The importance of market orientation in developing buyer-seller relationships in the export market: the link towards relationship marketing

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Introduction

For about two decades marketing academics and practitioners have been oriented to develop new knowledge in the field of export-marketing (Love and Holt 2000, Aaby and Slater 1988, Chetty and Hamilton 1992, Madsen 1989, Zou and Stan 1998). This flow of theoretical and empirical knowledge has allowed export companies to develop better and more efficient export strategies, which has improved their offshore competitiveness. In the past, this sort of knowledge was driven by the old marketing mix management paradigm. Actually both domestic and offshore markets are today more competitive, dynamic and complex, which makes much of the old focus of export marketing knowledge obsolete. The new understanding must be focused in relationship building and management, or what has been labelled relationship marketing (RM) (Gronroos 1994a). Moreover, it also has been argued that to achieve growth, organisations must rethink their old paradigms and start thinking about relationship marketing as their new marketing paradigm (Gummersson 1995, Gronroos 1994b).

Developing relationships is a long process that does not happen spontaneously. Moreover, it is necessary that some business practices and behavioural assets are available within the company before they start thinking about developing relationships. Recognising that previous research has found that relationship marketing and marketing orientation overlap, especially in business-to-business markets (Steinman, Deshpande and Farley 2000), this paper will support the idea that wine companies having a market orientation toward their export markets will facilitate building future and more complex relationships, which will make them more likely to maintain and improve their competitiveness offshore. Relatively little has been done in the export marketing literature using market orientation as a catalyst in the process of developing marketing relationships (see (Tuminen, Rajala and Moller 2002) as an exception). We take the view that the wine sector is a relevant and useful industry to utilise in measuring the effect of market orientation and business to business relationships on export marketing performance. A lack of knowledge has been detected in terms of how members in the wine industry build their buyer-seller relationships. The aim of this paper is to fill part of this gap, and to open a window of research in the wine marketing field to better understand the processes and factors involved in building long-term relationships.

The first part of the paper presents the economic importance and evolution of the world wine trade, allowing the readers to have a background of the level of competition within this industry. Secondly, previous research in the main relevant research areas and our findings are presented and discussed. The third part concludes with implications for wine export managers in terms of 1) what business practices as well as behavioural assets should be promoted among the company and the buyer-seller dyad to develop long term relationships and 2) how these elements should be leveraged towards building marketing relationships with other stakeholders.
International Wine Trade

International trade in general is becoming more competitive. This change in worldwide markets has been driven by development of new technologies, lower trade barriers, new country trade agreements, financial market deregulation, and the convergence of consumer needs (Dean, Menguc and Myers 2000). Although these new trends have increased the level of international trade, they also have been responsible for making it very difficult to remain competitive in foreign markets (Fletcher and Brown 2001). One of the most important trade organisations leading the world trade liberalisation has been World Trade Organisation. It has been promoting a more liberal world trade system, targeting non-tariff barriers, barriers to trade in agricultural products, freeing up services trade, and issues related to investments.

Since the wine industry is a global and export oriented industry, trends like the ones mentioned above affect the way the wine business is conducted offshore. Moreover, the level of competition in the wine trade has been increasing over the last 10 or more years. World wine consumption has declined at a rate of 0.8% over the decade to 2000. However, there has been considerable regional variation: declining consumption in South America (3.1% a year); static consumption in Europe; and growing consumption in North America (2.5%) and Asia (11.2%). The world wine export market is dominated by the European Union, with a market share (including intra-EU trade) of around 70% by volume in 2000. But the so-called “New World producers – Argentina, Australia, Canada, Chile, New Zealand, South Africa, the United States and Uruguay- have increased their total share of the volume of world exports from 6% in 1990 to over 20% in 2000, largely at the expense of the traditional producers in Europe. At the same time, the trend has been for average export returns of “New World” producers to improve relative to those of the traditional wine producers. The wine production of the “Old World” countries has been largely static, with zero growth rates during the period 1990-2001 in France, Germany, Italy, Portugal and Spain, which are the most important wine producing countries among the EU. On the other hand, the annual growth rates during the same period as above, for the main “New World” producer countries have been positive: Australia 7.7%, Chile 6.1%, New Zealand 2.6%, South Africa 1.5% and United States 3.6%. The only country that exhibited zero growth was Argentina (Foster and Spencer 2002).

The Australian wine industry produces 3.2% of the world wine production, ranking eighth in production and fifth in exports on a world scale. The major destinations for the Australian wine in terms of value were (in the year 2000): United Kingdom 42.4% and United States 27.1% (Foster and Spencer 2002).
Relationship marketing and buyer-seller relationships

No doubt, business markets are different than consumer markets, and certainly wine businesses can be seen as a business-to-business (B2B) model rather than a business to consumer (B2C) one. For example, and borrowing concepts from Ford et al. 1999, we can expect that wineries doing business in business markets are likely to face fewer customers than in consumer markets and they may vary dramatically in their sizes and requirements. Also the fact that many manufacturers (as well as wine companies) sell their products to wholesalers, distributors or retailers, rather than directly to consumers makes an enormous difference in term of the importance of having a relationship approach rather than a transactional one (Yau, P., Chow, Lee, Sin and Tse 2000, Gummesson 2002, Sheth 2002, Ling-yee and Ogunmokun 2001). Wineries should be aware of the importance of having a relationship approach when doing business, and that this orientation needs a commitment in terms of time, effort and money. Otherwise the likelihood of obtaining the desirable results can be very low. Moreover, it has been stated that building relationships is a dynamic process, which evolves over time (Ford, Gadde, Hakansson, Lundgren, Snehota, Turnbull and Wilson 1999). This last concept of dynamism allows us to think about the concept of the buyer-seller relationship as a natural link between the traditional notion of marketing, where marketing is often an adversarial contest between the company and the customer (Gronroos 1996) and the relationship marketing approach which implies a focus on building “value-laden relationships”. This new approach shows that a change in attitude away from the traditional “winner and loser” philosophy is becoming apparent (Egan 2001). Historically, the focus of traditional marketing or consumer marketing has been on creating new customers (Egan 2001), while the relationship marketing approach takes the view that although the acquisition of new customers is important, it also considers that keeping customers is important (Christopher, Payne and Ballantyne 1991). This last statement is relevant among the wine industry because in a business context wineries have to do business with wholesalers, distributors or agents instead of final consumers, which is even more obvious in an export context. Moreover, it has been argued (Styles and Ambler 2000, Yau et al. 2000) that a relationship marketing orientation has a particular importance in manufacturing industry performance.

At this stage, it is necessary to define what we understand by buyer-seller relationship and relationship marketing. The literature in buyer-seller relationships suggests that one critical dimension that determines the type of interaction in which business engages is the temporal perspective associated with that interaction (Anderson and Narus 1990, Dabholkar and Neeley 1998). According to Dabholkar (1998), the relationship has two perspectives, short-term and long-term. Contract-based interactions, individual gain (Dabholkar and Neeley 1998) and hierarchical governance (Haugland 1999) promote short-term relationships. It has been argued from previous authors that in relationships where the buyer and seller are willing to invest time and money, as well as to adapt their business activities and to solve problems in a non confrontational way, are more likely to develop long-term relationships (Dabholkar and Neeley 1998). This paper borrows the previous concepts, which will be used and adapted to investigate the wine industry. A short description of these concepts is necessary. First, by relational investment we understand those activities undertaken over time by both parties in the relationship, buyer and seller, and where the value of their investment (e.g: common assets, co-
financed activities and field visits, among others) is capitalised in building strong relationships over the time. Second, relational adaptation describes the fact that both parts in the relationship are willing to adapt their businesses activities in order to better satisfy the requirements arising from both parts. Finally, conflict resolution shows the capacity of the members involved in the relationship to solve problems in a friendly and non structured way.

Now, there have been different definitions of the relationship marketing concept (Harker 1999). Several authors have selected the definition developed by Grönroos (1994) as the best in term of its coverage of the underlying conceptualisation of relationship marketing and its acceptability throughout the relationship marketing community:

“Relationship marketing is to identify and establish, maintain and enhance and when necessary also to terminate relationships with customers and other stakeholders, at a profit, so that the objective of all parties are met, and this is done by a mutual exchange and fulfilment or promises” (Gronroos 1994a).

This definition of RM does not only include the buyer-seller relationship concept, which is central to marketing, but it also includes other stakeholder relationships like competitors in a strategic alliance (Rao and Perry 2002). Moreover, the scope of RM are relationships, networks and interaction, where RM emphasizes a long-term interactive relationship between the provider and the customer, as well as long-term profitability (Gummesson 1994).

Buyers and sellers are often willing to build a relationship, because both parties anticipate some benefits from future cooperation. Such an investment can be denoted ‘relational investment’.

**Market Orientation**

The definitions of “market orientation” (MO) as used by different authors are somewhat diverse. Market orientation can be seen as the organization-wide generation of market intelligence that pertains to current and future customers needs, dissemination of intelligence across departments, and organization-wide responsiveness (Kohli and Jaworski 1990). Although Kohli and Jaworski (1990) cite some of the literature that links organizational norms and values to the marketing concept, but they do not indicate that market orientation is an aspect of culture (Hurley and Hult 1998). Slater and Narver (1995) define market orientation as “the culture that (1) places the highest priority on the profitable creation and maintenance of superior customer value while considering the interest of other stakeholders; and (2) provides norms for behaviour regarding the organizational development and responsiveness to market information”. This last definition of MO and its related concepts drive us towards the idea that those companies having a market orientation are more likely to develop relationships. In the first stage of relationship development this willingness should be expressed as the willingness to develop relationships between the buyer-seller dyad.

Market orientation is a one-dimensional construct consisting of three behavioural components: customer orientation, competitor orientation and interfunctional coordination (Narver and Slater 1990).
Specifically, customer orientation is the understanding of one’s target buyer so as to create superior value for them. A customer orientation requires that a seller understand a buyer’s entire value chain, not only as it is today but also as it evolves through internal and market dynamics (Narver and Slater 1990). The customer orientation component is viewed as having two sub-components. The first relates to customer analysis, that is, a deliberate emphasis on understanding customer needs and wants. The second is customer responsiveness: responding to the information received about customer needs and preferences (Dawes 2000).

Competitor orientation means that a seller understands the short-term strengths and weaknesses and long-term capabilities and strategies of both the key current and potential competitors. Paralleling customer analysis, the analysis of principal current and potential competitors must include the entire set of technologies capable of satisfying the current and expected needs of the seller’s target buyers (Narver and Slater 1990). The third of the three behavioural components is interfunctional coordination, the coordinated utilization of company resources in creating superior value for target customers (Narver and Slater 1990). On the basis of this, the following set of hypotheses is stated:

**Hypothesis 1**: The level of market orientation differs within groups having different buyer-seller relationship orientation.

**Hypothesis 2**: The level of market orientation is higher within groups of wineries having long-term buyer-seller relationships.

Despite the fact that marketing orientation has been found as a determinant enhancing export performance (Sundqvist, Puumalainen, Salmien and Cadogan 2000, Akyol and Akehurst 2003, Styles and Ambler 2000), a deficiency in the export marketing literature has been found in terms of the role or relevance of having a market orientation approach during the process of developing buyer-seller relationships and leveraging these characteristics towards further marketing relationships.

**Method**

**Data collection and sample frame**

Six personal interviews were conducted during September 2001 and October 2001 with export managers, marketing managers, or CEOs in different wineries located in the Barossa Valley and McLaren Vale, South Australia. The information obtained in this stage was used to develop a draft of a questionnaire.

The questionnaire was designed to be self-administered by the CEO or the marketing manager of the sampled wineries. A pre-test of the questionnaire was performed in some wineries located in Barossa Valley and McLaren Vale (different from the ones interviewed). Based on their responses, some questions were worded.

In January 2002, the final questionnaire was mailed to 522 Australian wineries to the attention of the marketing executive. The wineries included in the sample processed an average of 50-1000 tonnes of grapes, which classifies them as small to medium
sized wineries. This was really a population sample based on the *Australian and New Zealand Wine Industry Directory* (Winetitles 2001). The questionnaire included a prepaid envelope and a letter explaining the purpose of the questionnaire. After three weeks, a new letter was sent to the same CEOs and Marketing executives, reminding them about the importance of the questionnaire.

A total of 107 complete questionnaires were sent back and 11 questionnaires were returned due to wrong addresses. The final response rate obtained was 21%. For the statistical analysis only companies in the sample already exporting were included, providing a final useable sample of 81 companies.

**The questionnaire**

Two Likert scales were developed to measure market orientation and buyer-seller relationship. To measure both constructs, we used a 7 point Likert scale, where 1= High commitment and 7= No commitment. The measurement scale for buyer-seller relationship was adapted from Haugland (1999), Ganesan (1994) and Dabholkar and Neely (1998). The measurement scale for market orientation was adapted from Narver and Slater (1990). The full set of items for both of these scales is available from the first author. Also we included a column for non-applicable questions. Respondents were asked to consider their most important distributor or agent in one of two markets when answering the questionnaire.

The questionnaire also included demographic questions, such as total production, rate of exports, price range obtained at a retail level in overseas markets, and others. These will be used in later research to classify the different companies.

**The analysis**

**Scale purification and reliability assessment**

Exploratory factor analysis was used to determine which items of the measurement scales best measured the various dimensions of both concepts as well as which items could be deleted from scales. The fourteen items in each scale were factor analysed using principal component extraction with Varimax rotation, and Kaiser normalisation. The final factor solutions were obtained after analysing the rotated solutions. The analysis suggested that for market orientation three factors were retained and 3 items deleted. For buyer-seller relationship three factors should be retained and two items deleted. A reliability analysis was conducted for each factor (see Table 1) showing that each factor is highly reliable. Factors describing buyer-seller relationship have been labelled as follows: Relational conflict resolution (RCR), Relational adaptation (RA) and Relational investment (RI). Factors describing market orientation were labelled as: Customer orientation (CO2) and Interfunctional coordination (IC2) and Competitor orientation (CPO2). These factors correspond to the factors found in previous research from which the scales were drawn. A new variable was made by adding each item in each factor to create new variables for further analysis.
Table 1: Reliability analysis

<table>
<thead>
<tr>
<th>Factor name</th>
<th>Label</th>
<th># of items</th>
<th>Cronbach Alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Relational conflict resolution</td>
<td>RCR</td>
<td>5</td>
<td>0.89</td>
</tr>
<tr>
<td>Relational adaptation</td>
<td>RA</td>
<td>4</td>
<td>0.87</td>
</tr>
<tr>
<td>Relational investment</td>
<td>RI</td>
<td>4</td>
<td>0.83</td>
</tr>
<tr>
<td>Customer orientation</td>
<td>CO2</td>
<td>4</td>
<td>0.75</td>
</tr>
<tr>
<td>Interfunctional coordination</td>
<td>IC2</td>
<td>4</td>
<td>0.80</td>
</tr>
<tr>
<td>Competitor orientation</td>
<td>CPO2</td>
<td>3</td>
<td>0.78</td>
</tr>
</tbody>
</table>

For further analysis, and for creating a smaller set of variables to replace the original set, we created factor scores for each scale for each company for the three relationship orientation scales. After sorting the factor scores in an ascending way, we split each factor at the median score into two groups, high and low. Then, combining each subgroup for each initial factor, we obtained a total of eight different groups; each new group presents a different and unique level of buyer-seller relationship for each factor (see Table 2). This allows us to see whether any combination of the different factors in a relational orientation is more strongly linked to market orientation than other combinations.

Table 2: Level of importance for each former relationship factor in each new group (High level and low level).

<table>
<thead>
<tr>
<th></th>
<th>RCR</th>
<th>RA</th>
<th>RI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group 1</td>
<td>rai</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>Group 2</td>
<td>rAi</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>Group 3</td>
<td>rAI</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>Group 4</td>
<td>Rai</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>Group 5</td>
<td>RAi</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>Group 6</td>
<td>Raf</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>Group 8</td>
<td>RAI</td>
<td>x</td>
<td>x</td>
</tr>
</tbody>
</table>

(∗) High level = The concepts (variables) behind the relevant factor are important for wineries when developing buyer-seller relationships

(∗) Low level = The concepts (variables) behind the relevant factor not or less important for wineries when developing buyer-seller relationships

We used small and capital letters to describe the level of importance of each factor in each group. After dividing each factor in two different groups, a new nomenclature was obtained (see Table 2), eg: Group 1 that was labelled as “rai” means that member (wineries) of this particular group present a lower buyer-seller relationship in all three factors describing the buyer-seller relationship dyad.

Each group has more than one membership as show below (see table 3).
Table 3: Number of wineries in each new group.

<table>
<thead>
<tr>
<th>N</th>
<th>Group 1</th>
<th>rai</th>
<th>11</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Group 2</td>
<td>rAi</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>Group 3</td>
<td>ral</td>
<td>12</td>
</tr>
<tr>
<td></td>
<td>Group 4</td>
<td>rAl</td>
<td>8</td>
</tr>
<tr>
<td></td>
<td>Group 5</td>
<td>Rai</td>
<td>11</td>
</tr>
<tr>
<td></td>
<td>Group 6</td>
<td>RAl</td>
<td>10</td>
</tr>
<tr>
<td></td>
<td>Group 7</td>
<td>RaI</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>Group 8</td>
<td>RAl</td>
<td>17</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td>81</td>
</tr>
</tbody>
</table>

In order to create a single composite measure describing the overall marketing orientation of each winery, we developed a summated scale for market orientation factors (CO2, IC2 and CPO2). These factors are used as the dependent variable when analysing the effect of buyer-seller relationships on market orientation.

**One-way analysis of variance**

Hypotheses 1 and 2 were tested through analysis of variance (see Table 4). In order to determine if any significant differences exist in terms of the level of buyer-seller relationships and the effect of market orientation. The dependent variables are CO2 (customer orientation), IC2 (interfunctional coordination) and CPO2 (competitor orientation). We tested whether the 8 relationships types differ on these variables.

Table 4: ANOVA of each market orientation factor and the relationship types

<table>
<thead>
<tr>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Between Groups (Combined)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CO2 * GROUP</td>
<td>304.13</td>
<td>7.00</td>
<td>43.45</td>
<td>3.61</td>
</tr>
<tr>
<td>Within Groups</td>
<td>879.38</td>
<td>73.00</td>
<td>12.05</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>1183.51</td>
<td>80.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>IC2 * GROUP</td>
<td>591.98</td>
<td>7.00</td>
<td>84.57</td>
<td>3.06</td>
</tr>
<tr>
<td>Within Groups</td>
<td>2018.74</td>
<td>73.00</td>
<td>27.65</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>2610.72</td>
<td>80.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CPO2 * GROUP</td>
<td>113.65</td>
<td>7.00</td>
<td>16.24</td>
<td>0.77</td>
</tr>
<tr>
<td>Within Groups</td>
<td>1543.01</td>
<td>73.00</td>
<td>21.14</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>1656.65</td>
<td>80.00</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

From Table 4 we can argue that levels of customer orientation, and interfunctional coordination differ within the 8 groups of different buyer-seller relationship orientations. Then, we support hypothesis 1, which stated, “The level of market orientation differs within groups having different buyer-seller relationship orientations”. However, one of the behavioural components of market orientation, competitor orientation, cannot be supported as its p-value (0.616) is higher that the specified $\alpha$ of 0.05. We found no link between relationship orientation and a competitor orientation.
As we found that differences exist among the means in two of the three sub-constructs, we next determined which means differed. Table 5 shows the mean of CO2 and IC2 for each group of wineries having a different approach in their buyer-seller relationship orientation. In order to identify differences between individual groups, difference tests using Tukey’s-b method were applied (see Table 6 and 7).

Table 5: Means of market orientation in each group

<table>
<thead>
<tr>
<th>Groups</th>
<th>CO2</th>
<th>IC2</th>
</tr>
</thead>
<tbody>
<tr>
<td>rai</td>
<td>9.72</td>
<td>13.09</td>
</tr>
<tr>
<td>rAi</td>
<td>13.71</td>
<td>15.71</td>
</tr>
<tr>
<td>rAI</td>
<td>7.75</td>
<td>7.87</td>
</tr>
<tr>
<td>Rai</td>
<td>7.72</td>
<td>14.27</td>
</tr>
<tr>
<td>RAI</td>
<td>9.10</td>
<td>8.82</td>
</tr>
<tr>
<td>RaI</td>
<td>7.20</td>
<td>12.40</td>
</tr>
<tr>
<td>RAI</td>
<td>6.92</td>
<td>8.17</td>
</tr>
</tbody>
</table>

Table 6: Tukey’s – test for CO2

Tukey B (1, 2)  

<table>
<thead>
<tr>
<th>GROUP</th>
<th>N</th>
<th>1</th>
<th>2</th>
</tr>
</thead>
<tbody>
<tr>
<td>RAI</td>
<td>17</td>
<td>6.93</td>
<td></td>
</tr>
<tr>
<td>RaI</td>
<td>5</td>
<td>7.20</td>
<td></td>
</tr>
<tr>
<td>Rai</td>
<td>11</td>
<td>7.73</td>
<td></td>
</tr>
<tr>
<td>rAI</td>
<td>8</td>
<td>7.75</td>
<td></td>
</tr>
<tr>
<td>RAi</td>
<td>10</td>
<td>9.10</td>
<td>9.10</td>
</tr>
<tr>
<td>rai</td>
<td>11</td>
<td>9.73</td>
<td>9.73</td>
</tr>
<tr>
<td>raI</td>
<td>12</td>
<td>10.42</td>
<td>10.42</td>
</tr>
<tr>
<td>rAi</td>
<td>7</td>
<td></td>
<td>13.71</td>
</tr>
</tbody>
</table>

Table 7: Tukey’s – test for IC2

Tukey B (1,2)  

<table>
<thead>
<tr>
<th>GROUP</th>
<th>N</th>
<th>Subset for alpha = .05</th>
</tr>
</thead>
<tbody>
<tr>
<td>rAI</td>
<td>8</td>
<td>7.88</td>
</tr>
<tr>
<td>RAI</td>
<td>17</td>
<td>8.18 8.18</td>
</tr>
<tr>
<td>RAi</td>
<td>10</td>
<td>8.83 8.83</td>
</tr>
<tr>
<td>rAI</td>
<td>12</td>
<td>11.08 11.08</td>
</tr>
<tr>
<td>RaI</td>
<td>5</td>
<td>12.40 12.40</td>
</tr>
<tr>
<td>rai</td>
<td>11</td>
<td>13.09 13.09</td>
</tr>
<tr>
<td>rai</td>
<td>11</td>
<td>14.27 14.27</td>
</tr>
<tr>
<td>rAi</td>
<td>7</td>
<td>15.71</td>
</tr>
</tbody>
</table>
From these results we can conclude that the group presenting the highest level of all three buyer-seller relationship sub-constructs (RAI) also presents the highest level of customer orientation, but the results about this group are inconclusive in terms of its level of interfunctional coordination. Also, three of the four groups having the highest level of relational conflict resolution orientation (RAI, RAI, RAI) and the highest level of relational investments (RAI, RAI, RAI) present the highest level of customer orientation, but again these results are inconclusive for the behavioural component “interfunctional coordination”. The only group presenting a significant difference in both means (CO2 and IC2) is rAI. With these results we can provide some support for hypothesis 2 which stated “The level of market orientation is higher within groups of wineries showing long-term buyer-seller relationships”.

Discussion

The results from this study provide substantial support for our idea stated at the beginning of this paper: “market orientation acts as a catalyst in developing long-term buyer seller relationships in an export business-to-business context”. We are able to delve more deeply into which aspects seem to have the greatest effect.

First, variables CO2 and IC2 present some interesting characteristics that should be highlighted. What is behind these variables is a set of individual concepts explaining the market orientation in the wine industry. The former concept, customer orientation, shows us that those wineries that are market oriented understand customer needs. In our research context they understand the needs of their overseas distributor. They also present a high level of commitment in term of delivering customer value and also they normally measure the satisfaction level of their customers (again overseas distributors). The second concept, interfunctional coordination, means that wineries use the information gathered in overseas markets to develop better products and deliver more value to their customers. This is possible because the production and marketing activities are well coordinated at the company level.

Second, the factors explaining buyer-seller relationships in the Australian wine industry (RCR, RA and RI) allow us to see the dyad relationship (winery-overseas distributor) as a long-term relationship. Every individual concept behind each of these factors can be seen as drivers for developing long-term buyer-seller relationships. For example wineries having long-term buyer-seller relationships have good and fluid communication systems with their overseas distributors. They also present a good predisposition to help their distributors when some problems arise and they have a high capacity of adaptation in order to improve the relationship.

Third, our research found that market orientation does have an impact in developing long-term buyer-seller relationships in the wine industry. Our findings suggest that those groups of wineries differing in their buyer-seller relationship with distributors also differ in their level of market orientation (explained through both behavioural components of market orientation, customer orientation and interfunctional coordination). Moreover we found that those wineries presenting the highest level of long-term orientation in their buyer seller relationships also have the highest level in one of the market orientation behavioural component: customer orientation.

Fourth, the link between the buyer-seller dyad and relationship marketing in the wine industry seems to be obvious. The definition of relationship stated at the beginning of
this paper (Gronroos 1994a) has several parts that allow us to predict that wineries having a market orientation approach in their business provides the basis to develop solid long-term buyer seller relationships. By the way, RM has a strong customer focus where customer retention, communication and customer value are critical components. When building RM it also seems to be a prerequisite to consider longer time frames and high commitment to meeting customer needs. Our findings suggest that the concepts behind market orientation and long-term buyer seller relationships are congruent and valid with RM concepts. Moreover, we expect that wineries are able to capitalize on these concepts in developing RM with other stakeholders.

We did not find a link between competitor orientation and relationship orientation. This may be due to measurement error, or possibly that in the wine sector, other wineries are not viewed as strong competitors. In the Australian wine industry, there is considerable collaboration among exporting wineries in reaching key export markets (Marketing Decade 2000), which might have reduced the responses towards a competitor orientation. Thus, there might be less of a need for this facet of market orientation.

**Managerial implications**

From a managerial perspective it is important to know that building RM in a business-to-business context could be related to better performance in offshore markets. However, building relationships is a long process, where the initial stage of relationship between the overseas distributor and the winery has the most importance, because it allows both the winery and the distributor to learn how to conduct and improve their interactions. It is in this initial stage of the RM process where the winery will learn how and when to go further in developing RM. Therefore, we encourage wineries to develop strong and long-term relationships with their overseas distributors. The knowledge obtained through this process should allow them to leverage it to further RM with other stakeholders, like suppliers.

Second, although wineries would like to develop and have long-term relationships with their overseas distributors, it is recommended that they develop first a business culture towards developing customer orientation and interfunctional coordination. These two behavioural characteristics of the firm can be seen as “raw material” in developing long-term buyer-seller relationships. Wineries not having these approaches, and looking to develop this type of relationship, will probably never leave the transactional stage. Managers should work in order to develop their market orientation skills. Doing that they will be able to capitalize their efforts in developing stronger relationships.

Third, so far it has been argued that having long-term buyer-seller relationships and also RM allow companies to obtain a better business/export performance. However, we have to be careful in terms of applying the findings of this paper as a “rule of thumb”. It is likely that some companies will never cross the transactional threshold, while other companies will move from a transactional to a RM approach passing through the stages of long-term buyer-seller relationships. The industry and company context influences what level of relationship better suits each individual business. Wine managers are encouraged to analyse their own company context in terms of their orientation, and commitment towards developing RM.
Limitations and Future Directions

Our sample of small and medium sized wineries was relatively small and focused on one industry in one country. The usual limitations of making conclusions from this small sample apply. Certainly the findings open up interesting areas to clarify and confirm them. We plan to expand our study in a next phase after further consultation with the wine sector. We need to understand whether the lack of a competitor orientation is an artefact of the measures, or whether Australian wineries are successful without a competitor orientation. These issues will be raised in future focus groups and then incorporated into a future survey.

We are also concerned whether the wine sector, especially in Australia, is somehow different to other wine sectors or to other unrelated industries. This study cannot answer those questions. However, our knowledge of the wine sector makes us believe that possibly wineries have more contact with their agents and distributors than other manufacturing organizations. This may be because wine is a credence good and must be tasted to confirm its quality. This leads to more opportunities through relational contact than many other industries. Our follow-up research will investigate the nature of these inter-connections and compare them between the wine sectors in two different countries, Australia and France. We cannot comment on whether our current findings hold only within the wine sector until research is done outside of the wine sector. We feel our methods and findings are generally applicable; that market orientation is linked to relational development.
References


