empirical research. We must note that business relationships exist not only between the buyer and the seller, but also between the buyer and his agent and the seller and his agent, as Agndal and Axelsson (2002) explain, therefore indirect importing or exporting relationships will not be considered in this study. The participants were selected from the base of Merkur's current buyers (of other products). Using purpose-based sampling, 42 regular buyers completed a very structured postal questionnaire. Their responses were also stimulated by Merkur employees, who visited buyers after a month of no response. The respondents were primarily the representatives of purchasing departments that bought various brands of home improvement and construction products. Hunt, Froggatt, and Hovel's early international study (1967) included 40 companies in the machine industry and examined pricing, advertising, distribution, credit, technical, and service policies (Cavusgil, 1984). Because their sample is comparable to ours, we conclude that the sample of 42 companies provides sufficient insights into Croatia's relationship marketing importance and its impact on export performance. However, to make the sample comparable to the Slovenian perception of relationship marketing items, the very same questionnaire was also given to the 25 employees that were interviewed in the first phase of the research; their answers were weighted to make a proper comparison.

Reliability and validity of the scales

Relationship commitment. The construct was evaluated using a scale measuring the degree to which a person relates to the counterpart and could be identified with it. It originates from a much larger SERVQUAL instrument, first described by Parasuraman, Zeithaml, and Berry (1988), which was later adopted by Carman (1990) for a comparison between five different services and by Taylor (1995) for use with a specific counselor at a university career counseling service. Reliability analysis of the scales showed a high alpha of 0.91 and Taylor (1995) reported an alpha of 0.80 for her version of the scale, whereas the original alphas for the scale by Parasuraman, Berry, and Zeithaml (1988, and another study in 1991) ranged from 0.88 to 0.93 (ours lies in between these). However, the original scale failed to prove the construct validity because Carman (1990) determined that there were unexplainable problems with the construct validity, and Parasuraman, Berry, and Zeithaml (1991) found that items did not load on a single factor, but did not explain the differences. The construct validity of our scale was evaluated with factor analysis, which found two factors: "rational commitment," which relates to commitment because of a person's knowledge, and "emotional commitment," which relates to behavioral aspects of relationship commitment. The first factor explained 18.6% of the variance and had factor loadings between 0.60 and 0.73. The second factor explained 53.75% of the variance and had loadings ranging between 0.58 and 0.89.

Product commitment. We used a fourteen-item scale to measure consumer identification with and loyalty to a specific organization, which was originally developed by Mowday, Steers, and Porter (1979) and later adopted by Kelley and Davis (1994), who studied commitment to health clubs. In general, the scale showed evidence of high internal consistency (average alphas of 0.90), reasonable test-retest correlations, and adequate convergent, discriminant, and predictive validities. The scale was adapted to the purposes of our analysis, and one item was eliminated because of its low item-total correlation (the same determination was made by Kelley and Davis, 1994). Kelley and Davis (1994) reported an alpha of 0.86, whereas our research reported a lower alpha of 0.69. The validity of the scale was not specifically

examined by Kelley and Davis (1994), and therefore we provide the results. The construct validity of our scale was evaluated using factor analysis, which found two factors: "opinion of a brand" and "loyalty to the brand." The first factor explained 55.20% of the variance and had factor loadings between 0.50 and 0.82. The second factor explained 16.71% of the variance and had loadings ranging between 0.49 and 0.63.

Market commitment. Motives for internationalization were used as a good proxy for market commitment. We adapted a scale used by various researchers: Albaum (1989); Katsikeas, Piercy, and Ioannidis (1996); Morgan (1997); Hollensen (2004); and Czinkota, Ronkainen, and Moffett (2005). Because the scale has never been tested in a form such as that presented in the previous section, we ourselves tested the scale for reliability and validity. Reliability was measured with Cronbach's alpha, for which our analysis reported an alpha of 0.72, which indicates moderate reliability of the scale. We also evaluated the construct validity by performing confirmatory factor analysis, which indicates that the scale has three factors, "management decision factors" (management motive, economies of scale, lack of competition in the Croatian tool market, secure market – that is, very low risk), "salesperson decision factors" (unique product, familiarity with the Croatian market, Merkur's widespread retail network, existing customers, high demand in the Croatian market) and "German supplier factors" (brand name, small domestic market). The names were given to the factors after comparing the results with the respondents' characteristics. The first factor explained 24.54% of the variance and had factor loadings between 0.56 and 0.96. The second factor explained 58.79% of the variance and had loadings ranging between 0.76 and 0.93. The third factor explained 16.67% of the variance and had loadings ranging between 0.73 and 0.74. In addition, the group of factors does not correspond to the classification provided in the previous section, which might be the consequence of sample demographic statistics.

Adaptation in inter-firm relationships. We used a scale that measured the degree to which a person thinks that a company's employees are helpful, responsive, and adapt their sales approach to customer needs. Because we already wanted to combine relationship marketing and adaptive selling, we combined two scales; measuring adaptation and inter-firm relationships. For a primary base, adaptive selling (ADAPTS) was used. This scale was developed by Spiro and Weitz (1990) in order to examine the "degree to which salespeople alter sales behaviors during a customer interaction based on perceived information about the nature of the selling situation." The reliability of the 16-item scale was high because an alpha of 0.85 was reported. The validity of the scale was evaluated through correlation with other constructs (e.g., measures of performance, self-monitoring, interpersonal control, etc.). In order to form a construct of "adaptation in inter-firm relationships," we used a five-item, seven-point Likert-type scale, measuring service quality, and improved it with previous scale items and findings. The reliability of the scale items that were originally developed by Baker, Grewal, and Parasuraman (1994) was reported to be high because Cronbach's alpha was 0.84, whereas the validity of the scale was not addressed. The reliability of our modified scale was even higher than both previously reported Cronbach's alphas, at 0.91. We also calculated the validity of the scale by performing factor analysis, which revealed only one factor that explained 73.78% of the variance and had loadings ranging between 0.75 and 0.91.

Results

Cultural differences

The analysis of cultural differences in general yielded some interesting results. The distributor's employees indicated that there are great differences in the following aspects of doing business in Croatia compared to Slovenia: lower target-industry development, greater political differences, higher corruption, different customer segments, different business customs, and high payment risk (all loaded very high as market-entry risk factors), to mention only a few. As is evident from Table 1 in the Appendix, Merkur's employees have a much higher perception than Croatian buyers regarding the respect that they show to buyers, as one of the relationship commitment indicators. To sum up, H_{1a} was only partly supported because only one of the relationship commitment components (see Table 1) proved to be statistically significant, whereas we cannot assume that the Slovenian distributor understands all the other factors of relationship commitment differently than Croatian buyers.

The opposite results were obtained when testing hypothesis H_{1b}. As is evident from Table 2 in the Appendix, almost all the factors of product commitment showed statistically significant results, which corresponds to the fact that there are cultural differences between Slovenian distributors and Croatian buyers regarding product commitment. We can therefore assume that Merkur's employees on average have a better opinion of Hoffmann Group brands as satisfactory brands, with beneficial characteristics, as well as share the same values as the brand, and therefore they would not mind paying a higher price. Interestingly, Croatian buyers are more loyal to brands than Merkur's employees, which provides an important guideline for Merkur's managers or even the producer, Hoffmann, to stimulate salespeople to be more loyal to the products and brands they are selling. To sum up, on average Merkur's employees evaluated the first factor, "opinion of the brand/product," as better, whereas Croatian buyers on average reported higher results for the second factor, "loyalty to the brand/product." However, we can conclude that the difference is not necessarily only cultural, but stems from the differences in the general context, as the same product always is differently suitable for different distributors and/or users and thus provides value for different actors in a different way.

Product commitment and market commitment

The major finding of previous research was that service quality and customer organizational commitment have direct effects on customer service recovery expectations (Kelley, Davis, 1994). We evaluated whether the product commitment (of the distributor) has an impact on market commitment or, to be more specific, on the readiness of the company to export. Within the construct of **product commitment**, Merkur's employees doing business with Hoffmann agree most with the statement that they have *a favorable opinion about Hoffmann Group brands* (the average score was 5.52 on a scale from 1 to 6). Therefore the average Merkur employee *would definitely buy Hoffmann Group brands* (5.28), and these employees *are extremely glad to have chosen Hoffmann Group brands over other supplier's brands that were considered* (5.16). On the other hand, the analysis of the **market commitment** construct showed more varied results, which represent evaluation of the importance of the motives that led Merkur to enter the Croatian market. Merkur's employees agree most that *a brand name with a good reputation* (5.36) is the motive that led Merkur to enter the Croatian market, followed by *a unique product, recognized in high-quality tools* (5.16), *economies of scale* (4.84), and the company's competitive advantage through *Merkur's widespread retail network* (4.64). As we can see, the most important motives are internal and proactive motives, and the least importance can be assigned to reactive and external motives, such as *lack of*

competition on the Croatian tool market (3.60), as well as the recognition that the Croatian market is *a secure market with very low risk* (3.44). Furthermore, with respect to the three factors identified through the factor analysis and already explained, it can be concluded that German supplier factors prevail, followed by management decision factors, and salesperson decision factors as least important. We can therefore conclude that market commitment is higher at the beginning of the distribution channel, which offers an open question for further research: whether the relationship power is also higher at the beginning of the distribution channel evaluated.

The second hypothesis that examined the relationship between Merkur employees' commitment to Hoffmann Group products and Merkur's readiness to export was examined through partial correlation analysis and regression analysis. The regression analysis yielded significant results regarding the impact of Hoffmann Group product commitment on Merkur's market commitment ($t = 3.121$; $p = 0.005$). However, the determination coefficient explaining the variance of the dependent variable (i.e., market commitment) by the independent variable (i.e., product commitment), was low (26.7%). Partial correlation analysis showed that there is a moderately high impact of Merkur employees' commitment to Hoffmann Group products on the company's readiness to export because the coefficient stood at 54.5%.

Adaptation in inter-firm relationships and relationship commitment

To evaluate the construct **"adaptation in inter-firm relations,"** we used a five-item scale (see Appendix, Table 3). As the study revealed, Croatian tool buyers agree most with the statement that *sales representatives are always willing to help* (the average score was 4.44 on a scale from 1 to 6), mostly because *sales representatives take the time to know buyers personally* (4.25), and *understand buyers' specific needs* (4.15). Evaluations show moderately higher results for "relationship commitment" scale items, for which the Croatian buyers on average think that *Merkur's sales representatives' behavior instills confidence* (5.08), *sales representatives are consistently courteous with buyers* (4.38), and therefore *buyers feel safe in transactions with the company* (4.36). To sum up, the "emotional commitment" factor received slightly higher evaluations than the "rational commitment" factor.

The hypothesis regarding the relationship between "adaptation in inter-firm relationships" was evaluated using regression analysis and partial correlation analysis. The partial correlation analysis showed a positive correlation between adaptation in the inter-firm relationships construct and relationship commitment construct because it yielded a correlation coefficient of 60.2%. This was confirmed by regression analysis, which showed significant results regarding the impact of inter-firm relationships (e.g., higher responsiveness) on the relationship commitment of Merkur's buyers ($t = 4.588$, $p = 0.000$). The determination coefficient was moderately high because 34.5% of the variance of the relationship commitment can be explained by adaptation in inter-firm relationships.

Export performance

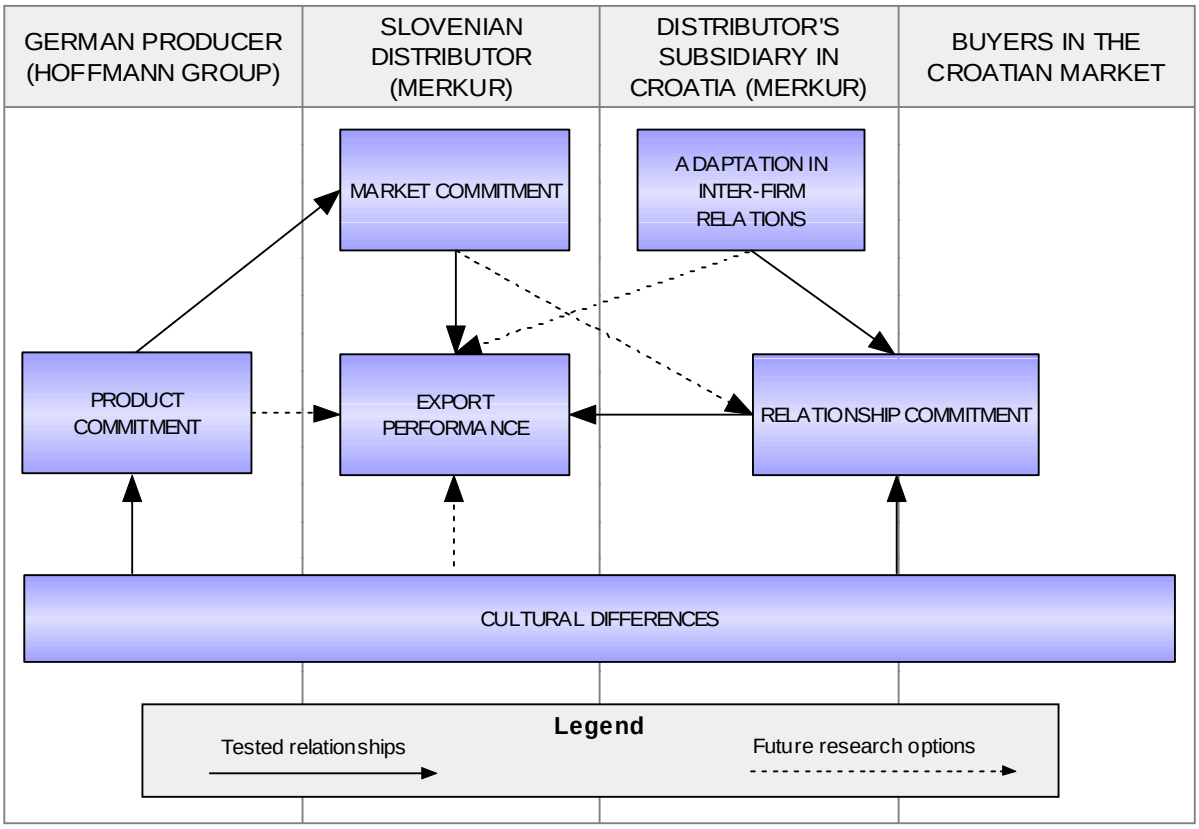
For the purposes of our study, export performance can be evaluated at two different points of the distribution channel. On the one hand, the export performance of the distributor Merkur was evaluated intuitively by examining the selling intentions of Croatian buyers, using one of seven items of the salesperson performance scale developed by Sujan, Weitz, and Kumar (1994). We selected only one item of the scale that was added by the authors to the previously commonly used scale by Behrman and Perreault (1982), in which the scale item is intended to identify attractive opportunities and assist the sales supervisor in meeting his or her goals. The reported average evaluation was 3.71 on a Likert scale from 1 to 6, on which 1 represents total

disagreement with the statement and 6 total agreement with the statement that buyers would definitely purchase the Hoffmann Group brand's products. We can conclude that this moderately above-average result also explains moderate export performance, and that this could be improved by investing in relationship communication for new products, which was reported to be at a lower level. On the other hand, the supplier's (i.e., the Hoffmann Group's) perceptions of the distributor's (i.e., Merkur's) performance could be evaluated. As Kumar, Stern, and Achrol (1992) stated, the distributor's performance is usually evaluated through the following eight factors: contribution to profits, contribution to sales, distributor competence, distributor loyalty, distributor compliance, contribution to growth, distributor adaptability, and customer satisfaction. Although the factors were evaluated qualitatively by performing an in-depth interview with the sales manager at Hoffmann responsible for this region, additional quantitative analysis is needed in order to provide more detailed results. The in-depth interview revealed that Merkur loads high on distributor competence, loyalty, and customer satisfaction, but it particularly lacks contribution to profits and growth in sales, compared to other licensing partners of the Hoffmann Group.

As Styles and Ambler (2000) determined, relationship and market commitment have a positive impact on export performance. Our analysis addressed a deeper understanding of relationships between subsidiaries and their parent companies, and focused on commitment to export (e.g., readiness to export) in particular, while examining its impact on export performance. A partial correlation analysis showed a positive correlation between the market commitment construct and export performance, with a correlation coefficient of 68.9%. This was confirmed by regression analysis, which showed significant results regarding the impact of readiness to export on actual export performance ($t = 4.562$, $p = 0.000$). The determination coefficient was moderately high because 45.2% of the variance of export performance can be explained by market commitment. On the other hand, the impact of relationship commitment on export performance was a bit lower than that of market commitment examined earlier (the correlation coefficient was 50.0%), although it was also significant ($t = 2.709$; $p = 0.013$). The latter finding was also confirmed by a moderately low determination coefficient ($r^2 = 0.250$), showing that 25.0% of the variance of export performance can be explained by relationship commitment. In addition, in-depth interviews with Merkur's employees allowed us to conclude that, based on their past experience with buyers in international markets, the systematic creation and incorporation of relationships with potential buyers from the early stage of a firm's entrance into the market has a positive impact on export performance.

To sum up, the study revealed that export performance is influenced by relationship marketing components; in particular, readiness to export (i.e., market commitment) and the establishment of relationships at the first stages of seller-buyer contacts (i.e., relationship commitment). Figure 2 offers an overview of current and potential research relationships, in which export performance and relationship marketing are at the heart of the model. As is evident from the model, we evaluate export performance at the stage of the distributor, which also has to estimate its readiness to export (i.e., market commitment) and assess its employees' commitment to selling brands, which stems from the previous stage of the distribution channel. Relationship commitment comes from their buyers, but is influenced by adaptation in inter-firm relationships, as examined earlier. Cultural influences and differences are examined at all stages of the distribution channel.

Figure 2: Conceptual model of relationship marketing from the distribution channel perspective



Conclusion

Research limitations and directions for future research

Several research limitations must be highlighted in order for these results to be properly interpreted. First, it must be noted that part of the research included qualitative methods that, because of the small sample size, do not yield representative results and therefore only represent an approximate guideline for how to react to employee perceptions of the Croatian market and its buyers. In addition, the part of the study involving Merkur employees cannot be equally compared to research already carried out in this area. The results show how the commitment (product, as well as relational) of Merkur employees and Croatian buyers differ. We must note that current study gave us only the approximation regarding the cultural differences, while additional effort must be put into research on scientifically comparable samples. Nevertheless, we can state that the mix of relationship marketing with cross-national aspects and the 3-actor setup (German manufacturer, Slovenian retailer, Croatian buyer) adds up to a difficult understanding, which opens possible future research questions to investigate each of these topics separately. The implications for further research include expanding the research base to encompass more companies, as well as to include potential buyers that are not buying any products at Merkur because other relations have already been established. As Sheth (2002) explains the shift in focus from customer acquisition to customer retention, that in the 1980s caused the relationship marketing to become popular, might come again, only this time causing the transformation into customer relationship management (CRM) with "a hybrid of marketing relationship programs ranging from relational to transactional to outsourcing market exchanges and customer interactions". In addition, Ambler and Styles (2005) confirm the importance of our study, as they claim that future research on relationship

marketing should in particular study the nature and role of relationships, and importantly, their impact on performance. Therefore, we suggest (as presented in Figure 2) that future research focuses on the cultural differences in relationship marketing concept and its impact on export performance, as well as examine whether product commitment and inter-firm relationships have an direct affect on the export performance. To conclude, we cannot generalize the results but we can give some managerial implications and therefore show why relationship components play an important role also in export performance. However, research based on our case study can be used as an illustration to the concepts that we researched in the previous sections.

Managerial implications

The aim of this study was to examine the relationships between international actors within certain distribution channel, where in particular the impact of relationship marketing on export performance was evaluated. An important finding of the study is that Merkur as a sales intermediary for products from a German supplier in the Croatian market lacks product commitment, while successfully builds on its market commitment, being ready for exporting. The implication is that it has to make a greater effort in its internal and external business communications as an important trigger for relationship development. The study showed that relationship commitment of its buyers is low, which might be a consequence of the fact that buyers are not informed of all the services included in the Hoffmann product package, and several employees in the Croatian market are unaware of all the benefits these products offer. In order to avoid sales fluctuations, the personnel trained by Hoffmann should not rotate job positions too often, which therefore means new employment possibilities are also open at the Merkur subsidiary in Zagreb, Croatia. This indicates how important it is to stabilize relationships in international markets based on the same people, to create relationships, and therefore establish a base for trust and trustworthiness among distribution providers and the channels themselves, as trust is considered to be a predisposition to relationship commitment (Styles, Ambler, 2000).

Furthermore, in terms of distribution channels, the theory of supply-chain management and B2B marketing exposes the vulnerability factor in dependencies between the company's business activities and marketing channels (Svensson, 2002: 323). These dependencies relate to the fact that there is a link or a bond between one company and another in a distribution channel (e.g., between the Hoffmann Group as a supplier and Merkur as a distributor and retailer; Leonidou, 2004). Svensson (2002: 324–326) categorized these dependencies into two groups: time dependencies (e.g., lean, responsive, and agile distribution channel network structures from raw materials to the ultimate Croatian consumer) and relationship dependencies (e.g., technical adaptations, coordination, knowledge about one another, social bonds, and economic and legal ties). As Frazier (1999) pointed out, the power of one firm (in our case distributor) could influence the behavior of other firms (Merkur's subsidiary). As mentioned earlier, Merkur must focus on and invest in trust and commitment in relationships in the distribution channel, including the understanding of cultural and other differences in the Croatian market. Nevertheless, Merkur's employees must establish relationship marketing – a business concept of maintaining and fostering good relationships with key accounts. To summarize, the research yielded different findings regarding relationship commitment and product commitment, although the study was carried out in neighboring countries where the cultural distance is small. This goes along with the research findings of other studies (e.g., Ha, Karande, Singhapakdi, 2004: 447), which claim that building relationships with exporters from culturally similar countries is more productive. The relationship to export commitment was positive, while having higher impact of internal factors of relationship marketing (market

commitment of a distributor) than external factor (buyers' relationship commitment). In sum, the evaluated distribution chain lacks in performance at the end of the channel at most, while having also some discrepancies at the beginning of the channel. At the end we can suggest Merkur to implement the international marketing strategy along with relationship marketing practice in order to increase the export performance of all the players in the distribution channel.

REFERENCES

Agndal, H., Axelsson, B. (2002) "First contact - the influence of serendipity, planning and antecedent relations in the internationalization of SMEs". **18th Annual Conference of the Industrial Marketing and Purchasing Group**, Perth, pp. 1-29.

Albaum, G.S. et al. (1989) **International Marketing and Export Management.** Workingham, Addison-Wesley Publishing Company.

Alexander, N., Myers, H. (2000) "The retail internationalization process", **International Marketing Review**, Vol. 17 No 4/5, pp. 334-353.

Alexander, N., Quinn Barry (2002) "International retail divestment". **International Journal of Retail & Distribution Management**, Vol. 30 No. 2, pp. 112-125.

Ambler, T., Styles, C. (2005) "The future of relational research in international marketing: constructs and conduits". **International Marketing Review**, Vol. 17 No. 6, pp. 492-508.

Axelsson, B. Agndal, H. (2000) "Internationalization of the firm-a note on the crucial role of the individual's contact network". **16th Annual Conference of the Industrial Marketing and Purchasing Group**, Bath, pp. 1-21.

Baker, J., Grewal, D., Parasuraman, A. (1994) "The influence of store environment on quality inferences and store image. **Journal of the Academy of Marketing Science,** Vol. 22 No. 4, pp. 328-339.

Battaglia, L., Nadin, G., Gobbini L. (2004) "The role of cultural differences in the dynamic of a relationship. The case of Italian and Chinese companies". **20th Annual Conference of the Industrial Marketing and Purchasing Group**, Copenhagen, pp. 1-16.

Behrman, D., Perreault, W.D. (1982) "Measuring the performance of industrial salespersons". **Journal of business research,** Vol. 10, pp. 355-370.

Brennan, D.R., Turnbull, P.W., Wilson, D.T. (2003) "Dyadic adaptation in business-to-business markets". **European Journal of Marketing**, Vol. 37 No. 11/12, pp. 1636-1665.

Cann, C.W. (1998) "Eight steps to building a business-to-business relationship". **Journal of business and industrial marketing**, Vol. 13 No. 4/5, pp. 393-405.

Carman, J.M. (1990) "Consumer perceptions of service quality: an assessment of the SERVQUAL dimensions". **Journal of research,** Vol. 66, pp. 33-55.

Carr, M. (2002) "Cultural stereotyping in international business relationships". **18th Annual Conference of the Industrial Marketing and Purchasing Group**, Perth, pp. 1-14.

Cavusgil, S.T. (1984) "Organizational characteristics associated with export activity". **Journal of Management Studies**, Vol. 21 No. 1, pp. 3-22.

Cavusgil, S.T., Zou S. (1994) "Marketing strategy-performance relationship: An investigation of the empirical link in export market ventures". **Journal of Marketing**, Vol. 58 No. 1, pp. 1-21.

Ciabuschi, F. (2002) "Internationalisation process from a resource network perspective". **18th Annual Conference of the Industrial Marketing and Purchasing Group**, Perth, pp. 1-21.

Cicic, M., Patterson, P., Shoham, A. (2001) "Antecedents of international performance: A service firms' perspective". **European Journal of Marketing;** V*ol.* 36 No. 9/10, pp. 1103-1118.

Cohen, S., Roussel, J. (2005), **Strategic Supply Chain Management: The Five Disciplines for Top Performance**, McGraw-Hill Professional, New York.

Coulter, K.S., Coulter, R.A. (2002) "Determinants of trust in a service provider: the moderating role of length of relationship". **Journal of service marketing**, Vol. 16 No. 1, pp. 35-50.

Czinkota, M. R., Ronkainen I. A., Moffett M. H. (2005), **International business**, 7th edition, Thomson/South-Western Mason, Ohio.

de Burca, S., Fynes, B. (2001) "The impact of buyer-supplier relationships on quality practices and quality performance". **17th Annual Conference of the Industrial Marketing and Purchasing Group**, Oslo, pp. 1-39.

Dwyer et al. (1987) "Developing buyer-seller relationships". **Journal of marketing**, Vol. 51 No.2, pp. 11-27.
Frazier (1999)

Fullerton, G. (2005) "How commitment both enables and undermines marketing relationships". **European Journal of Marketing,** Vol. 39 No. 11/12, pp. 1372-1388.

Grönroos, C. (1996) "Relationship strategies – strategic and tactical implications". **Management decisions,** Vol. 34 No. 3, pp. 5-14.

Gummesson, E. (2000). **Total relationship marketing.** Oxford: Butteworth Heinemann.

Guercini, S., Runfola, A. (2005) "Format decisions and sourcing strategies in clothing retailing: how product/process innovation affects the buyer-seller relationship". **20th Annual Conference of the Industrial Marketing and Purchasing Group**, Copenhagen, pp. 1-10.

Ha, J., Karande, K., Singhapakdi, A. (2004) "Importers' relationships with exporters: Does culture matter?" **International Marketing Review,** Vol. 21 No.4/5, pp. 447-461.

Hallen, L., Johanson, J., Mohamed, N. (1991) " Interfirm Adaptation in Business Relationships", **Journal of Marketing**, Vol. 55 No. 2, pp. 29-38.

Harker, M.J. (1999) "Relationship marketing defined? An examination of current relationship marketing definitions". **Marketing Intelligence & Planning,** Vo. 17 No.1, pp. 13–20.

Hewett, K., O'Bearden, W. (2001) "Dependence, trust and relational behaviour on the part of foreign subsidiary marketing operations: implications for managing global marketing operations". **Journal of Marketing,** Vol. 65 No. 4, pp. 51-66.

Hewett, K., Money, B.R., Sharma, S. (2006) "National Culture and Industrial Buyer-Seller Relationships in the United States and Latin America". **Journal of the Academy of Marketing Science,** Vol. 34 No. 3, pp. 386-402.

Hingley, M., Lindgreen, A. (2004) "Supplier-Retailer Relationships in the UK Fresh Produce Supply Chain". **20th Annual Conference of the Industrial Marketing and Purchasing Group**, Copenhagen, pp. 1-12.

Hollensen, S. (2004), **Global marketing – a decision-oriented approach**, 3rd edition, Pearson/Prentice Hall, Harlow.

Hutt, M. D., Speh, T. W. (2004), **Business marketing management – a strategic view of industrial and organizational markets**, Thomson/South-Western Mason, Ohio.

Jeffries, F., Reed, L. (2000) "Trust and adaptation in relational contracting". **The Academy of Management Review,** Vol. 25, No.4, pp. 873-883.

Johanson, J., Vahlne, J.E. (1977) "The internationalization process of the firm – a model of knowledge development and increasing foreign market commitments", **Journal of International Business Studies**, No. 8, pp. 23-32.

Johnson, J., Sakano, S., Onzo, N. (1989) "Behavioral Relations in Across-Culture Distribution Systems: Influence, Control and Conflict in US Japanese marketing channels". **Journal of International Business Studies**, Vol. 21 No. 4, pp. 639-678.

Katsikeas, C.S., Piercy, N.F., Ioannidis, C. (1996) "Determinants of export performance in a European context", **European Journal of Marketing**, Vol. 30 No 6, pp. 6-35.

Keller, S.B. (2002) "Internal relationship marketing: A key to enhanced supply chain relationships". **International Journal of Physical Distribution & Logistics Management**, Vol. 32 No. 8, pp. 649-678.

Kelley, S.W., Davis, M.A. (1994) "Antecedents to customer expectations for service recovery". **Journal of the Academy of Marketing Science**, Vol. 22, pp. 52-61.

Kumar, N., Stern, L.W., Achrol, R.S. (1992) "Assessing reseller performance from the perspective of the supplier". **Journal of marketing research,** Vol. 29, pp. 238-253.

La, Q.V., Patterson, G.P., Styles, C.V. (2005) "Determinants of export performance across service types: a conceptual model", **Journal of Services Marketing**, Vol. 19 No 6, pp. 379-391.

Leonidou, C.L. (2002) "Overcoming the Limits of Exporting Research Using the Relational Paradigm", **International Marketing Review**, Vol. 20 No 2, pp. 129-141.

Leonidou, C.L. (2004) "Industrial Manufacturer-Customer Relationships: The Discriminating Role of the Buying Situation", **Industrial Marketing Management**, Vol. 33, pp. 731-742.

Leonidou, C.L., Kaleka, A.A. (1998) "Behavioural aspects of international buyer-seller relationships – their association with export involvement", **International Marketing Review**, Vol. 15 No. 5, pp. 373-397.

Mainela, T. (2001) "Networks and social relationships in management of international joint ventures", **17th Annual Conference of the Industrial Marketing and Purchasing Group**, Oslo, pp. 1-21.

Manolova, T.S., Gyoshev, B.S., Manev, I.M (2007) "The role of interpersonal trust for entrepreneurial exchange in a transition economy". **International Journal of Emerging Markets**, Vol. 2 No. 2, pp. 107-122.

Martin, C. L., Goodell, P.W. (1991) "Historical, descriptive and strategic perspectives on the construct of product commitment". **European Journal of Marketing,** Vol. 25 No. 1, pp. 53-60.

Min S., Mentzer J.T. (2000) "The role of marketing in supply chain management". **International Journal of physical distribution,** Vol. 30 No. 9, pp. 765-787.

Moberg C.R., Speh, T.W. (2003) "Evaluating the relationship between questionable business practices and the strength of supply chain relationships". **Journal of Business Logistics**, Vol. 24 No.2, pp. 1-19.

Morgan, R.M., Hunt S.D. (1994) "The commitment-trust theory of relationship marketing". **Journal of marketing**, Vol. 58 No. 3, pp. 20-38.

Morgan R. E. (1997) "Export stimuli and export barriers: evidence from empirical research studies". **European Business Review**, Vol. 7 No. 2, pp. 68-82.

Morgan N. A., Kaleka A., Katsikeas C. S. (2004) "Antecedents of export venture performance – a theoretical model and empirical assessment". **Journal of Marketing,** Vol. 68, pp. 90-108.

Mouzas, S., Henneberg, S., Naude, P. (2007) "Trust and reliance in business relationships". **European Journal of Marketing**, Vol. 41 No. 9/10, pp. 1016-1032.

Mowday, R.T., Steers, R.M., Porter, L.W. (1979) "The measurement of organizational commitment". **Journal of Vocational Behavior**, Vol. 14, pp. 224-247.

Narver, J.C., Slater, S.F. (1990) "The effect of market orientation on business profitability". **Journal of Marketing,** No. 54, pp. 20-35.

Paden, N.L., McAlister, M. (1996) "Retail credit usage and relationship marketing". **Journal of consumer marketing**, Vol. 13 No. 2, pp. 26-35.

Palmer, A. (1997) "Defining relationship marketing: an international perspective", **Management Decision**, Vol. 35 No. 4, pp. 319-321.

Parasuraman, A., Zeithaml, V.A., Berry, A. (1988) "SERVQUAL: a multiple-item scale for measuring customer perceptions of service quality". **Journal of research,** Vol. 64, pp. 12-40.

Parvatiyar, A., Sheth, N.J. (2000) **The domain and conceptual foundations of relationship marketing.** Atlanta: Sage publications.

Perrachio, L.A., Meyers-Levy, J. (1994) "How ambiguous cropped objects in ad photos can affect product evaluations. **Journal of consumer research,** Vol. 21, pp. 190-204.

Peterson, R. (1998) "Trust for quality". **The TQM Magazine,** Vol. 10 No. 6, pp. 413–416.

Piercy, N., Katsikeas, C.S., Cravens, D. (1997) "Examining the role of buyer-seller relationships in export performance". **Journal of world business,** Vol. 32 No. 1, pp. 72-86.

Putrevu, S., Lord, K.R. (1994) "Comparative and noncomparative advertising: attitudinal effects under cognitive and affective involvement conditions". **Journal of advertising,** Vol. 23, pp. 77-90.

Rojšek, I., Matajič, M. (2002), "Do Slovenian service companies belong to the mainstream of relationship marketing oriented companies?" **18th Annual Industrial Marketing and Purchasing Group conference**, Dijon, pp. 1-15.

Sanchez, M., Iniesta, M.A. (2004) "The structure of commitment in consumer-retailer relationships: Conceptualization and measurement". **International Journal of Service Industry Management**, Vol. 15 No. 3, pp. 230-249.

Schmitt, B.H., Pan, Y., Tavassoli, N.T. (1994) "Language and consumer memory: the impact of linguistic differences between Chinese and English". **Journal of consumer research,** Vol. 21, pp. 419-431.

Sheth, J.N. (2002) "The future of relationship marketing". **Journal of services marketing,** Vol. 16 No. 7, pp. 519-521.

Spiro, R.L., Weitz, B.A. (1990) "Adaptive selling: conceptualization, measurement, and nomological validity. **Journal of marketing research,** Vol. 27, pp. 61-69.

Styles, C., Ambler, T. (1994) "Successful Export Practice: The UK Experience", **International Marketing Review**, Vol. 11 No. 6, pp. 23-47.

Styles, C., Ambler, T. (2000) "The impact of relational variables on export performance: An empirical investigation in Australia and UK". **Australian Journal of Management**, Vol. 25 No.3, pp. 261-282.

Sujan, H. Weitz, B.A., Kumar, N. (1994) "Learning orientation, working smart and effective selling". **Journal of marketing,** Vol. 589, pp. 39-52.

Svensson, G. (2002) "Vulnerability scenarios in marketing channels". **Supply Chain Management: An International Journal**, Vol. 7 No. 5, pp. 322-333.

Tatoglu, E., Demirbag, M., Kaplan, G. (2003) "Motives for retailer internationalisation to Central and Eastern Europe", **Emerging Markets Finance and Trade**, Vol. 39 No. 4, pp. 40-57.

Taylor, S. (1995) "The effects of filled waiting time and service provider control over the delay on evaluations of service". **Journal of the Academy of Marketing Science**, Vol. 23, pp. 38-48.

Trang, N.T.M., Barrett, N.J., Tho, N.D. (2003) "Cultural sensitivity and its impact on business relationship quality". **19th Annual Conference of the Industrial Marketing and Purchasing Group**, Lugano, pp. 1-9.

Treadgold, A.D., Gibson, G. (1989) "Retailing in continental Europe: the opportunities and the costs", in Sanghavi, N., Treadgold, A.D. (Eds), Developments in European Retailing, Dower House, Yeovil, pp. 67-76.

van der Valk, W., Wynstra, F., Axelsson, B. (2005) "Buying Business Services-Analyzing the service buyer - service provider interface". **21st Annual Conference of the Industrial Marketing and Purchasing Group**, Rotterdam, pp. 1-15.

Veloutsu, C., Saren, M., Tzokas, N. (2002) "Relationship marketing – What if…?", **European Journal of Marketing**, Vol. 36 No. 4, pp. 433-449.

Waller, M., Ahire, S. (1996) "Management perception of the link between product quality and customers' view of product quality". **International Journal of Operations & Production Management**, Vol. 16 No. 9, pp. 23-33.

Wansink, B., Ray, M.L. (1992) "Estimating an advertisement's impact on one's consumption of a brand". **Journal of advertising research,** Vol. 32, pp. 9-16.

Wetzels, M., Ruyter, K., Birgelen, M. (1998) "Marketing service relationships: the role of commitment". **Journal of business and industrial marketing,** Vol. 13 No. 4/5, pp. 406-423.

Woo, K., Ennew, C.T. (2004) "Business-to-business relationship quality – An IMP interaction-based conceptualization and measurement". **European Journal of Marketing**, Vol. 38 No. 9/10, pp. 1252-1271.

Wu et al. (2004) "The influencing factors of commitment and business integration on supply chain management". **Industrial Management & Data Systems**, Vol. 104 No. 4, pp. 322-334.

Wynstra, F., Axelsson, B., van der Valk, W. (2006) "An application based classification to understand buyer-supplier interaction in business services". **International Journal of Service Industry Management**, Vol. 17 No. 5, pp. 474-496.

Žabkar, V., Makovec, Brenčič, M. (2004) "Values, trust, and commitment in business-to-business relationships - A comparison of two former Yugoslav markets". **International Marketing Review**, Vol. 21 No. 2, pp. 202-215.

APPENDIX

Table 1: Relationship commitment construct and cultural differences

No.	Scale items	Questionnaire type	N	Mean	Std. Deviation	Std. Error Mean
1	Buyers could expect to be treated well.	buyers on Croatian tool market	39	4,5385	1,12029	,17939
		Merkur's employees	25	4,6800	,85245	,17049
2	Sales representatives should not be too busy to respond to buyers' requests promptly.	buyers on Croatian tool market	39	4,1282	1,23926	,19844
		Merkur's employees	25	3,6000	1,04083	,20817
3	The behavior of sales representatives instills confidence in buyers.	buyers on Croatian tool market	39	5,0769	,89984	,14409
		Merkur's employees	25	4,6800	,94516	,18903
4	You feel safe in your transactions with the company.	buyers on Croatian tool market	39	4,3590	1,13525	,18179
		Merkur's employees	25	4,5200	,96264	,19253
5	Sales representatives are consistently courteous with you.	buyers on Croatian tool market	39	4,3846	1,06661	,17079
		Merkur's employees	25	4,8400	,68799	,13760

■ Statistical differences at the 1 % level of significance (Independent Sample T-test).
■ Statistical differences at the 5 % level of significance (Independent Sample T-test).

Table 2: Product commitment construct and cultural differences

No.	Scale items	Questionnaire type	N	Mean	Std. Deviation	Std. Error Mean
1	The decision to buy Hoffmann Group brands is unwise.	buyers on Croatian tool market	24	2,3750	1,17260	,23936
		Merkur's employees	25	1,8400	1,21381	,24276
2	I think Hoffmann Group brands are satisfactory brands.	buyers on Croatian tool market	24	4,2083	1,10253	,22505
		Merkur's employees	25	4,9200	1,22202	,24440
3	Buying Hoffmann Group brands is a good decision.	buyers on Croatian tool market	24	4,5417	,93153	,19015
		Merkur's employees	25	5,0400	,93452	,18690
4	I think Hoffmann Group brands have a lot of beneficial characteristics.	buyers on Croatian tool market	24	4,7083	,85867	,17528
		Merkur's employees	25	5,1600	,55377	,11075
5	I have a favorable opinion of Hoffmann Group brands.	buyers on Croatian tool market	24	4,6250	,82423	,16824
		Merkur's employees	25	5,5200	,50990	,10198
6	I am extremely glad that I chose Hoffman Group brands over others I was considering.	buyers on Croatian tool market	24	4,2917	1,19707	,24435
		Merkur's employees	25	5,1600	,74610	,14922
7	I feel very little loyalty to Hoffmann Group brands.	buyers on Croatian tool market	24	3,3750	1,05552	,21546
		Merkur's employees	25	4,2000	1,70783	,34157
8	I find that my values and this Hoffmann brands' values are very similar.	buyers on Croatian tool market	24	3,8333	1,16718	,23825
		Merkur's employees	25	5,1200	,78102	,15620
9	I would definitely purchase the Hoffmann Group brands' products.	buyers on Croatian tool market	24	3,7083	1,26763	,25875
		Merkur's employees	25	5,2800	,79162	,15832
10	The quality of Hoffmann Group brands is superior to other brands.	buyers on Croatian tool market	24	3,5833	1,05981	,21633
		Merkur's employees	25	4,4400	1,08321	,21664
11	I won't mind paying a higher price for this brand.	buyers on Croatian tool market	24	3,1667	1,37261	,28018

		Merkur's employees	25	4,5200	1,08474	,21695
12	If the catalogue of Hoffmann Group is not sent to me free, I am willing to pay to get one.	buyers on Croatian tool market	24	2,4167	1,31601	,26863
		Merkur's employees	25	3,6400	1,28712	,25742
13	The manual provided by Merkur is informative.	buyers on Croatian tool market	24	4,4167	1,13890	,23248
		Merkur's employees	25	4,4000	1,32288	,26458

■ Statistical differences at the 1 % level of significance (Independent Sample T-test).
■ Statistical differences at the 5 % level of significance (Independent Sample T-test).

Table 3: Means, standard deviations, and confidence intervals for the statements regarding the relationship commitment construct and adaptation in inter-firm relationship construct

	ARITHMETIC MEAN	STANDARD DEVIATION	95 % CONFIDENCE INTERVAL	
			LOWER BOUND	UPPER BOUND
RELATIONSHIP COMMITMENT				
Buyers could expect to be treated well.	4.5385	1.1203	4.18	4.90
Sales representatives should not be too busy to respond to buyers' requests promptly.	4.1282	1.2393	3.73	4.53
The behavior of sales representatives instills confidence in buyers.	5.0769	0.8998	4.79	5.37
You feel safe in your transactions with the company.	4.3590	1.1353	3.99	4.73
Sales representatives are consistently courteous with you.	4.3846	1.0666	4.04	4.73
ADAPTATION IN INTER-FIRM RELATIONSHIPS				
Sales representatives understand your specific needs.	4.1538	1.2039	3.76	4.54
Sales representatives give you individual attention.	4.0513	1.2128	3.66	4.44
Sales representatives know what they are doing.	3.9487	1.2967	3.53	4.37
Sales representatives take the time to know you personally.	4.2564	1.3122	3.83	4.68
Sales representatives are always willing to help you.	4.4359	1.3138	4.01	4.86