HAAGA-HELIA
University of Applied Sciences

Evaluation of cooperation between principal and foreign partners in export business -
Case: Tamtron Group

Sami Häkkinen 0500956

Thesis
2009

HAAGA-HELIA
University of Applied Sciences

Degree programme in International Business

Authors Sami Häkkinen	Group LIIBBA
The title of your thesis Evaluation of cooperation between principal and foreign partners in export business – Case: Tamtron Group	**Number of pages and appendices** 42 + 2
Supervisors Pia Hellman	

The primary objective of the thesis was to find out how the foreign representatives of Tamtron Group evaluate the cooperation between them and Tamtron Group. The study was conducted from the foreign representatives' point of view. The meaning was to identify how the foreign representatives experience the cooperation. The intention was to gather information for Tamtron Group to help it to improve these relationships.

The study was conducted by using quantitative methods. The data was collected by using a self-completion questionnaire which was sent by email. The questionnaire contained both multiple choice questions and open questions. The sample of the research included all the foreign representatives of Tamtron Group. The questions handled the overall assessment of the relationship, positive aspects in the relationship, challenges facing the representatives and development ideas of the representatives. All the foreign representatives were categorized according to how long relationship they had with Tamtron Group. The categorization was made in order to see whether there were differences in the answers between the different groups.

The study shows that the foreign representatives are in general satisfied with the cooperation. The overall satisfaction of all the representatives was basically at the same level, not depending on the length of the relationship they had with Tamtron Group. The most positive aspect in the relationship seemed to be the personal relations. The price reasoning and lack of technical competence formed the biggest challenges for the representatives. The issues for development seem to be technical and commercial training and more marketing material in representative's own language.

The answers of the respondents to questions concerning challenges facing the representatives and development ideas varied to some extent according to the length of relationship. Lack of technical competence seemed to be bigger problem for representatives who had only few years' relationship with Tamtron Group than for representatives with longer experience. This means that Tamtron Group should focus on different issues on different phases of the relationship in order to improve the cooperation.

Key words

Table of contents

1 Introduction

> Traditional marketing has focused on direct buyers- how to win them, and what kind of offer to
> make to them. Relationship marketing broadens the perspective of where marketing focus,
> recognizing that the success with the direct buyer is also dependent on managing relationships
> with the intermediaries and consumers in the distribution chain. (Peck, Payne, Christopher &
> Clark 1999, 51.)

This quotation sums up quite well the basic idea of my Bachelor's thesis. The importance of foreign partners and representatives in export business is very high especially for SME's (Small & Medium Sized Companies). These representatives, as the name already tells, represent the company in their foreign markets. This is why the company should focus on managing these representatives as well as possible, in order to maintain a good company image.

The aim of my Bachelor's thesis is to provide information for the case company on how the foreign partners experience the cooperation between them and the principal. The commissioning party is Tamtron Group Oy. I completed my work placement in one of the member companies of the group, called Tamtron Systems, during spring 2008 and still work there in the sales department. My job description is to assist in offer preparation, update marketing material and search for new representatives.

I have found, during my studies at HAAGA-HELIA University of Applied Sciences, export management to be a highly interesting topic. During my time at Tamtron Systems I realized how important but at the same time difficult it is to manage and control a representative network. I suggested the export manager of the company that I could concentrate on this topic in my thesis. The topic seemed to be beneficial for the both parties; the principal would get important feedback and suggestions for development from the representatives and the representatives would get an opportunity to give feedback on issues they think are important for a successful principal-representative relationship.

1.1 Structure of the thesis

The thesis consists of a theoretical part and an empirical part. In the theoretical part I will present a theoretical framework which creates a theoretical background for my work. It is based on reference literature from various sources and places my work within a more general context.

The theoretical framework consists of two main theoretical building blocks affecting my topic: distribution channel management and relationship marketing. I will start by introducing different channel configurations and especially those used by my case company Tamtron Group. After that I will provide the reader with some theory concerning the selection criteria when choosing foreign representatives. This will also give a theoretical background for the reader on how to assess the intermediaries in the distribution channel. Chapter 2.3 refers to theoretical literature on how to manage the created distribution channel. I will discuss the most crucial aspects of distribution management, identify the possible reasons for dissolution and give some suggestions on how these problems can be passed and solved.

The other theoretical building block of my thesis concerns relationship marketing. I will present and discuss the six models of relationship marketing and concentrate on one of those; the customer relationship management. Although the literature uses the term customer, this theoretical framework can be applied to involve the intermediaries as well, as you can read also from the opening quote of my thesis. In this part I will present the ingredients for good business relationships, go through the development stages of the relationship, and present models for relationship management.

The theoretical framework is followed by the empirical part which presents the findings of my research. The research process is divided into four parts: collection and handling of data, presentation of methods, description of results, and interpretation of results. The scope of my research is all the 35 foreign representatives of the Tamtron Group. Those are interviewed by using an e-mail questionnaire.

The main research question:
– How the partners of Tamtron Group evaluate the level of cooperation with the principal?

Secondary research questions:
– What are the positive aspects in the relationship?
– What are the challenges facing the partners in the sales process and how those could be crossed?
– Are there differences in the partners' opinions considering how long relationship they have with Tamtron Group?

There are some limitations for the thesis work. My objective is to only gather information from the partners of Tamtron Group by means of an e-mail questionnaire. The scope of the work does not include any actions which could be made based on this information. I will give some recommendations in the end of the report, but this is not the primary task of this work.

The results of the empirical part can not be generalized to a wider context than this particular company. They do not necessarily represent the situation in the industry in general, not to mention other industries. The meaning of this thesis is to study only the relationship between Tamtron Group and its foreign representatives and partners, and the objective is to find out the most critical issues affecting this relationship.

1.2   Key concepts used in the thesis

There are some key concepts which are frequently used in the thesis. I will present the key concepts and give a short definition of them in the following. This is done to increase the credibility and readability of the report for the reader.

An agent is a party who operates for the exporter. The agent is paid a commission on all orders obtained, for which the exporter gets the eventual payment. (Branch 2006, 475)

The principal is the exporting company located in the home country (Branch 2006, 475). The case company, Tamtron Group is called principal later in this thesis.

A distributor is similarly a foreign representative of a company as agent. The difference is that the distributor buys the products for own account and then sells them with a margin. Distributors also normally carry inventories whereas agents do not. (Branch 2006, 478.)

Tamtron Group uses both agents and distributors to export their products. In this thesis I use the terms foreign representative and partner to describe both agents and distributors.

1.3   Tamtron Group

The commissioning party of my thesis is Tamtron Group. Tamtron Group consists of four Finnish based companies: Tamtron Oy, Tamtron Systems Oy, Tamtron Solutions Oy and Tamtron Servers Oy. The group has also own subsidiaries in Sweden, Germany, Poland, Slovakia and Czech Republic. I will present two of the companies in short and give some useful

background information for the reader in order to get a better idea of the business the companies are operating in. These two companies have a business relationship with the foreign representatives studied in this thesis.

Tamtron Systems Oy

Tamtron Systems Oy is a designer, manufacturer and supplier of heavy industrial weighing and control systems. The core business of the company is digital scale and control systems for weighing and analyzing vehicles and railway carriages, and for accurate determination of wood volumes. (Tamtron Systems 2006.)

The company is established in 1954 and based in Espoo. The company was formerly known as Pivotex Oy. In 2007 Tamtron Systems had a turnover of 3,1 million € and employed 17 employees. The business of Tamtron Systems relies heavily on export. In 2007 export made up approximately 30% of the annual turnover. The most important markets were Russia with 37% and EU with 63%. (Tamtron Systems 2008) The company has delivered over 2 000 weighing systems to more than 20 countries worldwide, since its establishment (Tamtron Systems 2006).

Tamtron System has an own subsidiary called Tamtron s.r.o. in Czech Republic and an agent network, which covers other important markets for the company. However at the moment, all the agents are not actively selling the products.

Tamtron Oy

Tamtron Oy is established in 1972 and has its headquarters in Tampere. The main products of the company include:

– crane scales
– wheel loader scales
– pallet truck scales
– forklift truck scales
– reach stacker scales
– log handler scales
– weighing systems for skips, crane truck and garbage vehicles
– overload protection units. (Tamtron 2005.)

Since the 1970's Tamtron has exported products to over 50 countries worldwide. The oldest products of Tamtron are wheel loader scales, which they have sold since the 1980's. Tamtron products are certified to OIML, EU-Type Approval and PTB approval for commercial use. (Tamtron 2005.)

The company has its own R & D group and they operate in close cooperation with research institutes and universities to develop innovative products. The company finds good quality control system, effective sales network and well-organized production, delivery and service systems to be the keys for Tamtron's success in the market. (Tamtron 2005.)

Tamtron Group has distributors and agents worldwide. The following figure shows the foreign representative network.

Figure 1. Foreign representative network. (Tamtron 2005.)

2   Distribution channel

Export entry modes can be categorized into indirect and direct exporting. These are distinguished on the basis of how the exporting firm carries out the transactions between itself and the foreign customer. When indirect exporting is exercised the exporting manufacturer uses an independent organization located in the producer's country to export the products, whereas in direct exporting the manufacturer or exporter sells directly to the foreign customer or uses an intermediary located in the foreign market. (Albaum, Duerr & Strandskov 2005, 280.) As my thesis handles relationships between foreign intermediaries, a form of direct export, I will concentrate on direct export and its entry modes in this chapter.

2.1   Channel configuration

As mentioned, direct exporting occurs when a manufacturer or exporter sells directly to an importer or buyer located in a foreign market area. This means that the actual transaction flow between the nations is handled directly by a dependent organization of the manufacturer or a foreign-based marketing organization or customer. (Albaum et al. 2005, 295.)

A form of direct export involving independent marketing organizations- distributors and agents is the target of study in my thesis. This method of exporting differs from the method of indirect exporting using similar type intermediaries in terms of domicile of the intermediary. When direct exporting is being conducted the distributor or agent is foreign based whereas home market based intermediaries participate in indirect exporting. (Albaum et al. 2005, 304.)

The terms "distributor" and "agent" are often used synonymously. This is misleading because there are distinct differences between them. First, a distributor is a customer of the exporter. An agent, on the other hand, is a representative (and is often referred to this way) who acts on behalf of the exporter in a foreign market. Thus the distributor actually buys the exporter's goods whereas an agent passes orders from the buyers to the principal. A second major difference is the method of compensation by which each is paid. The agent is usually paid a commission while the distributor's income comes from the margin between the buying price and selling price. A third difference is that a distributor normally carries an inventory whereas an agent does not. (Albaum et al. 2005, 304.) Tamtron Group exercises exporting through both, distributors and agents. A member company of the group, Tamtron Systems, where I am currently working, sells its products through agents. The sold products are investment commodi-

ties, meaning that they are rather expensive and always manufactured case-specific. The agents are paid commissions on each deal they get.

It goes without saying that these intermediary types create different challenges for the principal. A distributor purchases the product and therefore exercises more independence than agents. Distributors are usually organized along product lines and provide complete marketing services for the principal. Agents operate on a commission basis and do not physically handle the goods. This gives more control to the principal because e.g. they know the actual product which is sold. In addition, the two types have differences in legal terms e.g. what the intermediary can commit its principal to and the ease of termination of the agreement. (Czinkota & Ronkainen 2007, 425.)
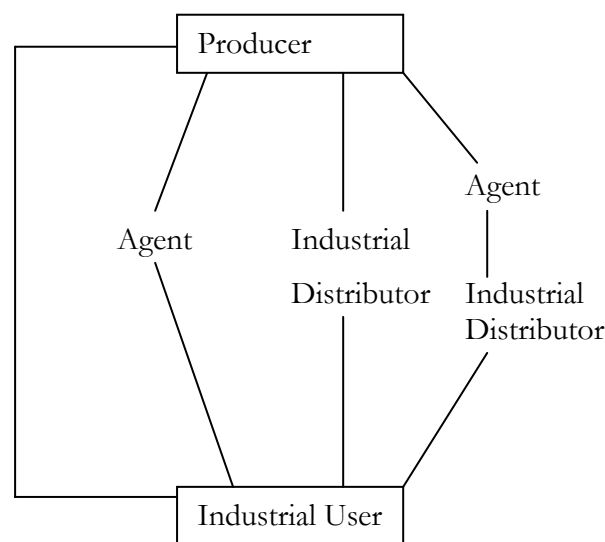
Figure 2. Channel Configuration (Czinkota & Ronkainen 2007, 415)

Figure 2 shows a channel configuration of a firm selling industrial products. Basically the company has three options; to distribute through agents, industrial distributors or by using both intermediaries. Tamtron Group uses agents or distributors as intermediaries between them and the end customer.

2.2   Selecting a foreign representative

The exporter should pay great attention on the careful selection of overseas-based distributors and agents. The importance of this cannot be overstated. The cooperation does not only involve the usual business considerations but there are some legal issues as well which should be considerate, namely those covering termination and compensation. (Albaum et al. 2005, 306.)

Therefore it is essential to sacrifice enough time for the intermediary selection so that time and money can be saved later.

Selecting a foreign distributor or agent is a crucial task for any exporter. It can be defined as a four-phase process:

1. drawing up a profile
2. locating prospects
3. evaluating prospects
4. choosing the distributor or agent.

(Albaum et al. 2005, 304.)

The process starts with drawing up a profile of an ideal distributor or agent. The following elements in the profile of potential distributor or agent should be examined:

– overall experience in the market
– market areas covered
– products handled
– size of the company
– experience with exporter's product line
– sales organization and quality of sales force
– willingness and ability to carry inventories (if needed)
– capability to provide after-sales service (if needed)
– experience with, and knowledge of, promotion techniques
– reputation with customers
– financial strength and credit rating
– relations with local government
– language known
– willingness to cooperate with exporter.

(Albaum et al. 2005, 304.)

The exporter can use most of the selection criteria to evaluate existing intermediaries as well. However, if not conducted properly and fairly, evaluation can be a source of conflict. Again, the intermediary evaluation should be focused on serving mutual benefits. (Czinkota & Ronkainen 2007, 436.) Tamtron Group evaluates their representatives constantly, although this might not be done by official studies. Each export manager has a quite close contact to the

foreign partners so they immediately notice if something is not working. One of the objectives of this thesis is to provide more accurate information for the export managers on how the representatives see the cooperation.

2.3   Managing the distribution channel

"Relationships are enhanced by mutual trust between the parties involved" (Albaum et al. 2005, 306). This phrase is valid in all business relationships, but especially in principal- representative- relationships. Trust between the parties should be built early in all relationships within an international channel of distribution. Matching the partner's expectations builds trust between the parties in the early stage and enables smooth cooperation in the future. (Albaum et al. 2005, 306.) Many of the Tamtron's relationships with the intermediaries are long-term relationships. Trust is built between the parties during over a decade of mutually beneficial cooperation.

The intermediary relationships will not last forever. There might come both internally and externally triggered dissolutions. An internally triggered dissolution occurs when the parties are not able to meet their mutual expectations regarding the business relationship. The common bones of contention are price, product quality and delivery. Sometimes there are changes in the global environment or in the national environments of the partnering companies that make the cooperation unprofitable and cause one of the companies to end the relationship. These are called externally triggered dissolutions. The exporter has to bear in mind that the relationships once formed should not be taken for granted. (Albaum et al. 2005, 307.) This calls also for relationship evaluation. In order to prevent the dissolutions the exporter has to know the possible weak point in the cooperation. I wanted to study what are the problems facing the representatives so that these could be prevented to become sources of dissolution.

In general, the overall aim of managing the international channel is to improve performance. One should view the channel as a network consisting of a number of stakeholders. They are independent or dependent companies that are interrelated and all have a stake in the success of the network. (Albaum et al. 2005, 264.) Immonen (2005, 82.) adds that in the same way the company trains and manages its sales personnel they should also manage the foreign representatives. However, since the company does not have a straight authority to the representative, the management is based on trust and the ability to negotiate and set common aims.

The international marketer offers assistance to the marketing organizations that are members of the marketing channel and expects cooperation in return. The essence of the cooperation is that whatever is done should be for the mutual benefit of all parties concerned. (Albaum et al. 2005, 264.)

Nature of the sold products, market area characteristics, operating philosophy of the intermediary and operating situation of the principal are such things which define the activities the intermediary performs. In addition, especially in the agent approach, the success rests largely on personalities and personal relationships. Although the exporter and its foreign distributor and agent are dependent upon each other, there are also many things that separate them, namely ownership, geography, culture and law. (Albaum et al. 2005, 305.)

Certain communication gaps may make it difficult to establish good relations between the exporter and intermediaries. For such gaps- cultural, nationality, environmental, and distance- are relevant. The cultural gap generates from the problems with communication between people from groups with different values, social mores and attitudes. The nationality gap is more obvious than cultural differences. Although some people have a multinational outlook, most people will clearly identify with their home country. The problems related to making decisions concerning another country generate from environmental gap. The distance gap comes from the geographic distance and poor communication media. The above mentioned gaps must be overcome or closed if the exporter is to have an effective, smoothly functioning channel system. Unfortunately there are no easy guidelines for international management to follow. (Albaum et al. 2005, 265.)

The exporter must develop an effective communication system within which feedback information flows from channel members. This helps the manager to evaluate rationally the channel's effectiveness. The things which should be always known include the current sales development, quality of cooperation perceived from the channel members, and possible conflicts inside the channel. At the same time intermediaries may expect same kind of feedback. Thus the need is for two-way communication. Without feedback, evaluating performance would be impossible. (Albaum et al. 2005, 265.)

The connections between the channel participants are not solely for physical movement of goods. They serve also as transactional title flows and informational communications flows. For example the producer relies heavily on agents and distributors for data on possible changes in demand. All three flows- physical, transactional and informational- do not neces-

sarily take place simultaneously or occur at every level of the channel. For example agents facilitate only the information flow; they do not physically handle the goods. (Czinkota & Ronkainen 2007, 416) This is also the situation in my case company. The agents provide the principal information from the market and handle the communication between the principal and the customer when negotiating a deal.

Managing channel relationships is a challenge for any international company. Normally the complicating factors that separate the two parties fall into three categories: ownership; geographic, cultural and economic distance; and different rules of law (Czinkota & Ronkainen 2007, 435). These are shown in the figure below.

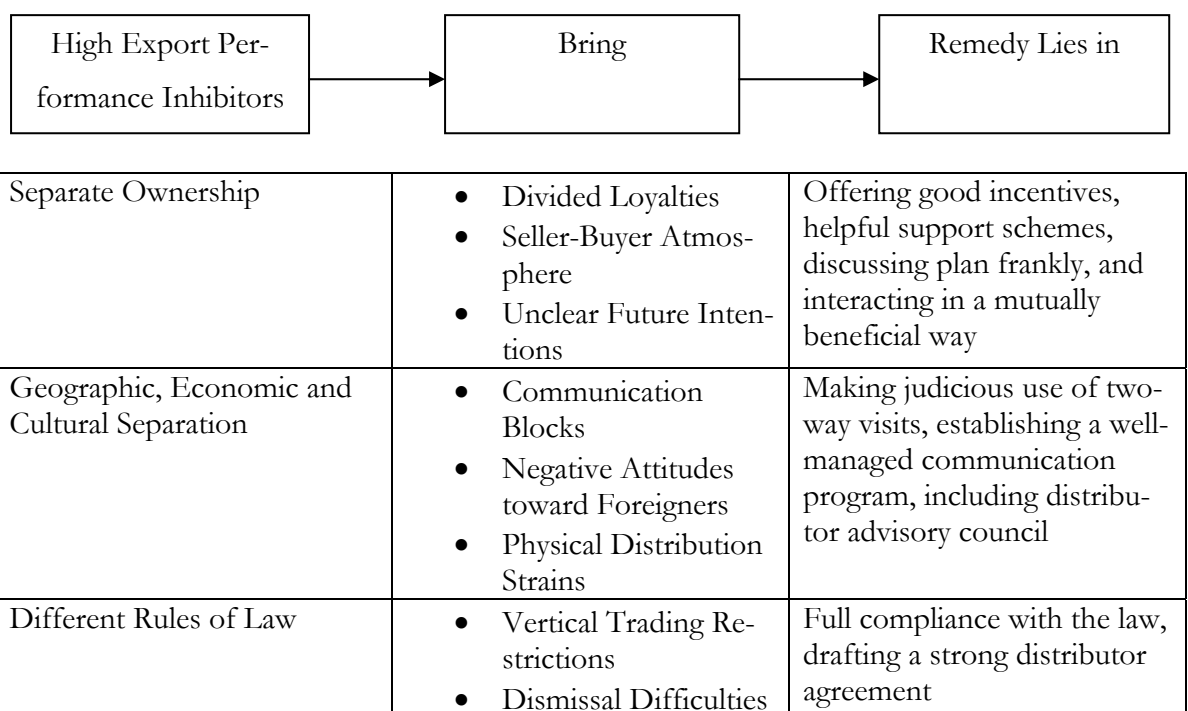| High Export Performance Inhibitors	Bring	Remedy Lies in
Separate Ownership	- Divided Loyalties - Seller-Buyer Atmosphere - Unclear Future Intentions	Offering good incentives, helpful support schemes, discussing plan frankly, and interacting in a mutually beneficial way
Geographic, Economic and Cultural Separation	- Communication Blocks - Negative Attitudes toward Foreigners - Physical Distribution Strains	Making judicious use of two-way visits, establishing a well-managed communication program, including distributor advisory council
Different Rules of Law	- Vertical Trading Restrictions - Dismissal Difficulties	Full compliance with the law, drafting a strong distributor agreement

Figure 3. Performance Problems and Remedies When Using Distributors (Czinkota & Ronkainen 2007, 435)

In international marketing, manufacturers and distributors are usually independent entities. Normally distributors represent products from more than just one manufacturer and judge products by their ability to generate revenue without added expense. The distance between the two parties can generate various problems. These problems could often be prevented with effective two-way communication. (Czinkota & Ronkainen 2007, 436) This is also a factor which came up many times in the answers of the representatives. Creating an effective two-way communication between the companies is a crucial factor.

A part of the channel management is channel adjustment. The channel can be adjusted by shifting the channel (eliminating a particular type of channel), modifying the channel (changing individual members while leaving channel structure intact), or modifying roles or relationships (changing functions performed or the reward structure). The channel adjustment should always be executed only after channel evaluation. The need for channel change should be real and the change should be not executed hastily because it will cause a major distraction in the operations of the firm. (Czinkota & Ronkainen 2007, 436.)
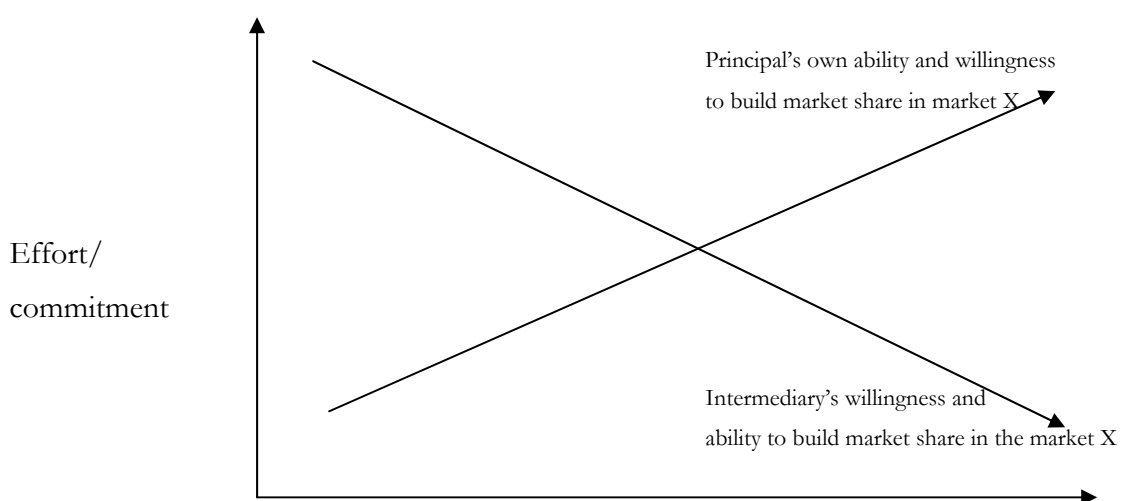

Figure 4. International Distributor Life Cycle (Czinkota & Ronkainen 2007, 441)

Figure 4 shows the international distribution life cycle. The marketing capabilities of the principal increase over time while the distributor's ability and willingness to increase principal's business in that particular market decreases. There can be multiple reasons for the decline in distributor's motivation. In some occasion the distributor may not want to expand its business beyond a certain point or as aggressively the principal expects (e.g. distributor is more of an order-taker than an order-getter). (Czinkota & Ronkainen 2007, 441)

To prevent the representative's willingness and ability to build market share from decreasing as shown in the figure 4 is a hard task for any company. It takes all the measures and methods mentioned earlier in this chapter. Tamtron Group has also many partners who could be considered to be in that position or at least going into that direction. In the second main theoretical building block of my thesis; Relationship marketing I will discuss a model which categorizes the relationships according to their stage of development. This model will help to understand also the reasons for the situation shown in the figure 4.

3 Relationship marketing

The main focus of traditional marketing concept, called transactional marketing, has been to make customers buy, regardless whether they are existing or new customers. Very little emphasis has been put to remaining existing customers. Since the 1980s marketing professionals have been questioning this approach to marketing because it does not take into consideration the importance of customer retention, the changes in the competitive environment and limitations of transactional marketing. This questioning created a new concept to marketing; relationship marketing. (Hollensen 2003, 9-10.)

The meaning of this chapter is to introduce relationship marketing and its basic concepts. The aim is to provide a theoretical framework how a company can utilize relationship marketing in its relations with different stakeholders, in this case especially with foreign intermediaries.

3.1 The relationship marketing's six models

The six markets model describes relationship marketing at the organizational level. It represents six market domains each representing dimensions of relationship marketing and involving relationships with a number of parties. These parties are organizations or individuals who can potentially contribute, directly or indirectly, to the company's success in that market. (Peck et al. 1999, 4-5.) The figure 5 shows the six markets models of relationship marketing.
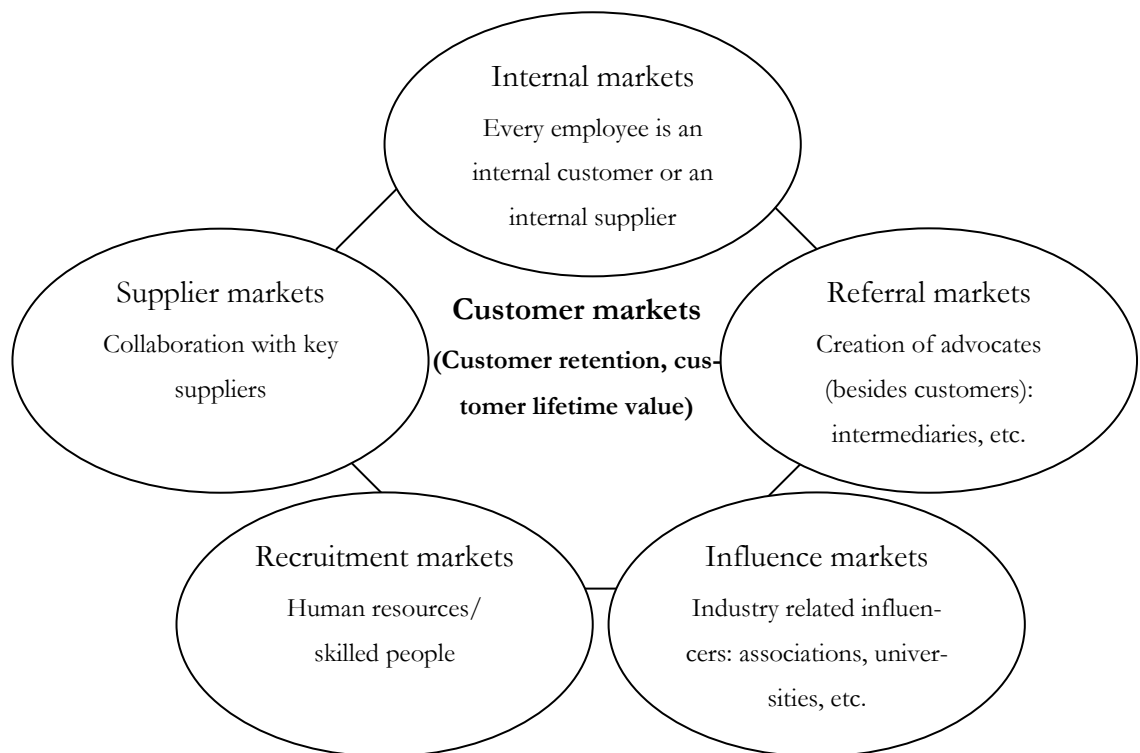
Figure 5. The relationship marketing's six markets models (Hollensen 2003, 10)

The aim of the relationship marketing is to involve and integrate customers, suppliers and other infrastructural partners into a company's developmental and marketing activities. The involvement would then lead to a close interactive relationship with suppliers, customers and other value chain partners of a company. (Hollensen 2003, 11.)

According to Hollensen (2003, 11.) the relationships are the fundamental asset of a company. They determine, more than anything else the future of the organization. If the company is able to create a deeper relationship with their customer, that benefits both parties, the customer is likely to do more business with them also in the future. The same applies also to the other six markets. If the employee likes to work in the company, he/she will continue to learn and develop and become more productive for the company.

Foreign representatives should be seen as customers of a company. Although some representatives of Tamtron Group act as agents for the company and do not physically handle or purchase the goods they should be viewed as customers of the company. In the following I will concentrate more on the customer relationship management (CRM) and the benefits it brings to a firm.

3.2   Customer relationship management

The customer retention has become more and more important factor for companies. Many companies aim to have customers "for life" and address this in their philosophy. (Honeycutt, Ford & Simintiras 2003, 252.) This is also the case in my case company. Tamtron Group aims to develop mutually beneficial relationships with their customers (Tamtron Group 2006).

Nowadays the salespeople do not only have to know how to attract, but also how to retain, profitable customers by creating opportunities for delivering incremental value. Customer relationship management is heavily dependent on the ability of the salespeople to embrace customer needs, increase customer satisfaction by identifying what creates value and delivering that value to each customer. (Honeycutt et al. 2003, 252.)

Customer relationship management focuses on strengthening the linkages between customers and the company by maximizing the value of the relationship for the benefit of both parties. A company, which uses customer relationship management as a business philosophy has to create open lines of communication and feedback so that mutually beneficial development occurs. It can be said that both companies enter into a "learning relationship" with the customer being willing to collaborate with the seller and grow as a loyal customer. In return, the seller works to maximize the value of the relationship for the customer's benefit. (Honeycutt et al. 2003, 253.)

Developing long lasting customer relationships provides several advantages. By increasing customer loyalty the company can increase its profitability and decrease threat from competition. (Honeycutt et al. 2003, 253.) In my opinion one benefit of effective customer relationship management is above others; the cost savings which generate from maintaining current customers rather than searching for new ones.

3.2.1   Determinants of customer relationship management

According to Honeycutt et al. (2003, 253) trust and value are the two most essential ingredients in customer relationship management. By trust is meant the willingness to rely on the ability, integrity and motivation of one company to serve the needs of the other company. This means that companies have confidence in each other and both parties will comply and honor the implicit and explicit parts of reached agreements. During my employment at Tam-

tron I have noticed how important trust is in a business relationship. In export business where the company operates through intermediaries there has to be mutual trust between the parties in order to make the relationship work. If a principal does not trust the agent to act as a representative of the company to the end customer, it will be sensed by the end customer as well.

Value refers to the ability of the seller to satisfy the needs of the customer at a comparatively lower cost or higher benefit than that offered by competitors. When companies trust each other and are able to create superior value to each other the conditions for a successful relationship are very strong. (Honeycutt et al. 2003, 254.) In a principal- intermediary relationship the value has to be created and offered from both companies. If this value is not recognized from both companies, there will become difficulties between the parties.

In addition to trust and value, other key factors that influence the creation and effective management of a customer relationship management program are:

1. long-term perspective
2. honesty
3. post-sales support
4. understanding customer needs, and
5. meeting commitments. (Honeycutt et al. 2003, 254).

The success of customer relationship lies on the salesperson's interest in the relationship and constant efforts to establish and retain a long-term relationship. The salesperson should adopt a long-term approach rather than focus on short-term results. Here one should remember the old truth that the expense of retaining existing customers for life is less than the cost of gaining new customers. (Honeycutt et al. 2003, 254.)

Honesty and sincerity are important factors in any business relationship. The customer should always hear the truth from the salesperson in order to retain both the business and the trust of the customer. Honesty also leads to a better understanding of customer needs. It does not matter from which country your partners come from; honesty is appreciated by customers worldwide. (Honeycutt et al. 2003, 254.)

Customer relationship management relies heavily on the understanding of customers' needs. Once the customer realizes that a salesperson can be trusted and is a valuable source for new ideas, the customer will try to strengthen the relationship by sharing information regarding the

business and their needs. Through understanding the customer needs the salesperson is capable to provide added value to customers. (Honeycutt et al. 2003, 254.) This applies also to principal- representative relationships. The principal, in my case Tamtron Group, has to be able to understand the needs of the representatives in order to be able to provide them with appropriate support. This is one of the goals of my research, to find out the representative's needs.

It is important that the trust-building effort is recognized and appreciated by the buyer. When salesperson is committed to serve the account in the best possible way and this is recognized and appreciated by the buyer, then the foundations for establishing a strong relationship are there. The skills and competencies of the salespeople in delivering value and meeting commitments do not only contribute to maintaining the relationship, but they also push the relationship to a next level. (Honeycutt et al. 2003, 254.) When the foreign representative notices that the salesperson is trying to build a strong mutually beneficial relationship between the companies this also motivates the representative to make a bigger effort in selling the principal's products.

3.2.2 Stages in the development of a customer relationship

There are five stages that companies pass through in building a relationship. The stages are:

– Complementary needs. The companies notice that they depend on each other for resources that each company is lacking.
– Interactions. Repeated personal contacts and exchanges that help to build the relationship.
– Outcomes and satisfaction. Personal contacts lead to mutually beneficial outcomes and satisfaction.
– Investments. Companies become dedicated to each other and their willingness to invest is a reciprocal act of both companies.
– Commitment. Reciprocal investments perpetuate the trust-based relationship-building process. (Honeycutt et al. 2003, 255.)

The starting point of every business relationship is transactional in nature and the level of initial commitment is rather limited and short-term. As the relationship grows the level of commitment increases, and the nature of the relationship changes from short-term transactional to long-term collaborative. (Honeycutt et al. 2003, 255.)

Ford (1980, in Honeycutt et al. 2003, 256.) has introduced a relationship development model for business relationships that consists of five stages:

– The pre-relationship stage- or the event that triggers a company to seek new business partner.
– The early stage- where experience is gathered between the two parties although a great degree of uncertainty and distance exists.
– The development stage- where increased transactions lead to increased commitment and reduced distance.
– The long-term stage- where the companies are mutually important to each other.
– The final stage- where the interaction between the companies becomes institutionalized. (Ford 1980, in Honeycutt et al. 2003, 256.)

I will categorize the studied foreign representatives according to this relationship development model. The meaning is to try to find out whether there are differences between the companies at different stages of relationship development.

As one can notice the relationships evolve and change over time. The relationship life cycle explains not only the development of a relationship but also its dissolution. First, the companies are distant from one another. Later the relationship is characterized by increased commitment and cooperation. As the patterns of interaction get institutionalized the relationship declines in the final stages of the life cycle model. (Honeycutt et al. 2003, 256.) The relationship life cycle model is shown in the figure below.
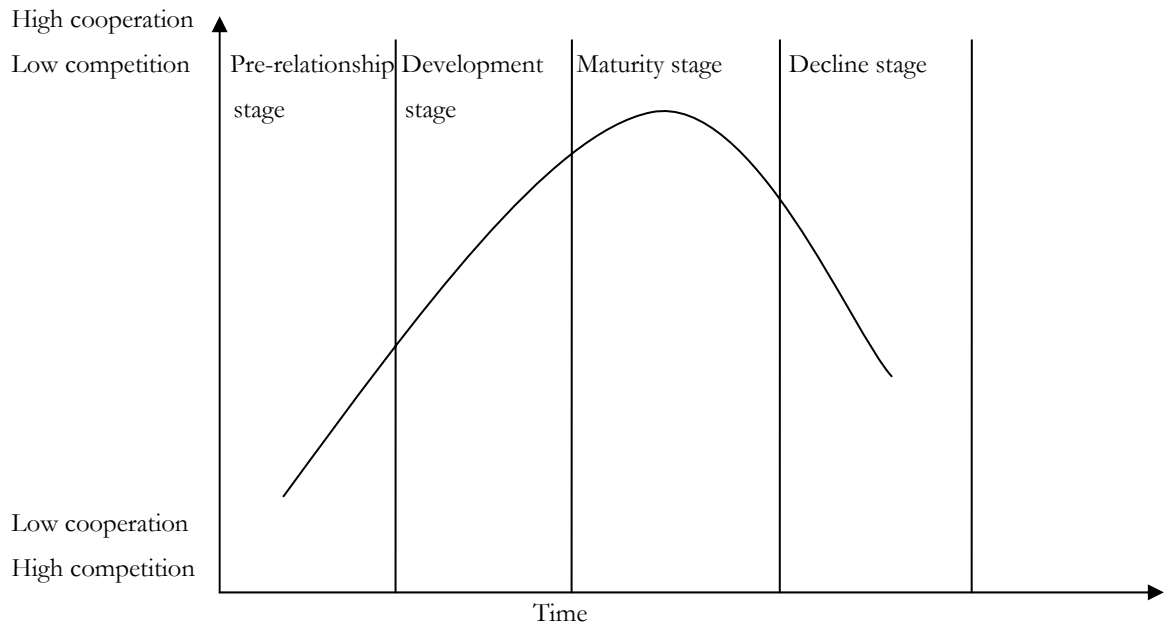
Figure 6. A relationship life cycle model (Honeycutt et al. 2003, 257)

As with any life cycle model the duration of each stage is variable. It is also possible that the relationship does not follow the life cycle accordingly, but some stage is skipped. In establishing long-term relationships the salesperson has to initiate the relationship and try to move it to the maturity phase. After accomplishing the maturity phase it is important that the salesperson prevents the relationship from entering the decline phase. (Honeycutt et al. 2003, 257.)

3.2.3   Models of relationship management

It goes without saying that the manner in which international salesperson establishes and maintains relationships is a sophisticated part of their job. Honesty, accountability and caring about the customer's business add value to the relationship. It should be recognized that the quality of the partnership is at least as important as the product they sell. Three fundamental components in a customer relationship management can be found: relationship inputs, relationship outcomes and assessment. (Honeycutt et al. 2003, 260.) These are shown in the figure below.
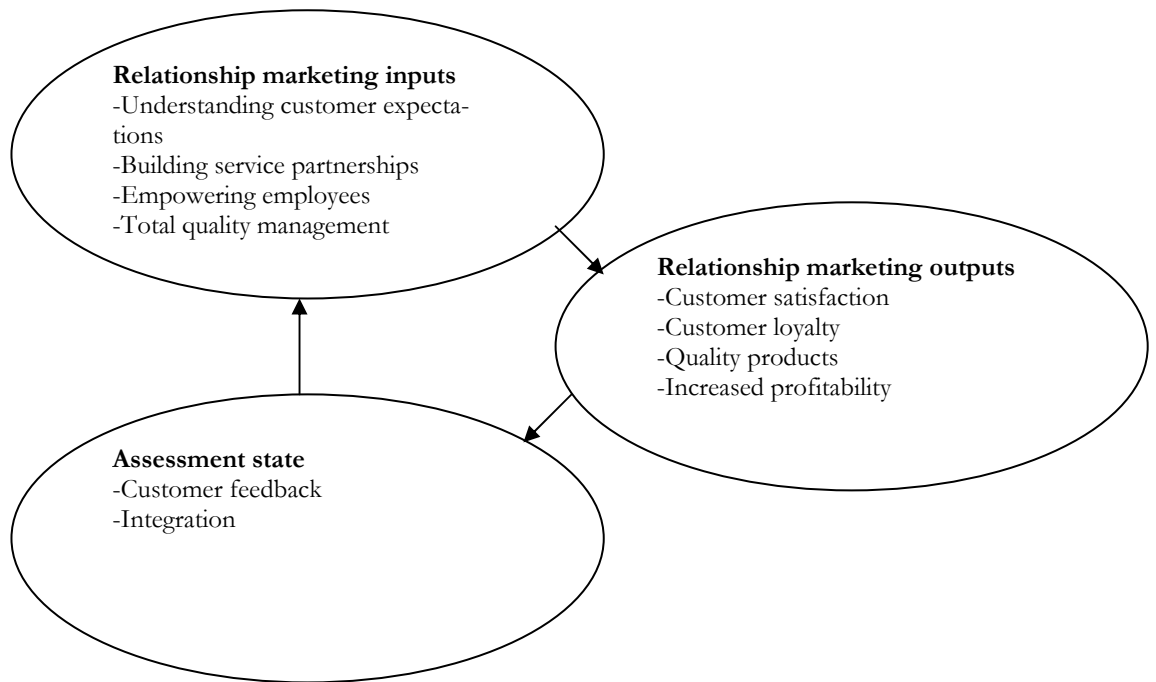
Relationship marketing inputs
-Understanding customer expectations
-Building service partnerships
-Empowering employees
-Total quality management

Relationship marketing outputs
-Customer satisfaction
-Customer loyalty
-Quality products
-Increased profitability

Assessment state
-Customer feedback
-Integration

Figure 7. Effective relationship marketing (Honeycutt et al. 2003, 260)

According to the model, effective relationships are achieved by:

– understanding customer expectations

– building service partnerships with customers

– empowering employees to satisfy customers

– providing customers with the best quality. (Honeycutt et al. 2003, 261.)

These inputs result to improved customer satisfaction, loyalty, quality perception, and profits. The assessment includes the solicitation of customer feedback by the company in order to ensure that the customer needs are being addressed and integration of relationship marketing processes into strategic planning. (Honeycutt et al. 2003, 261.) The importance of assessment can be seen also in this model of relationship marketing. One aim of my research is to provide accurate feedback for the sales managers of Tamtron Group on how to improve the relationships with the foreign representatives.

3.2.4 Managing customer relationships

Customers generate the profits not the products. This is why the companies should focus on the profitability of its customers instead of products. The opportunity for adding value is a critical factor as it allows the parties to recognize the advantages to be gained through a closer

relationship. (Honeycutt et al. 2003, 263.) These two critical factors: profitability of customer and opportunities for adding value are illustrated in the matrix shown in the figure below.

	Low (Potential profitability of customer)	High (Potential profitability of customer)
High (Opportunities for adding value)	Use a non customized approach	**Build a strong and lasting relationship**
Low (Opportunities for adding value)	**Seek better opportunities elsewhere**	Focus on loyalty-building program

Figure 8. Qualifying prospects for relationship building (Honeycutt et al. 2003, 263)

The matrix shows that it is useful to have different types of relationship strategies for different customer types. Based on the assessment of the potential profitability and opportunities for adding value, the company should have a healthy portfolio of customers and take appropriate action. (Honeycutt et al. 2003, 263.) The same way a company can categorize its representatives as they do with customers. A distributor who's potential profitability is low and there are not many opportunities for adding value should be eliminated from the distribution channel. Vice versa, if the opportunities for adding value and the potential profitability of the customer are both high the principal should try to build a long-term relationship with the distributor. However, the categorization does not include in my research scope, but is presented here rather as additional information.

Assessing customer satisfaction is an important part of the relationship management. By satisfaction is meant the extent to which the benefits received actually meet or exceed perceived equitable levels of benefits. Naturally, also trust in a business relationship increases with growing satisfaction with the business partner. Open two-way communication provides the oppor-

tunity to add value and enhance mutual gain. Customer relationship strategy should also include compatible goals and expectations from both companies that will not jeopardize the relationship in the long term. This is why the companies should exchange potentially valuable information about their long-term goals and strategies. (Honeycutt et al. 2003, 264.)

4   Collection and handling of data

The aim of the research is to gather feedback from the foreign representatives of Tamtron Group. In this chapter I will discuss the data collection and handling methods, present the questionnaire and assess the reliability and validity of the research.

As I earlier already mentioned I have been working since January 2008 at Tamtron Systems as an export assistant and currently as an export representative. In my work I am in close contact with the foreign representatives on a daily basis. In my work I noticed the challenges related to export sales through intermediaries. I suggested to the CEO of the company that I could gather feedback from the foreign representatives on how they see the cooperation is working between the parties. In the following I will give some background information for the data acquisition methods used in this research.

4.1   Research methods

There are two research strategies: quantitative and qualitative. The basic difference of these two methods is the fact that quantitative researchers employ measurement and qualitative researchers do not. However, many experts claim that the differences are deeper than the superficial issue of the presence or absence of quantification. For many of them, quantitative and qualitative researches differ with respect to their epistemological foundations and in other respects too. (Bryman & Bell 2003, 25.) The strategy I chose is a quantitative self-completion questionnaire.

With the self-completion questionnaire, sometimes referred to as a self-administered questionnaire, respondents answer questions by completing the questionnaire themselves. There are several methods for completing a self-completion questionnaire. Probably the most known of these forms is the mail or postal questionnaire, whereby a questionnaire is sent through the post to the respondent. The completed questionnaire is then returned by post. (Bryman & Bell 2003, 141.)

Self-completion questionnaire and structured interview are, in many ways, very similar methods of business research. The obvious difference is that, with self-completion questionnaire there is no interviewer to ask the questions, but the respondents must read each question by themselves and answer them independently. The fact that there is no interviewer in the administration of the self-completion questionnaire sets some requirements for the research

instrument. It has to be especially easy to follow and the questions have to be easy to answer. The reason for that is that the respondents can not be trained in the way interviewers can be. Because of this basic difference between a structured interview and a self-completion questionnaire, the latter tend to:

– have fewer open questions, since close ones tend to be easier to answer
– have easy-to-follow designs to minimize the risk that the respondent will fail to follow filter questions or will accidentally omit a question
– be shorter to reduce the risk of "respondent fatigue", meaning that the respondent gets tired of answering the questions and will not finish the questionnaire. (Bryman & Bell 2003, 141-142.)

There are many advantages of the self-completion questionnaire over the structured interview. These are listed below:

– cheaper to administer
– quicker to administer
– absence of interviewer effects
– no interviewer variability
– convenience for respondents (Bryman & Bell 2003, 142.)

The cost of the self-completion questionnaire is lower especially in situations where the sample is geographically widely dispersed. The postal questionnaire enjoys also cost advantages compared to telephone interviewing. (Bryman & Bell 2003, 142.) This was also one of the reasons I chose to conduct my research by using a postal questionnaire. The foreign representatives of Tamtron Group are widely distributed around the world. The sample included companies from four continents, so it was reasonable to choose this method to conduct the research.

Self-completed questionnaires are quicker to administer than structured interviews. Large quantities can be distributed at the same time by post or email. Conducting the interview by phone would take a lot more time. Also the interviewer effects are eliminated in self-completion questionnaires. As various studies have shown, the characteristics of interviewers and respondents may affect the answers that people give. This interviewer effect is eliminated, since there is no interviewer. Some studies also show that respondents are more likely to report activities that induce anxiety or about which they feel sensitive in self-completion ques-

tionnaires than in structured interviews. (Bryman & Bell 2003, 142.) Most of the studied representatives did not have English as their mother language, so I wanted to give them time to prepare the answers to the questionnaire by sending it rather than conducting the interview by phone.

Self-completion questionnaires do not have the problem of interviewers asking questions in a different order or in different ways. They are also usually more convenient for respondents, because they can complete the questionnaire whenever they want. (Bryman & Bell 2003, 142.) The convenience of the method was also one of the biggest reasons for me to choose self-completion questionnaires instead of e.g. a phone interview. I figured that the more convenient the method the more answers I would get.

Based on the advantages of the self-completion or postal questionnaire presented above, I decided to choose this method over structured interviews. Of course the method has some disadvantages as well, but these are discussed in the chapter 4.3, as I evaluate the reliability and validity of the research.

4.2   Implementation of the research

The postal questionnaire sent to the foreign representatives of Tamtron Group included six questions. One of the questions was a multiple-choice question and five open-ended questions. The postal questionnaire is presented in appendix 1.

The questionnaire and a cover letter were sent via email to 35 recipients, foreign representatives of Tamtron Group. The cover letter is presented in appendix 2. In the cover letter the recipients were given two weeks time to fill and return the questionnaire. Twelve of the recipients answered before the deadline, six after a reminder email was sent. I got altogether 18 answers, which gives a response rate of 51%. The area export managers of Tamtron Group distributed the questionnaires to the agents and distributors of their area. This method was chosen because I thought that it would add the credibility of the research. In my daily work I am not in contact with most of the foreign representatives the questionnaire was sent so I thought I would not get that many answers from them. I personally sent the questionnaire to only those which I have contacted on a daily basis.

The first question of the questionnaire was the only multiple-choice question. In that question the respondents were asked to evaluate the cooperation between their company and Tamtron Group. The different options were graded from 1 to 5. The alternatives were the following:

1= insufficient
2= poor
3= adequate
4= good
5= very good

I chose to include this one multiple-choice question to the questionnaire because I thought that it would be beneficial to get some kind of overview of the level of cooperation perceived from the partners. The area export managers also agreed with me on the importance of this kind of quantitative question.

The second question handled the positive aspects of the cooperation. I thought that it would be important to clarify what aspects of the cooperation are working well at the moment. Because I was afraid that the respondents would not understand the questions right, my thesis advisor and the CEO of the case company advised me to use examples in the questions. These were added in the end of the questions in brackets in the following way: (e.g. extranet, marketing materials, communication).

The third and fourth questions were linked together. The third one asked about the biggest challenges the foreign representatives face when selling Tamtron Group's products in their market. The fourth question clarified how the respondents feel that Tamtron Group could help to overcome these problems.

The fifth question asks about the ideas for increasing the sales in the future. The idea behind this question was to gather first hand information from the markets, so that the case company could modify their actions according to the specific market needs. The sixth and last question asks the respondent to comment generally the cooperation between their company and Tamtron Group.

4.3   Validity and reliability

Postal questionnaires tend to create lower response rates than comparable interview-based studies. Response rates are significant in that sense that unless it can be proven that those who do not participate do not differ from those that do, there is likely to be the risk of bias. The lower the response rate the greater the risk of bias in the findings. (Bryman & Bell 2003, 144.)

Although I have a relatively low response rate in my study, 51%, I feel that it does not affect the reliability of the research that much. The aim of the research was not to conduct a research which's answers could be generalized to the whole target group, not to mention the whole industry. The meaning is to gather feedback from single partners on how they experience the cooperation and gather suggestions on how it could be improved.

The reliability of the research may also be lower because of the fact that the export managers which work closely with the representatives distributed the questionnaires. The respondents may feel that they do not want to answer the questionnaires honestly because it could affect the personal relations they have with Tamtron Group's personnel. However in my opinion, this was the only choice in order to get an adequate amount of replies.

5 Presentation and interpretation of the results

This chapter presents the results of the research. I will go through each question in the same order as they were presented in the questionnaire. After the presentation of the results I will analyze them according to what kind of conclusion one can make out of them.

5.1 Categorizing the respondents

In chapter 3.2.2 I presented the relationship development model from Ford (1980). I will use this model as a tool to categorize the foreign partners of Tamtron Group. In this way it is possible to see if there are any similarities in the answers inside the groups.

The model from Ford introduced five stages of relationship development. These were the following:

– The pre-relationship stage
– The early stage
– The development stage
– The long-term stage
– The final stage

(Ford 1980, in Honeycutt et al. 2003, 256.)

As Tamtron Group already has at least some interaction with all the companies included in the sample, I will leave out the pre-relationship stage from my category. I use the length of the relationship as a basis for the grouping of the companies. The grouping is the following:

– The early stage (1-2 years): 7 companies
– The development stage (2-5 years): 9 companies
– The long-term stage (5-10 years): 6 companies
– The final stage (more than 10 years): 13 companies

As Honeycutt et al. (2003, 257.) states the duration of each stage is variable. Therefore the length of the relationship is not the only deciding factor when considering whether the companies are on the development or long-term stage in their relationship. However I will use the time factor for this purpose because it is the most reasonable way to categorize the respondents in this case.

As I mentioned earlier I received altogether 18 filled questionnaires from the 35 sent. The respondents can be categorized as follows:

– The early stage: 5 companies
– The development stage: 2 companies
– The long-term stage: 4 companies
– The final stage: 7 companies

5.2 Evaluation of the cooperation between Tamtron and their partners

The first question was a multiple choice question related to the evaluation of the cooperation between the principal and the foreign representatives. The division of the answers can be seen in the figure below.
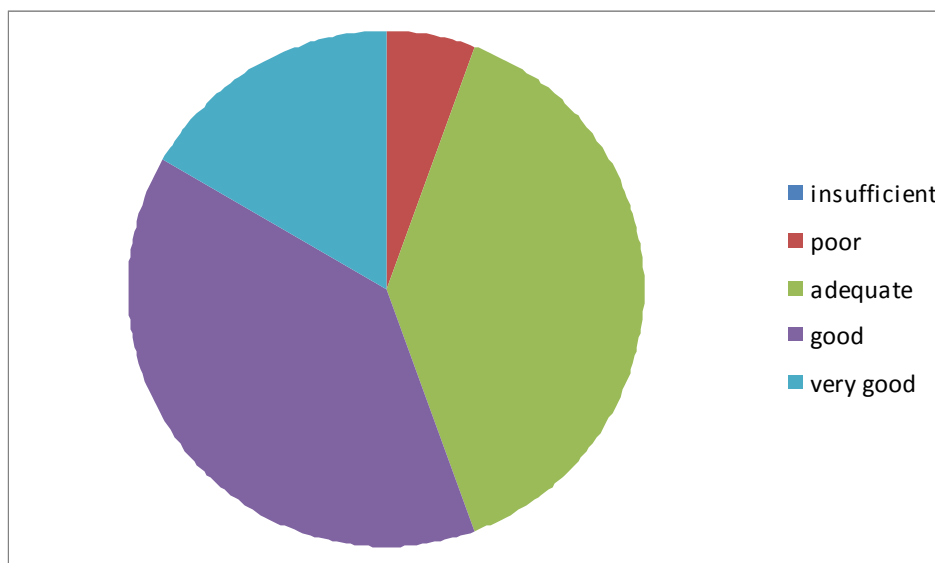

Figure 9. Evaluation of the cooperation between Tamtron and its partners.

No one of the respondents evaluated the cooperation to be insufficient. One of the 18 respondents, meaning 5 %, evaluated the cooperation as poor. The options 3 and 4, adequate and good, received the biggest share. Seven respondents, meaning 39 % evaluated their cooperation as adequate. The same amount of respondents answered the option 4, good. Three respondents, 17 % evaluated the cooperation to be the best possible in this range; very good.

If you look at the grades given in relation to the development stage of the relationship, there are no big differences. The average of the grades given on the level of cooperation between

29

the company and Tamtron varies from 3,1 to 4,0. The most satisfied with the level of cooperation seem to be the partners who can be seen to be at the final stage of development. The grades of the seven companies form an average of 4,0 on a 1 to 5 scale.

The result that partners in the final stage of the relationship development seem to evaluate the relationship to be better than other groups is not that surprising. Companies that have worked with Tamtron Group more than 10 years would probably already have determined the relationship if it was not satisfying.

5.3   Positive points in the cooperation between Tamtron and their partners

The second question handled the positive points in the cooperation. The conceptions of the partners from different groups did not vary that much as I maybe would have expected. I will present and analyze the answers of each group in the following.

Partners at the early stage

Partners of Tamtron Group, which are at the early stage of relationship development, seem to consider marketing and communication to be the most positive aspects in the relationship between them and the principal. They are happy with the marketing materials of Tamtron, which they find to be helpful for their sales. Another positive aspect in the relationship seems to be the good functioning personal relations.

The fact, that the respondents who have only one to two years experience with Tamtron appreciate the personal relations they have to Tamtron personnel, is of course very positive. One could conclude that the responsible persons have managed to give a good first impression to their partners.

Partners at the development stage

Good product quality and the right direction of the relationship please the respondents the most. One of the respondents answered that he could not find anything negative in the cooperation.

Partners at the long-term stage

The respondents at the long-term stage found communication to be the most positive aspect in the relationship. Especially information concerning new product launches was much appreciated. Also marketing materials were considered to be good and meet the requirements of the respondents.

Many of the export managers of Tamtron Group have been working for the company a long time. It might be that this is why they have managed to create this kind of open communication culture that is appreciated by the partners.

Partners at the final stage

Good communication flow was the aspect appreciated also by the oldest partners of Tamtron Group. Also well functioning personal relations seem to be the factor, which facilitates the successful relationship. The partners belonging to this group also appreciated the marketing materials provided and found that the company's extranet served them well.

It is noteworthy that only the partners who have the longest relationship with Tamtron seem to appreciate the services of extranet. This might be the result of poor communication of its benefits for the newer partners.

5.4   The biggest challenges faced when selling Tamtron's products

In the third question I wanted to clarify what are the biggest challenges the partners face when selling Tamtron Group's products. In this question there can be seen some similarities inside the groups and differences between the groups.

Partners at the early stage

Lack of technical competence seems to be the biggest challenge the partners, which are at the early stage, face when they are selling Tamtron Group's products. This aspect was mentioned in four of the five questionnaires answered from the members of this group. Another thing which was mentioned more often was the difficulty of creating awareness of Tamtron and the products in the market.

The both things are of course very obvious challenges for a starting representative. The products of Tamtron Group are all technical devices which require at least some kind of orienta-

tion on their attributes. Also awareness creation of Tamtron and its products is a quite obvious challenge for a starting representative.

Partners at the development stage

The partners who have a few years relationship with Tamtron Group behind them seem to struggle with price reasoning in their sales. This answer came from both respondents of this group.

The partners may have learned the technical attributes of the products at this stage, but struggle to differentiate them from the competitor's ones. Maybe they do not know how to justify the higher price to the customers.

Partners at the long-term stage

The partners at the long-term stage consider the high prices to be the biggest challenge they have to deal with in the sales process. Also long delivery times were mentioned as a problem.

I see a clear connection between the earlier mentioned problem with the price reasoning and complaints of the long-term partners of too high prices. It may result from the fact that the differences to competitors' products have not been clearly stated earlier. The partners feel that the prices are too high, because they do not know the aspects that form the price.

Partners at the final stage

The partners who can be seen to be at the last stage of the relationship development see the old-fashioned products as the biggest challenge in their markets. The respondents also gave critique on too long response times on both technical and commercial issues.

The critique concerning too long response times is a bit odd when considering the second question where the respondents felt that the communication is working well.

5.5   Suggestions on how Tamtron could help to overcome these challenges

The fourth question asked the respondents to give suggestions on how Tamtron could help to overcome the challenges mentioned in the question number 3. The answers are presented in the following.

Partners at the early stage

As it was found out in the third question, the respondents feel lack of technical competence as the biggest challenge facing them when selling Tamtron's products. Therefore it is not a surprise that the respondents feel that the principal could support them with more training. Training is required in both technical and commercial issues. The respondents require also better documentation and materials on the products.

Partners at the development stage

Partners at the second stage suggest that changes in the pricing and payment terms would help them to overcome their challenges. They would also require more training in their opinion. One respondent also suggested that Tamtron could help to create a comparative matrix comparing Tamtron's products to competitors' products. This would help the representative when justifying the price to the customer.

Partners at the long-term stage

Also the partners who have already over five years of cooperation with Tamtron feel that more training would be beneficial. Also technical documentation and marketing materials should be improved.

Partners at the final stage

The technical documentation should be improved also according to the most long-time partners of Tamtron. More and better support is needed also from the service and technical departments of the principal.

5.6   Development ideas to increase the sales

The meaning of the fifth question in the questionnaire was to gather development ideas on how the sales could be boosted in the representative's market area. As one might expect, reducing the price level was one of the ideas which came from many partners in all groups.

Partners in the early stage

The early stage partners feel that Tamtron should apply their pricing to meet better the circumstances in a particular market. Partners feel also that discount campaigns and a more proactive attitude in marketing could result in better achievements in sales.

Partners in the development stage

The partners who have from three to five years relationship with Tamtron feel also that pricing should be somehow adapted to the market conditions.

Partners in the long-term stage

The respondents belonging to this group suggest shorter delivery times to speed up the sales. They also feel that new product innovations are needed and that short-time special discounts would have a beneficial impact.

Partners in the final stage

New products and modifications to existing ones are needed according to the partners who have the longest relationship with Tamtron. In terms of commercial issues, the respondents feel that marketing materials modified to meet the challenges of the competitive market are needed. In general the presence in the particular market area should be increased in order to boost the sales.

5.7   General comments on the cooperation

The last question encouraged the respondents to give their comments and suggestions regarding the cooperation between their company and Tamtron. Since there is no sense to categorize these general comments into different groups I will present most often occurred comments.

In general, the respondents feel that they would feel more supported if they were able to receive support on their own language. This, as such, an understandable wish contains both personal communication and documentation. One respondent also came up with an idea that Tamtron could create open documents for marketing where each representative could fulfill the information on their own language. Also a yearly training session for Tamtron's partners was suggested. This would be an opportunity for the representatives to share their views with each other and for Tamtron to present new innovations.

One respondent was not that satisfied with the effort Tamtron has made to get "big" customers. In his opinion this should be the top priority also with greater costs in the beginning so that Tamtron could get a better awareness in that particular market.

Many respondents praised the good personal relations to the responsible persons in Tamtron. However there were some critical comments on too long response times when contacting Tamtron and requiring information. All in all, the cooperation seems to be heading to a right direction, as one of the respondents described.

6   Summary and recommendations

This chapter presents the conclusions which can be made of the research results. I will give an answer to the main and secondary research questions expressed in the introduction. The chapter ends with a summary where I also give some suggestions on how the findings could be utilized in practice and recommendations for further research.

6.1   Evaluation of the cooperation between the partner and Tamtron Group

The main research question was the following: How the partners of Tamtron Group evaluate the level of cooperation with the principal? All in all the partners are quite satisfied with the cooperation between them and Tamtron Group. There are not big differences on the overall outlook of the cooperation between the partners who have longer relationship with Tamtron and partners who have only few years experience with the principal.

No one of the respondent evaluated the level of cooperation to be insufficient. This is a positive sign for Tamtron Group. On the other hand, if a partner would feel that the relationship is working insufficiently, the company would probably not be Tamtron's representative anymore. Therefore one can not praise this achievement too much, because it is more or less obvious.

Over half of the respondents (56%) evaluated that the level of cooperation is good or very good. The partners who have the longest relationship with Tamtron Group seem to give the best grades for the cooperation. I think that this is the result of long personal relations between the personnel of both companies. This kind of relationship between the organizations would not work if the personal relations of the responsible persons were not working.

The biggest challenge Tamtron Group has with the partners who experience the cooperation in the relationship to be only at adequate level. Tamtron Group has to invest in this group in order to improve the level of cooperation. If the company does not react and improve the experiences of these partners they might turn into unhappy representatives of the Group.

6.2 What works well in the principal-representative relationships?

The most appreciated aspect in the relationships seems to be the well-functioning personal relations. Almost all the partners of Tamtron Group seem to appreciate good communication flow and personal relations in the relationship. These aspects of the relationship are appreciated by all the partners not depending on their lifetime as a Tamtron's representative.

In Tamtron Group the communication and the relations with the partners is managed mostly by the area managers of the respective area. It is obvious that they have managed to create an open communication culture with the representatives, which reflects on the positive experiences of the respondents. This is a crucial factor in the cooperation and that is why the company should do everything they can to remain the positive personal relations.

The respondents are also happy with the marketing materials of Tamtron, which they find to be helpful for their sales. Especially the respondents who have over ten years' relationship with Tamtron appreciate also the services of extranet. The other groups have not mentioned extranet at all. This might be an indicator that Tamtron has not managed to awake the awareness of the representatives on the positive effects the extranet could provide for the user.

The fact that Tamtron produces quality products with long lifespan is highly appreciated by the partners. The respondents feel that the basic features and functions of the products are very appreciated by the end customers as well. The products have a long lifespan and are easy to use for the customer.

6.3 The challenges in the sales process

Lack of technical competence is an obvious challenge which the answers indicate. Especially the representatives with less than two years experience on Tamtron's products seem to struggle with lack of product knowledge. Since the products are technical, this is easy to understand. This could be improved by better technical documentation of the products and more training. Many of the respondents also required more personal visits from the principal.

Tamtron Group has recently entered some new markets. In these markets the partners feel that the biggest challenge facing them is the awareness creation on Tamtron Groups and its products. In this task they would appreciate more support from the principal. One concrete suggestion was to create open formats for marketing purposes where the representative could

fill the information in the language in question. The respondents required also other materials in their own language.

It was already beforehand obvious that too high prices would be one challenge the respondents would mention for sure. It was also obvious that the representatives would have a simple recommendation how to solve this problem; the respondents naturally wanted Tamtron to lower the prices of their products. However, in addition to these "easy" answers one can notice the difficulties which some representatives have with price reasoning. This means that the representatives have problems when they try to justify the higher price to their customers. This is a challenge which should be taken seriously as if it remains unsolved it may result to a dissolution of the relationship as described in chapter 2.3.

The representatives gave several suggestions how Tamtron could tackle this problem. The respondents required more adaptation to the prices according to the market. Some also felt that the company should lower their margin expectations on some cases in order to get a reference in that particular market area. One respondent suggested that Tamtron could create a matrix comparing Tamtron to competitors to help in the price justification. Anyhow the representative should be able to explain what benefits the customer gets when buying Tamtron's product, although it may cost more than the competitor's.

6.4 Differences between the groups

As one has already noticed I have analyzed the answers by dividing the respondents into different groups according to the length of the relationship they have with Tamtron Group. The categorization was made according to a theoretical model from Ford (1980), which is presented in the chapter 3.2.2. I left out the pre-relationship stage because all the studied partners were already in a business relationship with Tamtron. The groups are the following:

– Partners at the early stage of relationship development
– Partners at the development stage of relationship development
– Partners at the long-term stage of relationship development
– Partners at the final stage of relationship development

The biggest differences in the answers between the different groups can be found in the questions number 3 and 4. Those handled the biggest challenges the respondent face when selling Tamtron's products and how these challenges could be won with the help of Tamtron.

Those respondents who have relatively fresh relationship with Tamtron Group stated that the lack of technical competence is the biggest challenge for them. They also suggested that this problem could be crossed with more training. A yearly training session would be a good way to gather the partners together and give training on the product qualities and benefits. Training sessions where the principal's personnel and the foreign partner meet face to face are always more effective than training with technical documents and over the phone.

The partners who have already few years experience with Tamtron behind them feel that most of their problems relate to price reasoning or price justification. They have difficulties to justify the price-level of the products. As a solution to this problem the respondents suggest also training. However, in my opinion the training should be sales training rather than product training. Tamtron should assure that all the partners know the benefits of the products compared to competitors' products. Otherwise good sales results are very hard to achieve.

In the answers of the long-term partners of Tamtron Group one can see a clear connection to the earlier group. Because the justification for the price-level is not clear, the partners and customers start to feel that the price is too high. The suggested solutions are obvious; discounts and more competitive delivery and payment terms. However, I would say that more sales training in the earlier phase would help, and the representatives would be able to justify the higher price to the customer better.

The partners who have more than ten years relationship with Tamtron are considered to be at the final stage of relationship development. They feel that the biggest challenge is the old-fashioned products. In their opinion Tamtron has not been able to develop their products to meet the challenges of the current markets. Better communication between the sales and R&D and more investment in R&D would be the solutions in their opinion.

6.5 Assessment of the work

The meaning of the theoretical part of the thesis was to provide a framework for the research which would show how the subject positions itself in a wider context. Although it was hard to find appropriate theory to meet the requirements of the empirical part, I am quite pleased how well I succeeded in that.

The theoretical framework was built on two theoretical building blocks: distribution channel management and relationship marketing. In my opinion it was reasonable to explain the differences between the different distribution channel configurations. This was made to clarify the reader what kind of distribution channel the case company Tamtron Group was using and what were the characters of it. The theory concerning distribution channel management discussed the importance of channel evaluation. One of the objectives of my research was to provide a feedback channel for the representatives so that they would have a chance to evaluate the distribution channel and its effectiveness. I also presented the multiple reasons which can cause the determination of the principal-representative relationship. Many of these issues came up in the answers of the representatives as well.

The other theoretical building block of my work was relationship marketing and more precisely customer relationship management (CRM). The term "customer" was enhanced to mean also the representatives and partners of a company, not only the traditional customers. The theory presented determinants of good relationship management and many of those were mentioned in the research as well. It all comes down to understanding the partner's needs, and my questionnaire was designed to clarify these needs.

The relationship development model from Ford (1980) presented in chapter 3.2.2 formed a basis for my target group categorization. The model presented the stages which companies go through when having a business relationship. I found it interesting to find out whether there are differences in the perception of the relationship depending on at which stage the relationship is. This is why I categorized the companies and analyzed the answers based on this categorization. I think this helped me to structure the work better and give more accurate conclusions for the case company.

In my opinion I succeeded in the composition of the questionnaire fairly good. I asked opinions from my fellow students, my thesis advisor and the export managers of the case company. They all gave me good tips which questions should be asked but of course the ones from the personnel of Tamtron Group were the ones I tried to include in the final questionnaire. I did not want the questionnaire to be too long so that the representatives would not have time to answer it. However I think that it gives answers on those questions which were crucial in order to meet the research objectives.

If I would conduct the research again, I think I would try to generate more precise questions, to prevent the respondents from misunderstanding. I would also use more multiple choice

questions since they seem to be easier to answer. I noticed that some of the respondents used only few words to answer the questions, but at the same time some answered to upcoming questions already in the earlier answers. It might also be that the examples put in brackets after the question, led some respondents to use those in their answers. However, in my opinion it was important to give examples, since otherwise the meaning of the question could have been unclear.

The objective of this research was not to discover results which could be generalized to other companies not to mention to the whole industry. The objective was to discover the feelings and experiences of the representatives of Tamtron Group, so that the export managers and the CEO would get feedback on what is working well and what should be improved.

6.6   Recommendations

As I mentioned already, the representatives seem to appreciate the personal relations they have with the personnel of Tamtron Group. This is also an issue that Tamtron has to bear in mind when recruiting new people to their export sales. The responsible persons have to be able to create a positive atmosphere between them and the representatives, so that the business relationship between the organizations can run smoothly.

The representatives are also relatively happy with the marketing material they have at use. However Tamtron Group should invest more to create material on the language of the representative's market area. A marketing template could be created for this purpose. Every representative could fill in the information in their own language into a ready made template. Tamtron should also inform more about the benefits of the extranet and the materials which can be found there. This could be also a topic for further research on how the extranet could be improved to better meet the requirements of the representatives.

Tamtron Group should also increase the training of their representatives especially in technical issues related to the products. Especially newer partners felt that they did not have enough technical competence to sell the products as well as possible. A yearly training session for the representatives would be a good opportunity to give training and inform e.g. about new products.

Bibliography

Albaum, G., Duerr, E. & Standskov, J.2005. International Marketing and Export Management. 5. ed. Gosport

Bryman, A & Bell, E. 2003. Business research methods. Oxford University Press. New York.

Branch, A. 2006. Export Practice and Management. 5. ed. Thomson Learning. London

Czinkota, M. & Ronkainen, I. 2007. International Marketing. 8. ed. Thomson South-Western. United States of America

Hollensen, S. 2003. Marketing Management- A Relationship Approach. Pearson Education Limited. Gosport

Honeycutt, E. Ford, J. & Simintiras, A. 2003. Sales Management: A Global Perspective. Routledge. New York.

Immonen, H. 2005. Vientiedustaja- Valinta, sopimukset ja yhteistyö. 8. ed. Multikustannus Oy. Helsinki.

Peck, H. Payne, A. Christopher, M. & Clark, M. 1999. Relationship Marketing- Strategy and Implementation. Butterworth-Heinemann. Great Britain.

Tamtron Group 2006. Company Philosophy. URL: http://www.tamtron.fi. Quoted: 1.9.2008.

Tamtron Oy 2005. Company Profile. URL: http://www.tamtron.fi/en/tamtron.html. Quoted: 4.9.2008.

Tamtron Systems Oy 2006. Company Profile. URL: http://www.tamtronsystems.com/index.html. Quoted: 16.5.2008.

Tamtron Systems Oy 2008. Tilinpäätöksen liitetiedot 2007 [Attachments to the financial statement 2007]. Tamtron Systems. Espoo.

QUESTIONNAIRE   15th September 2008

Company name:
Respondent name and title:
Domicile:
Tamtron's products sold by the company:

Please, answer to the following questions.

1. How would you evaluate the cooperation between your company and Tamtron? Please choose the appropriate option.

   1= insufficient   2=poor   3=adequate   4=good   5=very good

   Answer:

2. What are the positive points in the cooperation between you and Tamtron? Please, indicate what works well (e.g. extranet, marketing materials, communication, etc.).

   Answer:

3. What are the biggest challenges you face when selling Tamtron's products (e.g. lack of technical competence, lack of marketing material, etc.)?

   Answer:

4. How Tamtron could help you to overcome these challenges (e.g. training, better documentation, etc.)?

   Answer:

5. What ideas do you have, how we could increase the sales in your market area (e.g. new segments, ideas from the customers, etc.)?

   Answer:

6. Do you have any other comments or suggestions regarding the cooperation between your company and Tamtron? Please feel free to comment.

   Answer:

STUDY   15th September 2008

A STUDY ON THE FOREIGN REPRESENTATIVES OF TAMTRON GROUP

Dear partner,

I am conducting a study on the foreign representatives of Tamtron Group as a part of my Bachelor's Thesis. The aim of my study is to **gather feedback** from you on how to **improve the cooperation** between you and Tamtron and consequently sales through you. This is why we would appreciate if you would answer to the questionnaire attached. It will take only approximately 15 minutes to answer. You can write the answers to the questionnaire, save the changes and send the questionnaire back. I ask you to send the questionnaires back by **24th September 2008** to sami.hakkinen@tamtron.fi .

If you have any questions related to the study, please send me e-mail: sami.hakkinen@tamtron.fi or call me, tel: +358 9 4130 0513.

Thank you for your cooperation!

Sami Häkkinen
Export Assistant
Tamtron Systems