

Managing Customer/Distributor  
Relationships via E-business Channels -  
Evidence from a UK Chemical  
Manufacturer

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(Company names have been anonymised in this thesis to protect the parties involved)

# Managing Customer/Distributor Relationships via E-business Channels - Evidence from a UK Chemical Manufacturer

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## Abstract

### Purpose

Chemical registration processes in the UK, Europe and sometimes beyond are extremely challenging and expensive for the resource constrained SME. Chemical manufacturers are expected to draft dossiers thousands of pages long and pay extortionate costs to register chemicals and chemical products. Whilst there is a reduction in fees for SMEs, this is just a small fraction of the overall cost, costs which are high even for the larger competing firms. Larger firms have teams of people dedicated to and responsible for regulatory matters and still often outsource consultants, whereas SMEs may have one or often no personnel experienced in regulatory affairs. This has all lead to some SMEs being driven from the marketplace, resulting in an un-level playing field in the chemical industry.

Due to the tough registration processes, in order to avoid being driven from the industry and being forced to remove products from the marketplace, many chemical SMEs internationalise business. This means that contacts abroad often work with the manufacturer to register products, which can often take months or even years. Therefore, relationships with these partners must be strong and long lasting. Relationship Marketing aims to build and manage long term relationships with business partners, which is why this is the focus of this research.

Due to the geographical distance between the SME and many of their customer/distributors, often building relationships can be challenging. Therefore, the aim of this study is to understand the parameters for managing these relationships via e-business.

### Design/Methodology

The study takes a case study approach using interviews. Interviews were carried out face-to-face or where this was not possible, via telephone or Skype. Participants were managers/directors from the chemical SME and eight other participants who are distributor partners and chemical customers of the SME. Participants are a mixture of UK and internationally based firms in order to gain a wider, international perspective.

### Findings

The study revealed that customer/distributors believe a good business relationship is one where the two firms can be partners working to mutual goals and achievements. This kind of partnership means that one firm is not in charge of another or in charge of the relationship. The study also revealed that whilst e-business can enhance business relationships, speed up processes and help to maintain communications between the firms, the two parties prefer to meet face-to-face at least every 6-12 months. Findings revealed that face-to-face meetings are much more effective in discussing important regulatory matters or solving any issues or complications.

### Practical Implications

There is a contribution to academic RM literature by adding a new SME, B2B voice to deepen the understanding of RM through e-business. Findings will help the case firm in understanding their customer/distributor needs and help them to provide an increased level of service. The results will also assist the case firm in the development and build of an e-portal.

### Originality

This is a unique study, taking a fresh insight into relationship marketing via e-business systems.

### Keywords

Relationship marketing, e-business, partnership, customer/distributors, SME, chemical industry, manufacturing.

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## Declarations

No material in the dissertation has been used in any other submission for any academic award and is an original piece of work.

## **Part One**

*The increasing importance of global marketing means a closer examination of transnational relationships is needed (Homburg et al., 2009). This study will therefore explore the considerations, constraints and impact of a small/medium-sized enterprise (SME) in the UK managing international customer/distributor relationships via e-business channels.*

### **1.0 Introduction**

SMEs worldwide are considered the driver of economies; they provide the most employment and are the major suppliers of raw material and intermediate goods (Shabbir, 2013). However, a lower likelihood of survival means growth and sustainability strategies are major considerations for the small firm (Golovko and Valentini, 2011). When considering growth and performance strategy SMEs often internationalise, and export is the most common route to internationalisation (Al-Hyari et al., 2012; Golovko and Valentini, 2011). Whilst there are many ways to export including, through trading outfits in various countries, franchisees or outsourcing units (Arora, 2008), manufacturing SMEs often export using collaborations with businesses in the foreign territory through a distribution network (Katsikeas and Kaleka, 1999). This way the SME has access to complementary assets and has the opportunity to exploit economies of scale and scope (Hollenstein, 2005). Overseas distributors facilitate low cost access to overseas markets for a manufacturing SME that often lacks foreign market knowledge and the necessary financial, operational and strategic resources (Katsikeas and Kaleka, 1999). In order for distribution to be successful, relationships with customer/distributors must be managed effectively in order to link the supplier/manufacturer to international end-users (Cavusgil, 1990). Therefore, manufacturers must engage in regular relationship marketing (RM) activity with customer/distributors overseas (Cavusgil, 1990) to manage and maintain relationships. Ultimately this allows international expansion to work smoothly supporting the survival and growth of the firm (Arora, 2008).

RM comprises all marketing activities to establish, develop and maintain successful relationships and involves maintaining and enhancing profitable relationships so that the objectives of each party are met (Bennett, 1996). These RM activities are vital for customer retention, which is often more profitable than acquisition (Harwood and Garry, 2006) with authors stating that just a 5 per cent increase in retention can produce a 95 per cent

increase on net value delivered by customers (Sigala, 2006). This highlights the importance of managing relationships through RM and is not only true for SMEs generally, but is particularly significant for chemical manufacturers conducting business internationally. This is because registering products in the UK and abroad is both a long and costly procedure (Logomasini, 2005) meaning acquiring a customer/distributor can take up to three years, making retention a more time and cost effective route.

Governments worldwide are developing chemical regulations to ensure the safe use of substances in the marketplace (Beacham, 2013). According to regulators and some authors, registering chemicals allows the industry to create useful data on newly developed products, resulting in better management and protection of the human and environmental side effects of potentially hazardous chemicals (Bergroth and Repaso-Subang, 2010; Lewis et al., 2007). Europe and Canada have lead the way with new regulations, the European Union beginning with the Biocidal Products Regulation or BPR (Scott, 2012) and REACH (the registration, evaluation, authorisation and restriction of chemicals) which commenced in 2007 (Beacham, 2013).

There are said to be several benefits to REACH including ensured safe use of chemicals (Beacham, 2013) allowing manufacturers to uphold their corporate social responsibility (CSR) and REACH is said to stimulate innovation and research and development (Lewis et al., 2007). SMEs also have access to chemistry tools and Quantitative structure-activity relationships (QSARs) through REACH (Lewis et al., 2007). All of which can reduce costs, eliminate redundant testing and rationalise risk management practices (Lewis et al., 2007). However despite these benefits, members of the chemical sector are now faced with a challenging, time-sensitive process that can add significant costs and time to business practices (Bergroth and Repaso-Subang, 2010). REACH is a demanding system for any business but regulations have been particularly concerning for SMEs due to time and money constraints (Pelkmans et al., 2013; Beacham, 2013) with an estimated overall cost of 3.5 billion Euros over 11 years (Ackerman and Massey, 2004). There are also controversial concerns that some new regulations have been put in place to benefit large firms and ultimately force SMEs from the industry.

Whilst pre-registration and the first two phases of REACH have already taken place, it has been mainly larger businesses affected, with so far only 13% of registrations coming from SMEs (Pelkmans et al., 2013). This is because the first phase applied to those businesses manufacturing over 1000 tonnes of chemicals annually and the second to those manufacturing over 100 tonnes (Beacham, 2013). It is the 2018 deadline that is likely to have the most impact on smaller SMEs, as this applies to businesses manufacturing or importing much smaller volumes per year (Beacham, 2013; Pelkmans et al., 2013). Although SMEs are given a reduction in registration fees, this is only a small fraction of the overall compliance costs (Beacham, 2013; Pelkmans et al., 2013), meaning registrations are still costly and time consuming for the small firm (Logomasini, 2005). REACH therefore, is widely regarded as expensive by SMEs with many of them seeing no value (Pelkmans et al., 2013). Authors have also claimed that the legislators of REACH have underestimated the scale of the process (Hartung and Rovida, 2009).

Whilst REACH regulations apply to raw chemical materials and chemicals manufactured in Europe, there is a similar set of guidelines in place for biocidal active products placed into Europe. This EU regulation is known as the Biocidal Products Regulation or BPR (Scott, 2012). Much like REACH, this legislation exists to better protect human health and the environment (Scott, 2012; Elsmore, 2012). However again, the considerable fees are causing the chemical industry, as a whole, much concern (Elsmore, 2012).

Despite these challenging regulations that risk the withdrawal of chemicals, the increase in prices and possibly create a loss of market share to non EU producers (Pelkmans et al., 2013); there is no research to understand the parameters of online RM for business-to-business (B2B) SMEs in the UK, in the context of the chemical industry. As well as the retention of customers/distributors saving on acquisition costs beyond Europe, building and managing successful relationships with them could also directly impact positively on the cost of registering chemicals. This is due to an arrangement whereby the customer/distributor could pay for the registration allowing them to exclusively sell in a given international territory. Therefore in order for this to work, there must be a sufficient establishment of the business relationship before both manufacturer and distributor are content for such an arrangement to be introduced.

Finally, the chemical industry is one of the biggest contributors to B2B e-business activity with the internet providing many opportunities for chemical companies (Agrawal, 2001). This includes access and being able to provide up to date information (Agrawal, 2001) and given that the internet is an open platform with global connectivity it is important to carry out international business research from an e-business perspective (Zhu and Kraemer, 2005). Restricted time (Liang and Chen, 2009) and the cost (Zheng et al., 2004) of face-to-face communication and the increased overall use of e-business by SMEs (Marimuthu et al., 2012) also rationalises the need to consider this study on RM from an e-business perspective. Finally, the internet and other IT business tools are said to enable RM (E. Gummesson, 2004) and the internet is now considered worldwide as a vital technology in supporting businesses in various sectors, including SMEs (Marimuthu et al., 2012). Research also suggests that firms facing regulatory challenges tend to achieve greater extent of e-business use (Zhu and Kraemer, 2005) highlighting the significance of this research for Chem-Manu, a UK chemical manufacturer and the case for this research.

### 1.1 Introduction to the Case Study

In 2006 following 10 years in business, a UK chemical disinfectant manufacturer, referred to in this thesis as 'Chem-Manu', looked to expand through internationalisation. However, at this time the Company also experienced its first regulatory obstacle, the Biocidal Products Directive (BPD) which had a major impact on the market of disinfectants (Claassens, 1998) and impacted the Companies plans for expansion. Whilst the BPD was passed by Brussels in 1998, it only began to take effect for Chem-Manu in 2006 (Booker, 2008). The directive was put in place to control the use of biocides in the EU (Baker, 2000).

The directive included; disinfectants, preservatives, pest control and other biocidal products (Baker, 2000). For a resource constrained SME (Piscitello and Sgobbi, 2004; Lee et al., 2012), red tape and new legislation often takes time away from sustaining and growing the business (Schmidt et al., 2007). This was true for Chem-Manu as the Directors and other employees spent a large proportion of the working week becoming familiar with and understanding how the Company could comply with the complex requirements of the BPD (Chowdhary, 2014). Whilst Brussels believed that companies might join together to share the cost of the process and share data, which involved detailed dossiers (Claassens, 1998) thousands of pages long and expensive testing, it was only larger companies able to do so (Booker, 2008).

Larger firms formed a consortium and made it challenging for the smaller competitors to join and many of the larger firms had also been involved with the drafting of the directive (Booker, 2008). This could suggest that the BPD was aimed to benefit the larger firms and push out the SME competitors, resulting in an anti-competitive marketplace.

Part of the BPD involved listing products with an EU office and another section required companies to apply to the health and safety executive (Claassens, 1998). This involved Market Authorisations involving the authorisation of each product or application each compound is found in. Chem-Manu's core product, Benzalkonium Chloride, has hundreds of applications including being found in; pharmaceutical products such as skin sanitisers, products for the oil and gas industry, detergent-sanitisers, disinfectants and more (Chem-Manu, 2014). This means that for each of these, Chem-Manu was expected to pay a further fee estimated by the HSE to be up to £20,000 each time (Booker, 2008). Directors at Chem-Manu, estimated the cost of continuing business as normal to be £6.5 million, more than double the business turnover at that time. These costs were the same for multinationals with huge turnovers, again suggesting the introduction of an anti-competitive marketplace. Even Brussels stated that SMEs were particularly affected by the directive and larger companies were more likely to be able to bear the costs (Booker, 2008). Other SMEs in the UK relying on chemicals for their products would also be unlikely to afford the dossiers, forcing both them and small chemical companies out of business, resulting in many useful products disappearing from the market (Booker, 2008). The directive is extreme since Benzalkonium Chloride was first introduced in 1910 and has been exhaustively documented (Chowdhary, 2014) and widely used since the 1940's (Freeman et al., 2009). This therefore, could demonstrate a lack of consideration by Brussels towards Benzalkonium Chloride suppliers and manufacturers, and could be seen as an attack on the integrity of small firms.

As expected, there were numerous problems with and criticisms of the BPD (Elsmore, 2012) including; slow progress, products being removed from the marketplace due to the cost of producing necessary data, high cost of dossiers, the disproportionate impact on SMEs, and the lack of expertise in dossier preparation and evaluation (HSE, 2010). Due to these issues, a new regulation, the Biocidal Products Regulation (BPR), took effect in September 2013 (Scott, 2012). BPR has an objective of improving and updating certain



elements of BPD and aims to streamline and reduce costs whilst maintaining the same level of protection (Elsmore, 2012; HSE, 2010). The HSE (2010) predict that BPR will save costs of over £135million over 10 years and the number of biocidal products entering the market will increase. There is also the opportunity for reduced fees of up to 60 per cent (ECHA, 2014) for SMEs and the waiving of certain data costs (HSE, 2010). Whilst the HSE (2010) state that BPR aims to enhance competitiveness and innovation, it also states that there will be an annual fee for placing biocidal products on the market, fixed authority fees and it still argues for the sharing of product data (HSE, 2010); one of the main issues with BPD when larger firms formed consortiums. Even with the fee reductions for SMEs, the costs are still thousands of pounds (HSE, 2014) and are causing the whole chemical industry concern (Elsmore, 2012). Whilst registration time and costs vary by country, the considerable time and cost of complying with BPR along with others such as REACH and the lack of consideration for SMEs has slowed down business and the internationalisation process for Chem-Manu. This is ironic as these European regulations slowing internationalisation are the very reasons why internationalisation out of Europe is now so important to the sustainability of the business. The regulations have meant a change in marketing strategy to allow the Company to cover the costs involved which includes sharing or handing over registration costs to customer/distributors, sharing knowledge with them and seeking to further enhance business relations out of Europe; factors implying that understanding the parameters for building and managing a good, strong relationship with these partners is required.

RM strategy for Chem-Manu has recently been further reinforced by a visit to Latin America where Directors believe success in the marketplace is determined by a positive relationship with the distributor and their sales teams as they will be the ultimate decider in how to position the products in comparison to the competitors. Additionally, Chem-Manu must keep its customer/distributors interested through the lengthy disinfectant registration processes in many countries which must be complete before anything can be sold in that territory.

## 1.2 Research Aims

Given the lack of research in B2B RM via the online platform (Liang and Chen, 2009), this study aims to understand the parameters for a chemical UK manufacturing SME managing

relationships with remote customer/distributors using e-business tools. A variety of distributor territories including the UK will be included to gain a wider understanding. This is relevant as little is known about the relational behaviour of the various markets and their future trends and also about the changes in processes and technologies available to firms in supporting business relationships (Veloutsou et al., 2002).

Research Objectives:

1. Conduct a review of relationship marketing literature with specific focus on B2B customer/distributor relationships in an international SME e-business context.
2. Explore the issues relating to the chemical registration process in the small firm context.
3. Understand the nature, importance and requirements of relationship marketing from the perspective of the manufacturer (Chem-Manu) and their customer/distributors across international markets.
4. Explore the requirements for serving the Chem-Manu customer/distributor network through e-business.
5. Develop a conceptual framework to understand the management of customer/distributor relationships via the online channel from a UK SME perspective.

## **2.0 Literature Review**

This chapter will explore research studies and journal articles that cover the main themes from the aims and objectives of this study. These themes are; (1) RM, RM in the B2B industrial setting, (2) SMEs, SMEs and RM, SMEs and e-business (3) e-business, and online RM. All of the themes will be considered in the context of building and managing business relationships.

### **2.1 Relationship Marketing**

Research suggests that successful relationship marketing (RM) leads to effective customer retention and loyalty (Gummesson, 1999; Miquel-Romero et al., 2014), the aim being to make loyal, long-term customers profitable ones (Reijonen and Laukkanen, 2010). This highlights the importance of nurturing and managing business relationships through RM. The management of relationships refers primarily to the management of information and knowledge between two firms (Geigenmüller, 2010), with a view to establishing and retaining relationships (Reijonen and Laukkanen, 2010).

However, the perception of RM varies between authors (E. Gummesson, 1994; Hunt, 1997) with a continuing debate amongst academics and practitioners as to what RM actually is, when it is appropriate and who is included (Harwood and Garry, 2006). Berry first used the concept in 1983 and since then, the concept has broadened from a customer and services perspective (L. Berry, 1983), to a network focus (E. Gummesson, 1994; Morgan and Hunt, 1994; Madhavaram et al., 2014) and more recently, researchers consider the resource based view (RBV) of RM (Madhavaram et al., 2014). This uses the concept that resources and competences contribute to RM strategy and success.

Berry (1983, p. 25) first defines RM as, “attracting, maintaining, and, in multi-service organisations, enhancing customer relationships”. This first definition understands RM to focus on the relationship between businesses and their customers. Over a decade on from this 1983 definition, Gummesson (1994 p. 2) defines RM as, “marketing seen as relationships, networks and interaction”. This expands from Berry’s definition by taking a wider stakeholder view and including more business relationships to create a network (E. Gummesson, 1994). This means that RM exchanges can be between the firm and their competitors, governments, potential customers, internal departments and employees, and

channels of distribution (Morgan and Hunt, 1994). Whilst it is accepted that RM can include parties within the wider network, the focus of this study is on the relationship between the manufacturing business and the customer/distributor.

Similarly Gronroos (1999) considers RM and the wider network and also highlights that the key aspects of the RM approach are not to just acquire customers and create transactions but to maintain and enhance on-going relationships which is critical for the small chemical manufacturer. Whilst in accordance with Gummesson (1994) in recognising RM from not just the customer perspective, Gronroos (1999) also emphasises that it is the service provided that is important in RM. Gronroos (1999) states that if a confident relationship exists between two parties in the marketplace then transactional exchanges should inevitably occur, thus recognising that the product is less important and in fact what is most important is the firm's ability to care for customers on an ongoing basis and the ability to do this better than competitors. However, Gronroos (1999) discusses this in the context of consumer packaged goods, which queries the relevancy of this for a B2B chemical manufacturer as product specification and quality are vital in the chemical sector (Thompson and Magnusson, 2013). However, authors (Jackson, 1985; C. Gronroos, 1999) do suggest that whilst transaction marketing and the traditional 4 (now 7) Ps is still a valid approach for the short term, RM should sometimes be the preferred strategy for the industrial seller. RM is therefore relevant in this case as acquiring customers for the short term is not a feasible approach for a chemical manufacturing SME due to the lengthy and costly registration processes. Gummesson (1994) suggests that the relational approach should be the primary method used by marketers and introduced 'the Thirty Relationships' (The 30R's). Gummesson (2004) suggests that the Ps and other activities can be supportive to the 30R's, therefore, it is important to further and continue research in this area.

Finally, more recent RM literature (Madhavaram et al., 2014) focuses the resource based view (RBV) for successful RM strategy (human resource, organisational control, informational resource and relational resource). This view suggests that marketing should focus on specialised skills and knowledge of operant resources to influence RM success (Madhavaram et al., 2014). Whilst operant resources are recognised as benefiting factors to RM (Madhavaram et al., 2014) and it is accepted that the case firm can only work within its capabilities, this study focuses on a UK chemical manufacturer whose customer/distributor

relationships are vital for survival and growth (Cavusgil, 1990; Arora, 2008). Therefore, this dissertation draws the boundaries to exclude this.

Overall, due to such differing approaches, finding a common definition of RM can be difficult (Fyall et al., 2003; Harwood and Garry, 2006) and no sole approach has been adopted (Bonnemaizon et al., 2007). However, Hunt (1997) highlights that one common theme that all views on RM imply is that firms are increasingly competing through developing long-term relationships with stakeholders. This is especially important in this case due to the huge direct time and informational costs of regulations in the chemical industry meaning long-term relationships with those distributors involved is vital.

Research has demonstrated that appropriate RM leads to a rise in customer lifespan, improvements in business performance (Miquel-Romero et al., 2014), advantages in the marketplace, superior financial performance, organisational learning (Madhavaram et al., 2014; Voola et al., 2010) and increased customer satisfaction (Hau and Ngo, 2012). A good business relationship also gives SMEs access to resources that can help to overcome the newness of the business (Lee et al., 2012), particularly areas concerning new chemical regulations. Further benefits to RM include; special treatment involving extra customer services, social benefits such as friendship or personal recognition and confidence benefits involving security (Su et al., 2009). Research authors (Su et al., 2009; Gwinner et al., 1998; Berry, 1995) describe these as relational benefits. Relational benefits are what customers receive above and beyond the core service performance of a business in which they have a long term relationship (Gwinner et al., 1998). In traditional services, relational benefits are important for customer satisfaction and retention (Berry, 1995) which is the aim for the case firm. Su et al (2009) explore relational benefits from an e-business perspective and conclude that relational benefits can exist in the e-business context. However, Su et al (2009) explore e-business and RM from a B2C retail perspective which suggests that an understanding of the customer/distributor relationship in a B2B context is now necessary.

For business relationships to be successful and achieve such benefits, parties or networkers must work in tandem, aiming for a win-win situation whereby both parties achieve their goals (Gronroos and Helle, 2012). It is recognised that encouraging customer/distributors to participate in RM maybe challenging, but “dynamic and uncertain environments” as well as

rising demands for both parties (Gronroos and Helle, 2012, pp.345), including the continuous red tape and regulations that face the chemical industry and the demands involved (Hartung and Rovida, 2009; Elsmore, 2012), may increase willingness to engage in collaborative RM efforts. Other authors (Pai & Tsai, 2012) suggest if distributors invest non-recoverable resources such as time; they are likely to want to maintain the relationship and Morgan and Hunt (1994) state that relationship termination costs can also influence commitment to a business relationship. When considering terminating or prioritising relationships, authors (E. Gummesson, 1994; C. Gronroos, 1999; L. Berry, 2002) suggest that not all relationships should be nurtured. “Not all relationships are important to all companies, all of the time” (Gummerson, 1994, pp.17). As a result, Gummerson (1994) proposes that firms should calculate the cost and revenue of relationships and ultimately understand which are most profitable and focus most efforts on these relationships. In addition to this, Hunt (1997) suggests firms should develop a portfolio including only relationships adding to the firm’s efficiency and/or effectiveness. Therefore, when a UK chemical SME is considering the relationships in which they must invest, customer/distributor RM is fundamental for export and ultimately the survival and growth of the small firm (Cavusgil, 1990; Hollenstein, 2005), thus highlighting the need to understand the parameters of managing and maintaining relationships with them. Also in this case the resource constraints of an SME might mean that they even need to prioritise relationships within the customer/distributor segment.

Although there are several reasons stated above for RM engagement to appeal to customer/distributors, establishing, developing and maintaining successful business relationships with distant partners is not easy (Arora, 2008; Nguyen and Nguyen, 2014). Therefore, much of the literature considers the requirements for a business to execute successful RM. Morgan and Hunt (1994) suggest that shared values and beliefs in goals and policies between parties is important as well as a cooperation in behaviours. Gronroos (1999) suggests businesses should establish themselves as an attractive business partner; this could not only aid the retention of existing customer/distributors but could also create a good reputation for acquiring customer/distributors in new markets. This is particularly relevant for chemical SMEs because often once the firm has broken into a marketplace; it becomes easier to enter neighbouring territories due to similar regulations, build-up of business contacts and positive reputation (Chowdhary, 2014). Katsikeas and Kaleka (1999)

suggest that relationship characteristics are one of the key ways of inspiring UK distributors to trade with US industrial goods manufacturers so an up to date understanding of the parameters of building, managing and maintaining relationships with wider overseas distributors is now required.

There are also barriers to and requirements for RM suggested in the literature. Nguyen and Nguyen (2014) suggest that one of the major barriers of international RM is cultural distance meaning sufficient knowledge about cultural variances and the ability to breakdown these cultural barriers and establish close business relationships can avoid difficulties for firms. Other authors state that for RM to succeed, all individual partners need to be brought together to cooperate and resources need to be shared (Fyall et al., 2003). Therefore, UK chemical SMEs implementing successful RM strategies with remote customer/distributors, must cooperate with them, ensure sufficient knowledge of cultural beliefs and understandings and share resources such as market, industry and technical knowledge.

Whilst many authors understand the benefits of RM for businesses (Gummesson, 1999; Miquel-Romero et al., 2014), RM is said to be one of the most widely debated marketing practices (Bonnemaizon et al., 2007). Bonnemaizon et al (2007) state that the future of RM is hard to predict; both academics and practitioners have questioned the longevity of RM and have expressed doubts about the theory. One of the main issues is the ability to measure the return on investment (ROI) or return on relationships (ROR) from RM, which is unclear (Bonnemaizon et al., 2007). Gummesson (2004 p. 141) defines ROR as, “the long-term net financial outcome caused by the establishment and maintenance of an organisation’s network of relationships.” Gummesson (2004) states that in order to measure ROR, marketing departments and accounting departments must work in the same direction. As well as this, RM supported by IT means that the profitability will be increasingly measureable (Bonnemaizon et al., 2007) which means RM through e-business channels could challenge this criticism of the inability to properly measure RM success. This highlights the importance of future research in the area of RM and e-business. Furthermore, because of this uncertainty towards the future of RM, Bonnemaizon et al (2007 p. 51) designed a study to “foresee relationship marketing in the year 2015”. The results determined that RM theory would extend from a simple customer relationship to a collection or network of relationships. However, previous to this 2007 study, the literature had already stated this to

be the case (E. Gummesson, 1994; C. Gronroos, 1999; Gummesson, 1994) meaning marketing professionals may have been influenced by this. The study by Bonnemaizon et al (2007) also states that by 2015 RM will be supported by “more sophisticated IT” (Bonnemaizon et al., 2007 p. 54). This again suggests that now, approaching 2015, gaining a better understanding of e-business in the context of RM is required.

Previous research on RM has been from a B2C (business-to-consumer) perspective (Miquel-Romero et al., 2014) and has adopted a quantitative approach (Miquel-Romero et al., 2014; Hau and Ngo, 2012). Therefore, the parameters for a B2B SME in the UK managing relationships with international customer/distributors are yet to be learned, particularly using a qualitative approach.

## 2.2 SMEs

An SME is a small to medium sized enterprise which can range from a sole proprietor managed business, to businesses with 249 employees (Reijonen and Laukkanen, 2010). Marketing in the SME context has not been extensively researched, however research that has taken place, has shown that whilst marketing is essential for the survival and growth of an SME, it is one of the biggest operation problems small businesses face (Reijonen and Laukkanen, 2010). This is often due to resource constraints such as finance, time, marketing knowledge and expertise (Reijonen and Laukkanen, 2010). This highlights the importance of continued research in marketing in the context of SMEs and reinforces the relevance of this study.

The literature states that larger firms can often have better survival prospects compared to an SME due to their well-established business relationships (Lee et al., 2012), thus highlighting the relevance of RM and the study of this from the perspective of the smaller firm. The importance of focussing research on SMEs is also evident due to their importance to the global economy with 80 per cent of global economic growth coming from the SME sector (Marimuthu et al., 2012). SMEs are also the economy’s main source of new product development, innovation and new technology (Wynarczyk, 2013) and according to the European Commission (2010), represent 99 per cent of all EU companies and provide jobs to 75 million people highlighting the importance of the SME sector for the UK and European economy. Furthermore, the literature indicates that SMEs are superior innovators meaning



overseas markets offer considerable potential for expanding the sales of their innovative products and only around one fifth of SMEs face foreign competition (Requena-Silvente, 2005). SMEs are also often inclined towards niche market strategies giving them incentives to make multiple market entries worldwide early on in their development (E. R. Nordman and Tolstoy, 2013). In both developed and emerging economies, internationalisation is considered one of the most important strategies for the survival, growth and success of SMEs with studies finding a positive relationship between internationalisation and the performance of SMEs (Suh and Kim, 2014). These arguments all reinforce the need for SMEs to build and manage international customer/distributor relationships to sustain their international business and so rationalises the need for this research.

However, due to the small size and young age of many SMEs they are at a disadvantage; susceptible to a higher rate of risk and ultimately failure in comparison with their much larger, better established competitors (Piscitello and Sgobbi, 2004; Lee et al., 2012). As a result, many SMEs internationalise their sales which, according to research, is associated with better performance (Hilmersson, 2014), better survival prospects (Lee et al, 2012) and maximisation of business opportunities (Al-hyari et al, 2012).

Traditionally, SMEs were considered to be weak contributors to internationalisation due to financial and managerial constraints (Hinson and Abor, 2005; Rammer and Schmiele, 2009). However, in more recent years due to global shifts in market dynamics (Rammer and Schmiele, 2009), internationalisation now affects all firms, large and small (Al-Hyari et al., 2012). This means that internationalisation literature has shifted from a focus on large enterprises to now focussing on SMEs (Hinson and Abor, 2005). However, despite the importance of SMEs to economies (Marimuthu et al., 2012), much of the research focuses on larger firms and knowledge regarding SMEs remains limited, the internationalisation of SMEs particularly, is an underdeveloped area of research (Hutchinson et al., 2009)(Hilmersson, 2014; Reijonen and Laukkanen, 2010; Hutchinson et al., 2009). Research should now increasingly revolve around SMEs because of their importance to economies (Marimuthu et al., 2012) and their need to be conscientious and selective when making internationalisation decisions (Hilmersson, 2014).

The need to be conscientious is a result of their vulnerability, which is due to a lack of foreign market knowledge, which is crucial for the internationalisation of manufacturing SMEs (Suh and Kim, 2014). Therefore, the most common mode of internationalisation for SMEs is export (Al-hyari et al., 2012) and recent literature (E. Nordman and Tolstoy, 2014) states that SMEs are often able to effectively leverage their existing business relationships to expand and export to new markets. The study by (Johanson and Vahlne, 2009)) has also indicated that internationalisation decisions can be based on relationship-orientated over market-orientated incentives (E. Nordman and Tolstoy, 2014). Therefore, when considering the most important relationships for an internationalising manufacturing SME, (Mackinnon and Chapman, 2003) found that external networks are more important than internal ones and forming international partnerships has significant effects on the performance of internationalising SMEs. This again highlights the importance of business relationships for the SME and the relevance of this study.

Furthermore, Johanson and Vahlne's 1977 Uppsala model has been applied to SMEs and describes internationalisation as self-reinforced and a learning process in which SMEs gradually acquire knowledge about overseas markets to increase their commitment towards those markets (Olejnik and Swoboda, 2012). Johanson and Vahlne revisited and developed the Uppsala model in 2009 stating that the business environment should now be viewed as a web of relationships; a network. The knowledge about overseas markets allowing SMEs to increase their commitment is developed through strong relationships and results in increased productivity for both the SME firm and, in this case, their overseas customer/distributor (Johanson & Vahlne, 2009). This is in line with the RM literature which states that through RM firms can learn from one another to increase their knowledge of a market or industry (Madhavaram et al., 2014). Finally, Johanson & Vahlne (2009) claim that it can take up to five years and a considerable amount of investment for SMEs to create working relationships. Whilst this is a subjective statement as many SMEs would consider to have developed relationships in a lot shorter timeframe, this does further emphasise the need for a chemical SMEs to create a strong RM strategy as the time it can take to register chemicals, along with the time it can take to establish strong relationships, is considerable.

In support of SMEs, research (Hutchinson et al., 2009) suggests that governments should increase the support they provide to SMEs to help them to overcome the barriers of

internationalisation. This is significant in this case as it is government policy that is driving the chemical industry in Europe so perhaps increased government attention and support in this area should be increased for SMEs and could increase their chances of international success.

Finally, Hinson & Abor, (2005) claim that the internet can be beneficial to SME exporters. Although literature suggests that SMEs have been slow to adopt e-business (Marimuthu et al., 2012), further research does show that the internet is likely to have a positive influence on the business performance of SMEs (Marimuthu et al., 2012) and can offer flexibility in managing distant relationships (Liang and Chen, 2009). Liang and Chen (2009) state that e-business technologies allow companies to track customers individually across the entire customer journey collecting information on prospects to increase their ability to serve customers, understand their needs and respond to enquiries faster. This is based on results from a quantitative study on consumers within the financial industry, indicating that a more representative study is now required. Previous research has studied RM from the perspectives of businesses from one individual country or two similarly developed countries (Liang and Chen, 2009; Homburg et al., 2009; Hau and Ngo, 2012), suggesting an in-depth examination of customer/distributors from different territories will contribute further to the discussion.

### 2.3 E-Business

E-business “refers to the application of information and communication technologies to improve business activities, including providing or enhancing services and managing business operations” (Rezaei et al., 2014). Advanced information technology has made e-business available to firms (Su et al., 2009) and for the last ten years e-business has been an important topic in both business and IT (Iizuki et al., 2013). By adopting e-business, organisations are able to create links to and work more closely with suppliers, customers and partners (Marimuthu et al., 2012). Whilst this online connection could be vital for the essential participation needed, for SMEs to manage relationships with remote customer/distributors (Cavusgil, 1990), the literature does state that inter-organisational information systems require the willingness of both partners to interact (Ekan et al., 2014), thus reinforcing the RM theory that both parties must work in together in tandem in order to achieve mutual gain in a win-win situation.

Communication processes are strategically important when creating relationships (Geigenmülle, 2010) and businesses building and managing relationships with customer/distributors do this in various ways. E-business can be conducted using a variety of platforms including; the internet, intranets, extranets or a mixture of these technologies (Marimuthu et al., 2012) and electronic mail (e-mail) is the most common form of e-business communication between businesses and their customers (Koutsabasis et al., 2008).

Businesses can also now take part in traditional business and marketing activities in a virtual form (Geigenmülle, 2010). For example, trade shows are a common way to bring manufacturers and distributors from a particular industry to a single location to exhibit and as markets and business relationships globalise some trade fairs are becoming virtual. However whilst Geigenmülle (2010) suggests that virtual trade shows save costs, improve visitor privacy and allow access to businesses around the globe, the author still suggests that virtual fairs only be used to complement physical trade shows. This is because according to Geigenmülle (2010) no substitute has been found for the value of face-to-face interaction which suggests a balance between face-to-face and virtual interaction is required.

The extent of technology usage depends on a variety of economic, social and political factors including income, education and cultural norms (Zhu and Kraemer, 2005). Worldwide SMEs are increasingly utilising e-business with; 60 per cent in Canada, 55 per cent in the USA and 48 per cent in the European Union already adopting some form of e-business (Marimuthu et al., 2012). This is important as internationalisation is increasingly affecting SMEs (Al-hyari et al., 2012) and the literature suggests that e-business can support the needs of global business (Su et al., 2009).

There are many benefits to adopting e-business as an SME. E-business platforms are cost-effective for businesses to; communicate, extend their market reach, build brand recognition, provide better customer service and reduce their operating costs (Marimuthu et al., 2012). Daniel and Grimshaw (2002) found that the primary reasons for an SME to adopt e-business are; to respond to competitors, provide better customer service and improve relationships with suppliers. This therefore suggests there are numerous reasons for a UK chemical manufacturer to adopt e-business in addition to improving relationships. Despite this, there is a lack of research undertaken to determine the utilisation of e-business

for specific marketing activities by SMEs (Marimuthu et al., 2012). This highlights a gap in current knowledge and emphasises the need for an understanding of e-business and how this can benefit marketing operations and be utilised by firms.

Although research has established e-business can enhance the implementation of RM (Ricard et al., 2001), e-business can present conflicts with relational benefits. Confidence benefits seen from RM can be challenged due to security meaning that online users may doubt the security of their details (Su et al., 2009). However, in this case personal or sensitive details may not be required so security perhaps would not be an issue. Additionally however, online services do not have face-to-face interpersonal interactions that traditional services do (Su et al., 2009) which can make it difficult for customers to receive social benefits (friendships/personal recognition) and special treatment benefits (Su et al., 2009). Therefore, it could be said that e-business dehumanises the service provider and that customers seek face-to-face interaction (Liang and Chen, 2009). Gummesson (2004) also agrees that e-business systems may neglect the human aspect of the supplier personnel and its customers. However, for SMEs, frequent face-to-face communication with international customer/distributors is time restricted (Liang and Chen, 2009) and costly (Zheng et al., 2004), making the e-business platform an appropriate approach to RM for the internationalising small firm. Gummesson (2004) suggests that firms need a balance between human interaction and e-business utilisation. As well as this, the literature states that RM appears to have suffered from IT that is often not in line with the aims of the relational approach (Hetzl, 2004). This means that IT solutions may not consider the relationship a priority and means that e-business may conflict with the RM literature. Su et al (2009) state that technology alone cannot assure e-business success and that a combination of both technology and RM is required. Even in e-business environments where interpersonal interaction does not exist, users still have social desires (Su et al., 2009). This means that e-business platforms should be designed using the principles of RM theory and online businesses should still pay attention to delivering necessary relational benefits.

Hinson & Abor (2005) further criticise e-business by stating that the internet may also create a 'digital divide' between those who have and those who have not got internet access. This could be particularly relevant to those SMEs doing business with developing countries that may not have the same level of access or e-business adoption. However,

more recent literature states that developing countries such as those within Sub-Saharan Africa and Latin America (Okoli et al., 2010) are increasingly initiating strategies to achieve a higher level of e-business and whilst they are believed to have lower adoption rates than more developed countries in the west, the percentage is gradually increasing (Marimuthu et al., 2012). This growing e-business adoption amongst developing countries emphasises the need to research online RM in different countries as adaptations to strategy may need to occur depending on the market.

In contrast to the view of Hinson & Abor (2005), research by Piscitello & Sgobbi (2004) states that, businesses perceive the internet to be effective in dealing with geographically distant business relations. However, whilst this research is useful in understanding how e-business might be beneficial for the manufacturing business with remote contacts, it does not explore the perspective of the customer or distribution partner. This suggests research from both viewpoints is now required.

As well as a 'digital divide' between geographically distant businesses, the divide could also appear between hi-tech and low-tech individuals. The literature therefore suggests that e-business systems need to offer flexible solutions that span from hi-tech to low-tech individuals or businesses (Ekman et al., 2014). Other authors discuss the functionality of e-business platforms in more detail by going into what customers or partnering businesses might like to see within a system. Authors state that multi-lingual websites are a highly desirable personalisation feature that increases traffic to a website (Whitford, 2000; Koutsabasis et al., 2008) but this might not be a suitable approach in this case as SMEs are resource constrained so may not have the internal resources or financial capacity to afford translation services. Furthermore, automatic notifications can be useful to e-business users; notifications can include updates about the system, orders or enquiries (Koutsabasis et al., 2008). This feature could be beneficial to both the manufacturing firm and the customer/distributor if, for example, they place orders via e-business. Providing these notifications and news and event information through an e-business channel can help users see up to date information and can provide a sense of someone being there behind the technology (Koutsabasis et al., 2008). Koutsabasis et al (2008) state that this enhances feelings of confidence but any notifications must be useful and not disruptive to the user.

Koutsabasis et al (2008) consider e-business channels however from a B2C perspective suggesting that an additional B2B perspective is now required.

Finally, when considering e-business from the perspective of the chemical industry, Agrawal (2001 p. 18) states, “The industry is positioning itself to take advantage of the Internet economy”. Chemical companies use e-business systems mainly for their key account customers or suppliers for activities such as; order processing, billing, and customer service (Agrawal, 2001). Major chemical companies such as BASF, Dow and DuPont are taking advantage of these e-business tools through the use of websites, e-hubs, intranets and extranets and the literature states that linking back-end electronic systems with partners can help to maintain established relationships (Agrawal, 2001). Although, it is stated that these e-business tools are mainly utilised by large chemical companies, the literature does identify that e-business is a cost effective and fast way for businesses to share information and data (Agrawal, 2001; Zhu & Kraemer, 2005) which is important when registering chemical products (Chowdhary, 2014). Research also states that a poor quality of information sharing amongst suppliers and manufacturers can also lead to inventory build-up along the supply chain (Zhu and Kraemer, 2005) which means in order to keep processes flowing, information sharing is crucial. This, along with the increasing use of e-business by SMEs worldwide (Marimuthu et al., 2012), means an understanding of e-business from the smaller chemical company perspective is now required, highlighting the significance of this research.

#### 2.4 Chapter Summary

The literature revealed that whilst there are differing definitions of RM, authors agree that firms can compete successfully through developing long term relationships and that appropriate RM can lead to increases in customer life span. This suggests that RM is an appropriate strategy for the case firm.

Additionally, the literature reveals that SMEs lack in resource and have an increased chance of failure compared to their larger competitors. This vulnerability of SMEs means that they must be far more conscientious in decision making and strategy building. This highlights the importance of this research for SMEs. Furthermore, the importance of SMEs economically encourages and rationalises research in this area.

Finally, because SMEs have a likelihood of international success this research focuses on RM and SMEs via e-business. The literature reveals that e-business allows businesses to work more closely with partners and that e-business supports the needs of global business. Due to the regulatory nature of the chemical industry in the UK and Europe, the case firm is required to seek business outside of the EU meaning internationalisation is crucial for the survival of the firm. This highlights, along with the lack of research in this area, a need for extra support in global activity and so endorses the e-business aspect of this research.



### **3.0 Research Design**

This chapter defines and justifies the research design, method choice and sample in relation to the study's aims and objectives. Areas covered include research strategy and philosophy, sampling strategy, data analysis, credibility, ethical considerations and limitations.

This study takes a qualitative research approach in the form of a case study and interviews with key informants. Participants include directors and managers from Chem-Manu Limited and eight representatives from four of their customer/distributor firms. Qualitative research can enable access to subjective experiences and lead to varied interpretations of the data (Cassell et al., 2006) as there can be more than one possible interpretation. This is important as RM via e-business is an area with little research (Liang and Chen, 2009) in the B2B sector.

#### **3.1 Research Strategy**

Given that a deeper understanding of managing overseas customer/distributor relationships is required, a qualitative approach will be adopted (Cassell et al., 2006). Qualitative research enables the researcher to view a case from the inside out and to see it from the perspectives of those involved (Gillham, 2000) and qualitative research methods are valuable in gaining an in-depth understanding of phenomena in the marketing context (Carson et al., 2001). Creswell (2007) defines qualitative research as:

“The study of research problems inquiring into the meaning individuals or groups ascribe to a social or human problem,” (Creswell, 2007, p. 37).

This research project begins with a study into the research problem by analysing the current academic literature in the areas of RM, SMEs and e-business. As qualitative research methods are conducted in a natural setting and the literature states that describing reality cannot be done in an invented or artificial laboratory setting (Carson et al., 2001); the setting for this research was either the Chem-Manu offices or the customer/distributor office if interviews were conducted via telephone or Skype. This minimised the distance between participant and researcher as participants were in a familiar environment where they are accustomed to discussing business issues, qualitative researchers do not attempt to manipulate the setting (Tucker et al., 1995). So not to alienate participants both telephone

and Skype interviews were offered where face-to-face was not possible (Hanna, 2012). It could be suggested that telephone interviews offer a viable alternative to face-to-face interviews especially in cases such as this when participants have busy schedules and may need to shift times (Hanna, 2012; Holt, 2010). Skype is also said to be a feasible alternative to face-to-face interviews providing a synchronous interaction between the researcher and participants (Hanna, 2012). The criticisms associated with telephone interviews such as the loss of visual and interpersonal interaction are to some extent overcome with Skype (Hanna, 2012). Other benefits of telephone and Skype interviews are that they are easy to record, low in cost, can be easier to gain access to individuals and participants are able to control their own social space (Hanna, 2012).

Finally, the results of the study include the voices of all participants; customer/distributors and Chem-Manu management who are all relevant to the research aims. Results will extend the literature and add to the marketing knowledge of the case firm (Creswell, 2007). This new knowledge will help the firm to understand the parameters for building and managing long-term relationships with customer/distributors through e-business channels.

### 3.2 Research Philosophy

A qualitative design process begins with philosophical assumptions and researchers bring their own worldview or paradigms to the research which directs the conduct and write up of the qualitative study (Creswell, 2007). The researcher chooses a stance on the following philosophical assumptions; ontology; the nature of reality (Creswell, 2007), epistemology; the relationship between that reality and the researcher (Carson et al., 2001), and methodology; the methods and techniques used to discover that reality (Carson et al., 2001; Creswell, 2007). These philosophical assumptions reflect the researchers' worldview or paradigm which is, "a basic set of beliefs that guide action" (Guba, 1990). The position of this study in relation to ontology and epistemology is that reality is socially constructed rather than objectively determined (Carson et al., 2001). This study takes a social constructivist worldview whereby meanings are formed through interaction with others and through historical and cultural norms that operate within business life rather than beginning with a theory (Creswell, 2007). The goal of this research is to understand participants' views because human action, particularly in marketing, arises from the sense people make of a situation rather than as a response to external factors (Carson et al., 2001). Additionally,

researchers may embrace different realities as might the participants and readers (Creswell, 2007). Evidence of multiple realities in this research is the use of multiple interviews with participants from different geographical locations and presenting their perspectives in order to provide a wider and richer understanding.

### 3.3 Case Study Approach

The methodology of qualitative research is considered to be emerging (Creswell, 2007) as characteristics about a phenomenon have been studied before producing theories about it. Therefore, an inductive approach using a case study method has been adopted for this study (Gummesson, 2005). In case study research: “One or several cases are used to arrive at specific or general conclusions about certain phenomena, recognising the multitude of variables, complex interrelations and ambiguities of business life” (Gummesson, 2005, p. 322). Case studies allow for an in-depth (Avery, 2011; Creswell, 2007) and “multi-faceted” (Avery et al., 2011, p. 1) understanding of the real world and from this, concepts can be formed and propositions and theory can be tested (Gummesson, 2005). This is important as there is little knowledge around the research aims of this study. Chem-Manu will be the subject of the case study a background of the case company is provided in chapter 1.1 which highlights the reasons for the use of this firm. Chem-Manu is a chemical manufacturer of disinfectants and chemical hygiene products and since chemical regulations have taken a negative effect on the Company, a firm strategy is required to progress and continue internationalisation and develop stronger, long term relationships (Chowdhary, 2014).

### 3.4 Interview Approach

Whilst the case study is the main method, within this can be different sub-methods (Gillham, 2000) or data collection methods (Eisenhardt, 1989). Data collection methods are the techniques employed to generate data (Creswell, 2007) and enable researchers to immerse themselves within the context of the study (Tucker et al., 1995). Therefore, within the case study method, guided semi-structured interviews were adopted as a data collection method (Bryman and Bell, 2011) allowing the researcher to become fully involved in the case (Carson et al., 2001). Also, the interview method directly solicits the perspectives of those the study aims to understand; the case firm and their customer/distributors (Saldana, 2011).

Whilst it was firstly considered that the interview process would consist of participants undertaking a long interview (McCracken, 1988) with a conversational nature, it was later deemed inappropriate in some cases as informants are busy individuals at senior level and in some cases from large, multi-national organisations. Therefore, where interviews had to be shorter, the conversation came to an end once all grounds of the interview had been covered. For example one participant had to catch a flight so a more condensed version of the interview was conducted and followed up with questions later. However, the average time of interviews was still 45 minutes allowing for probing questions to be asked and follow-up communication was also made in most cases to follow up points of interest to meet the exploratory research aims (Cassell and Symon, 2004).

Due to the time constraints of some participants and to avoid diversions from the research objectives, semi-structured interviews were selected. This means both open and closed questions were used (Gillham, 2001). This flexible and low degree of structure means the researcher could see the topic from the perspective of the interviewee (Cassell and Symon, 2004). An interview guide was used to provide some structure and to ensure all points were covered during the interview (Figure 1). Interviews began with easier questions to relax the interviewee and build rapport (Friesen, 2010) because in many cases the researcher and interviewee had not met or spoken much before the interview.

**Table I- Interview Guide**

Section of the interview	Points of discussion
Introduction to interview	<ul style="list-style-type: none"> <li>• Face-to-face meetings with partners could be essential in building a successful long-term business relationship, but face-to-face communication isn't possible on a weekly or even monthly basis.</li> <li>• Therefore, Chem-Manu is looking at ways to better build and manage relationships on a more frequent basis.</li> <li>• So that Chem-Manu can service your needs effectively over the long term, they are carrying out this piece of research to understand if further developing e-business could assist in achieving these goals together.</li> </ul>
Ethics	<ul style="list-style-type: none"> <li>• Required to write this up afterwards to present findings and advise a strategy for Chem-Manu so going to record conversation today.</li> <li>• Transcripts and findings will be seen by Chem-Manu and the University and used for academic purposes.</li> <li>• If there are any names you need to be kept confidential please let me know. (Either now, during interviews or afterwards).</li> <li>• You are able to withdraw from the conversation or from the project at any time.</li> </ul>
Introductions to participant/rapport building	<ul style="list-style-type: none"> <li>• Discuss the participant's role within their organisation.</li> <li>• Involvement with Chem-Manu and the business relationship.</li> </ul>

<p>Regulations for registering chemical products</p>	<ul style="list-style-type: none"> <li>• Discuss overall and effects on business activity and business relationships.</li> </ul>
<p>Relationship Marketing</p>	<ul style="list-style-type: none"> <li>• What do you see as a good business relationship?</li> <li>• What benefits to business can a successful relationship have?</li> <li>• What are the requirements for achieving a long standing relationship with suppliers?</li> <li>• How does it differ with different suppliers?</li> <li>• What are the challenges in getting both parties to participate?</li> <li>• What do you think are the main reasons for wanting to participate and invest in a relationship such as this?</li> <li>• Which business relationships should be nurtured and invested in? Why?</li> <li>• How do you measure the success of a relationship such as this?</li> <li>• In your experience what barriers between businesses can occur?</li> </ul>
<p>Face-to-Face</p>	<ul style="list-style-type: none"> <li>• How important do you think face-to-face meetings are?</li> <li>• How important do you think it is to work together on common goals and what does this constitute?</li> <li>• Do you think business relationships are more difficult to manage when they are distant?</li> </ul>
<p>E-business</p>	<ul style="list-style-type: none"> <li>• How can e-business affect or change this?</li> <li>• How do you think the internet can influence business performance?</li> </ul>

	<ul style="list-style-type: none"> <li>• What is the best way to maintain, manage and build a business relationship day to day?</li> <li>• What are the benefits to managing and building relationships via e-business platforms?</li> <li>• Negatives to e-business? What are they?</li> <li>• Use of e-business currently and any benefits seen?</li> <li>• Which partners/suppliers should e-business tools should be utilised with?</li> <li>• What are the effects of an e-portal on business?</li> <li>• What kind of functionalities of an e-portal would be beneficial to you?</li> <li>• Mobile/tablet device accessibility?</li> </ul>
Close	<ul style="list-style-type: none"> <li>• Excellent examples- e-business or business relationships?</li> <li>• Does the participant have any questions for Interviewer?</li> <li>• Anything else Interviewee thinks should have been discussed in the interview?</li> </ul>

\*Other questions often come up in between these discussions, the above was used as a guide only.

Some interviews were conducted face-to-face, which is the preferred technique if participants are accessible and there are small numbers of people taking part (Gillham, 2001). However, face-to-face interviews are time consuming and costly and since information shared during interviews is neither subtle nor sensitive (Gillham, 2001), it was appropriate to conduct some interviews over the telephone or via Skype. Skype is a calling, video chat and messaging platform via the internet but was used in this case for video and instant chat. Both telephone and Skype interviews were offered to participants who could not be met face-to-face so that those with limited internet access were not alienated (Hanna, 2012), which is important in this case as the aim is to gain an understanding of the parameters of e-business so if limited users are alienated the research aims could not be

achieved. Furthermore, offering both mediums also increased availability of potential participants (Holt, 2010) meaning those that were unable to participate in one medium were generally able to partake in another. Additionally, both mediums offer flexibility to re-schedule at last minute (Hanna, 2012; Holt, 2010) which can be important for busy individuals. Research has suggested that telephone interviews do offer a viable alternative to face-to-face (Hanna, 2012) and for those comfortable with using the telephone, it should not be considered any less effective than face-to-face interviewing (Holt, 2010).

Probes were used in all interviews to improve interviewees' responses (Easterby-Smith et al., 2002). Drawing out techniques where ideas were suggested to participants were used when participants came to a halt, the researcher also mirrored responses so participants could re-think their responses and finally, silent probes were used allowing interviewees time to think (Easterby-Smith et al., 2002).

All interviews were recorded on an audio device and self-transcribed by the researcher to familiarise with the data and gain a better insight into occurring themes in initial data analysis (Fletcher and Shaw, 2011). Hesitations, pauses, anacolutha and interruptions were also transcribed (Hannabuss, 1996) to include important aspects of interaction such as emotion (Paget, 1983).

### 3.5 Sampling Strategy

In qualitative research, the sample size is theoretical and purposeful, looking for cases that give maximum information guided by data saturation to the point where little or no new information is added (Gummesson, 2005). Therefore, the researcher conducted as many interviews as were accessible within the timeframes of the project. Interviewees were obtained from two distributor firms and from two chemical customers of Chem-Manu and included only director/managers. The chemical customers use products for their own purposes and have necessary knowledge of the chemical industry, the registration processes and international business and also provide a larger firm perspective. An international focus to the study was chosen as previous RM research suggests that changes in the relational behaviour of markets should be investigated as firms operate in multiple markets and different markets may have different needs (Veloutsou et al., 2002).



There is a debate amongst authors in the literature in regards to the number of cases that should be used in qualitative research; multiple or single case studies. Flyvbjerg (2006), states that the method chosen should depend on the problem under study, whilst Yin (2009) takes the view that multiple case studies are more powerful because researchers are not putting all their “eggs in one basket”. Yin (2009) also suggests that whilst multiple cases allow direct replication of studies, criticisms of single case studies usually reflect fears regarding uniqueness, for example, special access to key informants. This criticism has been rejected in this case as the researcher was well prepared and ensured access to key informants was granted before beginning the research. Furthermore since this a typical case of a chemical manufacturing firm believed to be typical of many other manufacturers in the same industry, a single case is said to be appropriate (Yin, 2009). This means that lessons learned from this case are assumed to be informative about the experiences of the average chemical manufacturing SME (Yin, 2009). Additionally, W.I.B Beveridge observed, “more discoveries have arisen from the intense observation than from statistics applied to large groups” (Kuper and Kuper, 1985) suggesting that a more detailed and deeper understanding can be gained from focussing research on one case rather than spreading resources amongst numerous cases resulting in a thin description (Stake, 2005). Dyer and Wilkins (1991) also agree that single case studies generate strong theory. Finally, a purposive sample was selected to allow results to come from the most typical cases.

A purposive sampling strategy means key informants were selected on the basis of their customer/distributor status with the case study firm and their first-hand knowledge of the firm and industry, thus their ability to answer the research question. Customer/distributor participants were all at senior level and can speak on behalf of the organisation (Kumar et al., 1993; A. Bryman, 2000); a variance in hierarchy could mean interpretations vary (Kumar et al., 1993). Participants with good English will be selected making translation unnecessary. This is further endorsed as research suggests translation does not guarantee level of understanding will be increased (Koulouriotis, 2011). Additionally, the use of a translator can have negative impacts on research as it does not allow for sufficient build-up of rapport between researcher and participants (Murray and Wynne, 2001) and can also lead to misinterpretations and a lack of understanding. Multiple informants will increase the reliability (Kumar et al., 1993) and credibility of research increasing authenticity and plausibility. Time and money restrictions of interviewing overseas customer/distributors was

overcome by interviewing whilst customer/distributors were visiting the UK or via telephone or Skype (Bryman and Bell, 2011).

### 3.6 Data Analysis

Thematic analysis consists of identifying, analysing and reporting patterns (themes) within the data (Boyatzis, 1998). Transcription of the interviews was the initial step in preparing the data for analysis (Holloway and Wheeler, 2010). Transcripts were then reviewed and coded depending on the potential theoretical significance (Bryman and Bell, 2011). Coding was done as soon as possible to ensure the sharpest understanding of data (Bryman and Bell, 2011) and from these codes, themes were then established (Holloway and Wheeler, 2010). Due to the lack of current knowledge on the e-business platform in RM, thematic categories were developed out of the data meaning data was not forced into predetermined categories from the literature (Brinkmann, 2013). Data was manually analysed because it is viewed that interpretation cannot be taken over by computers in qualitative research, even if software is available to facilitate research (Gummesson, 2003). Whilst data analysis software packages such as NVivo can increase the speed of the data analysis and interpretation process (Seale, 2002), interpretation requires continuous fine-tuning as the research unfolds (Gummesson, 2003) which can be addressed thoroughly through manual analysis.

The amendment of the themes evolved as the coding process was carried out. Firstly transcripts were coded into groups to form clusters of similar codes. Anything not relevant to the aims and objectives of the study were left out of the process. The most relevant to the aims and objectives and the groups that were most common across interviews were grouped again to form the themes. The benefits of this manual coding process is that the researcher can maintain closeness to the data and so maintain the research richness and credibility. Interviews were transcribed through listening to interviews several times and this was supported by several readings of transcripts during data coding and condensing. The researcher read transcripts and coding labels multiple times to proof read (Fletcher and Shaw, 2011) and to ensure all meaning was drawn from the data. A sample of the coding can be found in Table 2. Data analysis was firstly conducted within-case and then later, cross-case (Creswell, 2007) ensuring full understanding via comparative analysis which enabled depth and richness of the qualitative data.

**Table 2- Sample of the Coding Process**

Theme	Chem-Manu Business Development Manager	Customer 2 French Sales Manager	Customer 1 Sales Manager
<p>Difficult registration process for SME's</p> <ul style="list-style-type: none"> <li>• Registration is different in every country.</li> <li>• Require quality certifications that QC doesn't have</li> <li>• Difficult due to limited resource. One person whereas multi-nationals have a department of people and even then they try to recover the costs</li> </ul>	<p>"It is difficult in that in the first instance it is different for every country, we find. Urrm and there are different requirements and in some cases, some countries require that we be GMP registered as an organisation and we are not in the GMP"</p> <p>"I think it is. Not least of which because we have limited resource (... )In truth it's her, she is our resource for achieving these registrations and that along with a plethora of other responsibilities. So we do not have a regulatory department for instance we have her and when it comes too multi nationals they invariably have a department handling these things. It is very difficult for SMEs is the answer to your question."</p>	<p>"To sell biocides in France you need to get errr, a notification so because I wanted to send samples to France I first had to work with Chem-Manu to errrm, to do all the registrations and I help them to do that. But it is quite simple in France when comparing to other countries. You just have to fill out a simple website, some information and it was ok (...)"</p> <p>"For this product now it's quite simple but in the future it will be needed an authorisation. So it will be bigger and bigger (laughs) and more expensive. Because now it's free but in the future you need to get err biocides product authorisation."</p>	<p>"If it was with someone who the relationship wasn't as good with, we'd be a lot slower in that aspect and we could have problems and have suffered a loss of business I would imagine."</p>
<p>A good business relationship is where...</p> <ul style="list-style-type: none"> <li>• There is a mutual understanding.</li> <li>• There is respect and determination</li> </ul>	<p>"A business (...) is one whereby there is mutual understanding, respect and determination to work to mutual advantage in terms of getting our products out there in the marketplace. <u>Clearly it is important that we spend time</u></p>	<p>"I need their errrm expertise about the products and erm I need also errm some support to adapt the products to my market. (...)I need some French documentation and</p>	<p>"Well I suppose good communication- there's good communication there. (...) Good communication, if there is an issue,</p>

<p>to work to a mutual advantage</p> <ul style="list-style-type: none"> <li>• Working together as a partnership and it's a two way relationship</li> <li>• <u>Information is shared and both parties can learn from one another</u></li> </ul>	<p><u>with our distributor not least of which at the outset of the relationship in order to ensure that they properly know and understand our products and what they are capable of. technically what can be achieved in order that they can relay that information to their customers. (...) we need to ensure that we deliver to time, we provide quality product at the right price and the right price is a price that erm...that can ensure that the market can afford the product. Especially when compared to competitor products."</u></p>	<p>some client adaptations and I expect to work with Chem-Manu and I can tell them what I need. <u>I need to get information from them."</u></p> <p>"(...) the relationship is very good and errr they are very reactive. Because we were starting about one year ago and we had a lot of questions and I sent a lot of questions for Chem-Manu and errr yeah, I got errr very fast answers so for me it was good"</p>	<p>problems are dealt with quickly."</p>
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Table 2 is a small sample to demonstrate how the coding process began. This was done for all of the interviews with all participants. Following this the themes/findings were grouped and analysed.

### 3.7 Credibility

Quality of research, referring to the transparency of the research process (Seale, 2004), is reflected through credibility (Tracy, 2013). Credibility concerns the validation of the findings and results of research (Seale, 2004). Credible qualitative research is thick in description, heavily detailed and multivocal (Tracy, 2010). Bryman and Bell (2011) state that research must be carried out according to good practice and researchers should obtain respondent validation. In this case since participants are busy individuals the researcher emailed the interviewee for clarification on any uncertain aspects of the interview.

Gummesson (2000) suggests in order to add credibility to research, the correct data should be collected and any interpretations should be supported by the data. Furthermore, credible research should possess the correct data and rendering of statements (E. Gummesson, 1991). This was ensured by self-transcribing of data and re-reading and listening to

interviews a number of times. Credible research should also make a contribution and deal with relevant problems (E. Gummesson, 2000); in this case research is addressing a real business problem. Finally, feedback was sought from the research supervisors on each chapter of research.

### 3.8 Ethics

Ethics in research is the process of studying moral standards and applying them throughout the study (Weathington et al., 2012) and ethical studies morally consider the rights of participants (Saunders et al., 2009). The first step taken to ensure ethics have been followed is ensuring that the researcher has sufficient competence and skills to collect and analyse the data (Weathington et al., 2012); the researcher spent 12 months studying the case firm and the research question so that this was ensured.

Participants understood the purpose of the research and voluntary informed consent was obtained before the collection of data; this means that all participants of the study took part of their own free will (Bryman and Bell, 2011; Weathington et al., 2012). This was done by presenting participants with a short description describing the research and they accepted participation via email. Additionally, participants understood they could decline participation or withdraw from the study at any time, without consequence (Weathington et al., 2012). Consent to audio record interviews was also sought; this explanation included how recordings were to be used to transcribe interviews (Weathington et al., 2012).

Participants also understood the possible benefits of participating (Weathington et al., 2012) which were outlined in the email. Benefits include; a potential for a better relationship/partnership, increased relationship marketing efforts and better understanding of customer/distributors ideas, views and needs.

Whilst the enquiry of interviews was not negative, all participating companies were given anonymity with just their job title disclosed. It was thought that the customer company names should be limited to a description (Customer 1, 2 etc.) as some formal agreements with customers require this. Participants were not caused physical or psychological harm throughout any of the study and data is password protected (Saunders et al., 2009).

Following completion of the study, the data will be available to the researcher and the University. Participants will have access to results upon request (Saunders et al., 2009).

### 3.9 Limitations

Although research was balanced by using one case with multiple interviews, Yin (2009) does suggest research should not be limited to just one case. However, due to time constraints and so not to dilute efforts and resources, as well as access to only one firm, this research study involves one case with multiple interviews. Therefore, this research does not claim to make the findings generalizable to a population i.e. all UK chemical manufacturers.

The self-reporting nature of interviews could also be the cause of limitation within this study. Inaccurate self-reported data can be caused by recall bias which occurs when participants are asked to recall retrospectively (Stone and Shiffman, 2002). However, this study did not require the participant to recall many past experiences and interviews were mainly focussed around opinions, facts regarding the organisation they work for and every day processes and occurrences. Whilst it is believed that participants of this research had little or no reason to give desirable answers, social desirability bias can also limit research (Vetschera and Guenter, 2012). Additionally, errors in self-observations can also limit research (NCCPC, 2009), or in this case, errors in company understanding. To avoid this as much as possible, only participants in managerial roles were selected.

Another limitation could be that participants knew they were being recorded and in some cases due to time and accessibility constraints had never spoken with the researcher before so may have answered in idiosyncratic ways (Hannabuss, 1996).

Finally, language caused some limitations to research. The research aims to understand the parameters of e-business in building and managing relationships with international customer/distributors which meant in some cases potential participants could not be reached because they cannot speak English. Also in some cases it was difficult for participants to understand questions so questions were repeated, which may have caused a distraction in the interview.

### 3.10 Knowledge Contribution

There has been a contribution to academic RM literature by adding a new SME, B2B voice to deepen understanding of RM through e-business. There has been a contribution to business knowledge by utilising information from the study to develop RM strategy via e-business platforms to secure the longevity of the firm and foster stronger customer/distributor relationships with minimum costs and resources for the SME.

### 3.11 Replication of the study

For this study to be replicated, access to the same level of participants would be required which may be difficult as access to the case company and international managerial personnel was not easy. However, if access to a company and their customer/distributors is sought and the experimenter is knowledgeable of the subject then the study is replicable and made easier with the interview guide (Table 1) and literature review.

### 3.12 Pilot Interview

A pilot interview was carried out leading to the following adjustments to the interviewing process:

- Participants were sent a brief outline of the topic before interviews took place. This was to ensure they fully understand the reason for the research and understand terms like 'e-business' for example. Additionally, it gave participants particularly those whose first language is not English, time to read over the topic and ask any questions prior to research saving time during interviews.
- From the pilot interview it was also realised that the research interviews might be shorter than first intended. This was due to the participants being in senior roles within their organisation so in some cases would have less time to spend. The pilot participant was a visitor from the UAE so did not have much time before having to leave for the airport. This needed to be considered as it would be the case with other interviewees later in the process.

#### **4.0 Data Analysis and Discussion**

This chapter focuses on the findings of the study undertaken around the management of the Chem-Manu customer/distributors via e-business channels. To ensure focus on the research question, discussions will be structured around the research objectives (two-five) outlined in chapter 1.2 (objective one is satisfied in the literature review in chapter two). This chapter highlights themes related to the objectives, and discusses them back against the literature. A short description of each theme within the findings is outlined in Table 3.

The key themes contained in Table 3 were selected to provide the framework to discuss the findings because these were the ones focussed on most by participants in interviews. The 11 key themes in Table 3 are a relatively small proportion of potential themes that the first phase of coding identified. Transcripts were coded, producing 168 codes which were grouped into 20 themes forming clusters of similar codes. These 20 themes were further condensed to form the 11 key themes presented in Table 3. This inductive process was driven by frequency of occurrence in the content analysis and the emphasis placed on them by participants.



**Table 3- Description of Themes**

<b>Themes</b>	<b>Definition</b>
Difficulty of the registration process (objective 2)	The difficulty of the processes involved in registering chemicals and chemical products and disinfectants for SMEs in Europe and beyond.
Honesty & Transparency (objective 3)	The nature of communications and behaviours within a relationship between the case firm and their customer/distributors must be honest and transparent.
Service (objective 3)	The service provided to customer/distributors by the case firm.
Importance of a Partnership Status (objective 3)	Partnership in this context refers to two business parties working together towards common goals for mutual benefits.
Issues & Benefits (objective 3)	The issues and benefits experienced by participants in business relationships.
Measuring Relationships (objective 3)	How participants know that a relationship is successful and how they measure RM (relationship marketing) success.
Perceived Challenges of E-business (objective 4)	'Challenges' refers to issues participants either have experienced or think they may experience when using e-business tools.
Building and Enhancing Relationships Through E-business (objective 4)	A positive effect of e-business on building relationships from the start or enhancing already existing relationships.
Perceived Benefits of E-business (objective 4)	How participants think e-business can benefit business and RM.
Functionality Requirements of E-business (objective 4)	Functionalities participants would like to see from any e-business tool, particularly an e-portal and what they require.
Key Accounts & Development (objective 4)	How an e-portal or new e-business tool can be introduced to the relationship between a customer/distributor and the case firm.

To further contextualise the data, a description of each participant and company is outlined in Table 4. A brief summary of this is outlined in Table 4.1.

**Table 4- Participant Descriptions**

Business Development Manager, Chem-Manu
<ul style="list-style-type: none"> <li>• Business Development Manager at Chem-Manu for 2.5 years.</li> <li>• Associated with Chem-Manu for 10 years, previously advised the Company as a consultant.</li> <li>• Role is to grow the business and is so far successfully growing the business at the rate of 20%+ per annum (for the last two years).</li> </ul>
Scientific Director, Chem-Manu
<ul style="list-style-type: none"> <li>• Responsible for everything regulatory and technical.</li> <li>• Joined the family business over 15 years ago.</li> <li>• Also takes responsibility for reviewing product labelling, product quality and quality analysis such as stability studies.</li> <li>• Responsible for the Companies Quality Management System and certification (ISO).</li> <li>• Also taken responsibility and seen over a lot of the sales and marketing aspects of the business in the past.</li> </ul>
Sales Director, Customer I
<ul style="list-style-type: none"> <li>• Been in the industry for over 25 years.</li> <li>• Responsible for marketing (promotions, website design etc.), growing and developing customer accounts and seeing over the general sales process and structure.</li> <li>• Customer I is an SME that has been dealing with Chem-Manu for 4 years. They first approached Chem-Manu in 2010. The relationship developed into a joint development project and they now have a relationship whereby Chem-Manu manufacture their own branded dairy hygiene products and Customer I distribute/sell them around the UK and Ireland.</li> </ul>
Sales Manager, Customer I
<ul style="list-style-type: none"> <li>• Works with Sales Director at Customer I.</li> <li>• Son of the Managing Director and has worked with Customer I for 4 years.</li> <li>• Responsibilities include looking after developed accounts and training the sales teams at the merchant businesses Customer I uses.</li> <li>• Has been involved with the relationship with Chem-Manu since the beginning.</li> </ul>
Managing Director, Customer 2
<ul style="list-style-type: none"> <li>• Managing Director at Customer 2 in the Netherlands.</li> <li>• From Holland and speaks English fluently.</li> <li>• Customer 2 has been dealing with Chem-Manu for just over a year.</li> </ul>

<ul style="list-style-type: none"> <li>• Customer 2 is a supplier of biocides including that of veterinary hygiene. Chem-Manu supplies Customer 2 with both raw materials and animal hygiene products. Customer 2 is currently trying to break into several European markets (Poland, France and The Netherlands).</li> </ul>
Sales Manager, Customer 2
<ul style="list-style-type: none"> <li>• Sales Manager at Customer 2 responsible for putting biocides into the French market.</li> <li>• French speaking and speaks English fluently.</li> <li>• Role is very technical and regulatory and she has good knowledge of current regulation. She is currently working to understand future regulations that will affect the sale of Chem-Manu products such as the BPR (Biocidal Products Directive).</li> <li>• Has been involved in the relationship with Chem-Manu since the beginning.</li> </ul>
Sales Manager, Customer 2
<ul style="list-style-type: none"> <li>• Sales Manager at Customer 2 responsible for putting Chem-Manu dairy hygiene products into the Polish market.</li> <li>• Polish speaking and speaks English fluently.</li> <li>• First job role out of university and worked with Customer 2 for almost a year.</li> <li>• Role involves regulatory matters as Chem-Manu products must be registered in Poland.</li> </ul>
Logistics Manager, Customer 3
<ul style="list-style-type: none"> <li>• Customer 3 is a large multinational company.</li> <li>• Customer 3 has been engaged in a relationship with Chem-Manu since 2011 and this participant has been involved since the beginning. However, has not always played a major role in the relationship.</li> <li>• Customer 3 has manufacturing, sales and distribution capabilities across Europe, Africa, the Middle East, the Americas and Asia Pacific.</li> <li>• Customer 3 purchases raw materials from Chem-Manu; the raw materials have a very strict specification.</li> <li>• Looks after the raw materials packaging, engineering materials logistics and the services contracts. Also makes sure that the specifications are correct.</li> </ul>
Purchasing Manager, Customer 3
<ul style="list-style-type: none"> <li>• One of a team of purchasing managers taking responsibility for the raw materials.</li> <li>• Role is commercial, not technical.</li> <li>• Has been involved in the relationship with Chem-Manu since the beginning.</li> </ul>
Supply Chain Manager, Customer 4
<ul style="list-style-type: none"> <li>• Large multi-national company that has been in a relationship with Chem-Manu for over a year.</li> </ul>

- Participant has been involved with the relationship since the beginning.
- Takes a responsibility for supply planning including operational purchasing.
- Also in charge of logistics and warehousing across the UK and Europe.

**Table 4.1 - Summary of Participants**

<b>Company Name</b>	<b>Role</b>	<b>Market</b>	<b>Relationship with Chem-Manu</b>
Chem-Manu	Scientific Director	N/A	Chem-Manu employee for 15+ years
Chem-Manu	Business Development Manager	N/A	Chem-Manu employee for 2 years, advisor for 10
Customer 1	Sales Director	UK & Ireland	4 year relationship with Chem-Manu
Customer 1	Sales Manager	UK & Ireland	4 year relationship with Chem-Manu
Customer 2	Managing Director	Europe	1 year relationship with Chem-Manu
Customer 2	Sales Manager for France	Europe (dealing with France specifically)	1 year relationship with Chem-Manu
Customer 2	Sales Manager for Poland	Europe (dealing with Poland specifically)	1 year relationship with Chem-Manu
Customer 3	Logistics Manager	Europe, Africa, the Middle East, the Americas and Asia Pacific	3 year relationship with Chem-Manu
Customer 3	Purchasing Manager	Europe, Africa, Middle East, the Americas and Asia Pacific	3 year relationship with Chem-Manu
Customer 4	Supply Chain Manager	Europe, the Americas, Middle East, Africa and Asia Pacific	1 year relationship with Chem-Manu

Data analysis was firstly conducted within-case and then later, cross-case (Creswell, 2007) ensuring full understanding via comparative analysis which enabled depth and richness of the qualitative data. The coding process was carried out manually to maintain closeness to the data and so maintain richness and credibility, a sample of this can be found in Table 4.

#### **4.1 Explore the issues relating to the chemical registration processes in the small firm context (O2).**

This research objective sought to identify and explore the issues chemical SMEs face when registering chemicals and chemical products in the UK and internationally. The difficulty of this process was stressed by participants throughout; findings within this theme are presented in 4.1.1.

##### 4.1.1 Difficulty of the Registration Processes

As outlined in the introductory chapter, the chemical registration processes in Europe and in some cases beyond, are extremely challenging for both large and small firms (Pelkmans et al., 2013). This is a mutual challenge for the case firm and their customer/distributors.

Both the literature and current study reveal that the high costs and huge amounts of time it takes to register chemicals are key reasons why registration is so difficult for firms. The literature states that whilst there is a fee reduction in Europe for SMEs, this is just a small fraction of the overall compliance cost (Beacham, 2013; Pelkmans et al., 2013) and if this overall cost is expensive for multi-nationals, for SMEs it is near impossible. The findings of this research are in line with this, evidence is presented in Table 5.

As well as the basic registration costs, the current study reveals that there are also other hidden costs involved with being able to sell chemical products abroad. The findings revealed that GMP (Good Manufacture Practice) certification is required for registering products in some countries outside of the European Union. The literature does not discuss these further expenses that demonstrate the complexity of registering chemical products abroad. Further requirements such as GMP can incur further time and costs to the resource restrained small firm. Evidence of this finding is presented in Table 5.

The literature highlights that SMEs are generally more vulnerable in the marketplace than larger firms (Suh and Kim, 2014) and the main reason being is that they are particularly resource constrained (Reijonen and Laukkanen, 2010). This means finding the time and

money to be compliant or meet specific requirements is particularly difficult especially when further costs are discovered. The findings of this study show that both the case firm and customer/distributors are in unanimous agreement with the literature in that SMEs have limited resource making registration processes next to impossible. This research study demonstrates that one of the main issues is that multinationals have large teams of staff dedicated to dealing with regulatory matters as well as often recruiting consultants, whereas SMEs do not have this level of resource, as often only one individual takes on regulatory responsibilities. Evidence to support this finding is presented in Table 5. This is another area in which this research is adding to current knowledge.

The literature also states that larger European firms form consortiums and make it impossible for smaller competitors to join and many larger firms have also been involved with the drafting of regulations (Booker, 2008) raising questions of bias. This along with the high costs for SMEs means some regulations are almost causing a monopoly in the industry. The findings of this study demonstrate the reality of this situation for the small firm and confirm that only larger firms are benefitting from the regulations, creating this anti-competitive marketplace. Table 5 presents evidence for this finding.

Finally, as well as discussing registration from the perspective of the small chemical manufacturer, participants from the case firm have also highlighted that customer/distributors may also have limited resources and may also be attempting to register other manufacturers products. Consequently they may have limited time to focus on registering Chem-Manu products. This is not considered in the current literature. Not only are customer/distributors often registering multiple products but the manufacturer too maybe attempting to register more than one of its own products. The focus of the literature is on specific sets of regulation and does not consider that manufacturers maybe registering multiple product types and in more than one territory so may have to face multiple sets of regulatory procedures and perhaps several at any one time. The research findings demonstrate that this is particularly difficult and time consuming because procedures for registration are different in every country. As well as this, foreign authorities control registration procedures so can make the process more difficult for the foreign manufacturer. Whilst it is clear from the introduction chapter that chemical registration is controlled and steered by regulatory authorities, the literature does not state that authorities can holdup foreign chemical products to suit their circumstances.

**Table 5- Evidence to Show the Difficulties of the Chemical Registration Processes**

<b>Participant</b>	<b>Time</b>	<b>Cost</b>	<b>SMEs v Large Firms</b>	<b>Market Factors</b>
Business Development Manager, Chem-Manu	“... It is not unusual for product registration in countries abroad to take 12 months, anything less than that is a bonus.”	<p>“It’s not to mention the cost ... complying with regulation both for ourselves as a company within Europe as well as registering our products in various other countries in Europe and beyond is substantial and in some cases it is potentially horrendous. For instance compliance with BPR ... could actually cost ... a million pounds plus.”</p> <p>“... there are different requirements in some cases, some countries require that we be GMP registered as an organisation and we are not ...”</p> <p>“It (GMP certification) hasn’t been necessary until now. We now need to give this consideration as some overseas markets outside of the EU require it for registration. GMP involves investing further resource towards registering products abroad ... not having this is currently costing us a lot of business so once we have that we can expand into these markets ... We have had to hire consultants so we might need to change some internal systems ... to be compliant and then on top of this there are certification costs every few years.”</p>	<p>“I think it is (more difficult for SMEs) ... because we have limited resource.”</p> <p>“... the problem from the distributor perspective is they too have undoubtedly got limited resource and a number of products that they are already putting into the market...our range of products can be one of those ranges.”</p>	<p>“... The Vietnamese regulatory authority has put on hold the registration of various products, our own included, for periods of 6 months at a time in order that they can get their own house in order...”</p> <p>“...it (registration) is different in every country, we find.”</p>
Scientific Director, Chem-Manu	“REACH regulations, again they are quite bulky to handle and it’s only multi-nationals that basically	<p>“The cost of these regulations is tremendous even for the multi-nationals who are desperately trying to recover these costs.”</p>	<p>“... It’s next to impossible for SMEs to manage registrations.”</p> <p>“Large firms have teams of staff dealing</p>	<p>“... They (authorities) can make things completely impossible for you...”</p>

	<i>benefit by pushing out the smaller competition ... (REACH can take) anything from 6 to 24 months."</i>		<i>with regulatory procedures, SMEs might not even have one qualified person."</i>	
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When considering chemical registrations and the relationship between two parties, participants believe that relationship is even more important when businesses have to keep up with regulations. Also when two parties have a good business relationship, registrations can be achieved more efficiently and customer/distributors are more likely to remain focussed and interested in Chem-Manu. Evidence is presented in Table 6.

**Table 6- Evidence to Show the Importance and Effects of a Good Business Relationship on Registration Processes**

<b>Importance of relationship due to registrations</b>	<b>Effect of a good business relationship on registration processes</b>
<i>"... The relationship means more when you have to keep up with regulations."</i> (Supply Chain Manager, Customer 4)	<i>"A good relationship makes the process of registration easier!"</i> (Sales Manager for Poland, Customer 2)
<i>"If the relationship doesn't work out with that particular distributor we have to start all over again and we have wasted a lot of time."</i> (Scientific Director, Chem-Manu)	<i>"If trials and registration was carried out with someone who the relationship wasn't as good with, we'd be a lot slower in that aspect and we could have problems and have suffered a loss of business I would imagine."</i> (Sales Manager, Customer 1)

This further confirms the need for Chem-Manu to build and manage strong, long standing relationships with customer/distributors. Interestingly, the literature suggests that if parties invest in non-recoverable resources such as time, they are more likely to want to maintain the relationship (Pai and Tsai, 2012). In direct contrast however, the current study finds that many distributors leave the relationship even after investing time into registration and into building the relationship itself. Probing the participants, the likely reason for this is due to the lengthy registration timescales. This suggests further research is required into the break



down and sustainability of small firm relationships in the industry due to the long timescales, high costs and the lack of a level playing field involved in the registration of chemicals and chemical products.

#### **4.2 Understand the nature, importance and requirements of relationship marketing from the perspective of both the manufacturer (Chem-Manu) and their customer/distributors across international markets (O3)**

This section addresses objective 3 which sought to understand how important relationship marketing (RM) is, what good businesses relationships look like, and what is required from each party.

##### 4.2.1 Honesty and Transparency

In the findings of this research, the nature of RM and what participants believe is required for a good, long standing business relationship are strongly linked with honesty and transparency.

*“(a distributor) has been critical of Chem-Manu and has been specific in his criticisms ... he is specifically identifying where we are failing and is doing so whilst continuing to regularly buy from us as a first class distributor ... That is a good relationship frankly whereby the customer is prepared to tell us what is wrong ...”*

(Business Development Manager, Chem-Manu)

The case firm looks for honest and transparent relationships so they can improve upon weaker areas of business and service. Furthermore, the research revealed that the two parties often have different areas of expertise or different levels of knowledge on aspects of industry or business understanding so therefore they must information share and learn from one another. The literature states that good RM can lead to organisational learning (Madhavaram et al., 2014) to help SMEs share resources to overcome the newness of business (Lee et al., 2012). Interestingly, participants of this study believe sharing information and organisational learning comes first and is a requirement to improve services and ultimately RM.

*“(for a good relationship) I need their (Chem-Manu’s) expertise about the products...I need to get information from them.”*

(Sales Manager for France, Customer 2)

*“... What I know about my experiences in Poland I share with Chem-Manu. And Chem-Manu...shares their knowledge. So it’s information sharing ... to stay in a good relationship ... the exchange of information is necessary.”*

(Sales Manager for Poland, Customer 2)

According to the research, in order to information share in this manner parties must maintain frequent communication.

*“There’s good communication there.”*

(Sales Manager, Customer 1)

*“A good relationship has frequent communication.”*

(Scientific Director, Chem-Manu)

Furthermore, participants from the case firm believe close communication allows customer/distributors to feel more involved with the manufacturer’s team, something they perceive as important. This is another aspect which is not explored in the current literature and could be explored further in future research to understand the customer/distributor view.

#### 4.2.2 Service

The research has now established that good frequent communication can lead to organisational learning which then can lead to a better service. This is illustrated in Figure 1.

**Figure 1- Steps to an Improved Service**



The literature emphasises the significance of service by stating that it is the service provided that is important in RM (Gronroos, 1999). The findings correspond with this as participants state that a good business relationship is one where Chem-Manu is able to service partners in terms of delivery and lead times, quality and speed in which queries are solved.

The current study shows that customer/distributors believe face-to-face meetings are a way for Chem-Manu to show they 'care' for partners and demonstrates that Chem-Manu is servicing them and putting work into the relationship.

*"(Face-to-face communication) identifies that we care about them, identifies that we'll take the time and trouble to meet them, to talk to them and/or to invite them here."*

(Business Development Manager, Chem-Manu)

*"... They tend to make the effort to come and to you know, fly over for a meeting."*

(Logistics Manager, Customer 3)

Participants also state that face-to-face meetings are an opportunity for the two parties to exchange information, learn from one another and ultimately build confidence for the basis of a good business relationship.

*"A face-to-face meeting is important to ensure a confidence between the partners. When you know the people, the facilities... it is easier to sell their products."*

(Sales Manager for France, Customer 2)

*"... You need to sit around the same table to discuss about business and also discuss about what is going on in the market ... what's happening about new regulations."*

(Managing Director, Customer 2)

Findings reveal that face-to-face communication is the most common and effective way for parties to solve any issues and to discuss areas of concern or importance. This is in line with the literature which states that there is no substitute for the value of face-to-face interaction (Geigenmülle, 2010).

Whilst this is important, the literature does state that frequent face-to-face is time restricted and costly for businesses (Liang and Chen, 2009; Zheng et al., 2004). Remarks made by participants of the current study are in line with this.

*“There just isn’t enough time in the day to sit with every supplier.”*

(Purchasing Manager, Customer 3)

*“We don’t spend enough time with face-to-face contact which is obviously a difficulty because of the geographical location of where we are they are.”*

(Business Development Manager, Chem-Manu)

Whilst the literature states that face-to-face visits are expensive and time consuming it does not explore how often parties should meet. The current study therefore adds to current knowledge by revealing that parties find it necessary to meet every 6-12 months. However, due to resource constraints discussed, parties prioritise their partners so to understand which relationships they should meet face-to-face with frequently.

*“I mean in terms of priority with some suppliers, some need to be monthly, some need to be quarterly, some need to be sort of annually. I think you need to rank those in terms of priority... in terms of you know how much business you’re putting by that particular Toller.”*

(Supply Chain Manager, Customer 4)

Results reveal that face-to-face meetings are not the only aspect that participants prioritise in RM but in fact must prioritise business relationships as a whole, nurturing the most valuable. Participants of this study state that relationships should be prioritised depending on the type of product supplied, (i.e. if the product is very technically challenging) or the amount of revenue an account or partner generates for the business.

*“... Some (relationships) are fairly routine, fairly blasé. They supply that, we pay the bills ... some of them are far more crucial and critical and they’re the ones we keep an eye on and we go and see ... they need to see us face-to-face. Understand what we’re about and we need to understand them. That certainly doesn’t happen in all cases.”*

(Purchasing Manager, Customer 3)

*“I think as a business you have to (prioritise) ... I think more resources do need to be spent on those worth more.”*

(Scientific Director, Chem-Manu)

The literature states firms should develop a RM portfolio including only relationships adding to the firm's efficiency and/or effectiveness (Hunt, 1997) and should calculate the cost and revenue of relationships to ultimately understand which are most profitable and thus focus more efforts on these relationships (Gummesson, 2004). The current research is in accordance with this area of the literature.

#### 4.2.3 The Importance of a Partnership Status

The literature states that for business relationships to be successful parties must work together, aiming for a mutual gain or win-win situation (Gronroos and Helle, 2012). Findings of the current study correspond with this.

*“A good business relationship that Chem-Manu has with a distributor or a partner is one whereby there is mutual understanding, respect and determination to work to mutual advantage in terms of getting our products out there in the marketplace.”*

(Business Development Manager, Chem-Manu)

The literature states that in a good relationship, parties should receive equal benefits from that relationship and also parties should share goals and have cooperation in behaviours (Hunt, 1994). The current study shows that parties agree with this but want to take it a step further in that participants expressed a need for a 'partnership' status, whereby both parties work equally towards a common goal and one is not in control of another or in control of the relationship. Customer/distributors feel the supplier/manufacturer – customer/distributor status is not enough and that the two parties must be 'partners' in order to deal with the demands of the marketplace.

*“... in the past it was possible to have a supplier-distributor relationship...nowadays you have to be more of a partner. More of a partnership ... Because you are in the same boat ... and the market is becoming very much more transparent [... competitive ...] than ever before so you need to rely on each other. This is a big difference from the past.”*

(Managing Director, Customer 2)

*“The way I see Chem-Manu...it was never just a supplier...I don't see it as you know, you're the supplier and we're the- it's not like that. It's more of a partnership ... you get the best out of the whole situation then because you can talk to each other. You can ask us*

*what you want, we can ask you what we want and ... you reach a point where it's beneficial to both parties."*

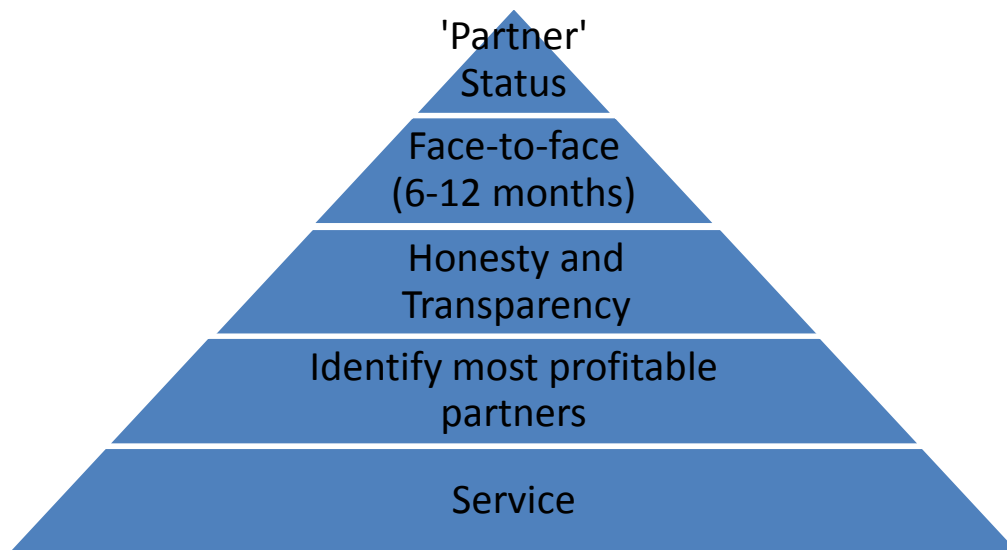
(Sales Director, Customer 1)

Customer/distributors see 'partner' as a more respectful and equal term particularly when a large proportion of their business is with the case firm. Participants believe this status helps parties to be more honest and transparent thus leading to a successful, long term relationship.

Figure 2 illustrates the building blocks the manufacturer must engineer in order to achieve a 'partner' status with a customer/distributor. Building blocks include the most important themes and factors already discussed to ultimately achieve a good long standing business relationship. Figure 2 is a new conceptual development.

Figure 2 illustrates that firstly the firm must provide the existing or potential customer/distributor with good service, the features of good service are outlined in Figure 3. Next the manufacturer must identify its most profitable partners in order to prioritise relationship marketing (RM) efforts. Then the firm must ensure that communications and behaviours are in line with building honesty and transparency, this is to enable information sharing and organisational learning. The next stage is to ensure the two parties meet face-to-face every 6-12 months in order to build confidence in one another's abilities and to solve or discuss any outstanding issues. Each building block is developed over time and when 'partner' status is achieved the manufacturer must revisit the first stage to ensure all stages are continuously being met.

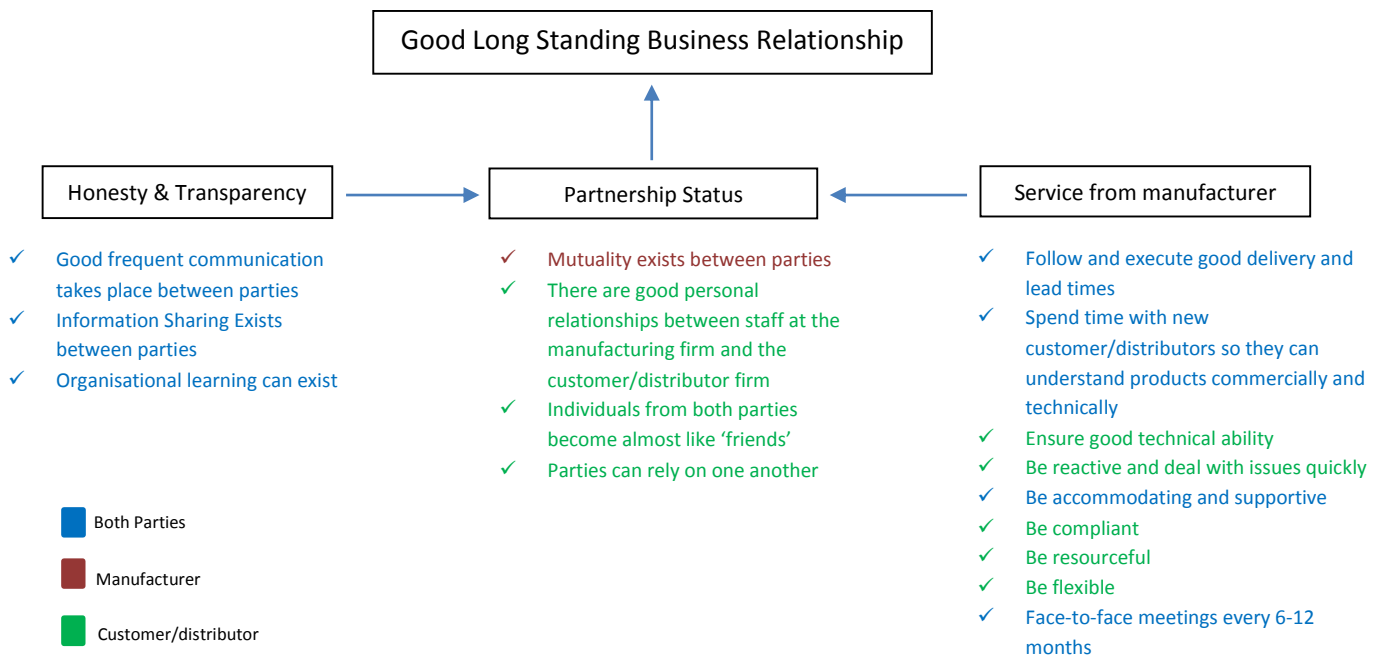
**Figure 2- The SME International Manufacturers 'Partner' Hierarchy**



When manufacturers consistently complete practices outlined in Figure 2, firms can achieve partner status which is key for a long standing relationship. This is even more important for the small chemical firm tackling regulations.

As a summary, Figure 3 shows three themes from the findings and underneath each theme are the specific findings within that theme. Written in blue are points in which the case firm and customer/distributors have agreed, in orange are the points made by the case firm only and in green by the customer/distributor only. Figure 3 can provide opportunities to identify areas for improvement and development in RM as the case firm can learn from points made by the customer/distributors.

**Figure 3- Good Long Standing Business Relationship Hierarchy**



Whilst only participants from the case firm discussed mutuality, it was alluded to by participants from the customer/distributor firms. Language like 'we' is often used by the customer/distributor to refer to the two firms and the case firm is often referred to as a 'partner'. Additionally, the first two benefits highlighted by participants presented in Figure 4 also allude to themes of mutuality.

Participants from customer/distributor firms also stated that relationships between individuals from each firm should be almost like friends.

*"... the right personal relationship. It really helps from a business perspective. You can have all the contracts in the world but frankly if you ... don't like the people you're dealing with ... when it hits the fan you don't get the same response as to when you have the right relationship ... It's a bit like normal interaction that you have with your friends, if you're polite with them, if you're courteous, if you're accommodating you stay friends. It's as simple as that."*

(Purchasing Manager, Customer 3)



Whilst friendship in business relationships is not a main focus of this study this theme does correlate with existing organisational behaviour literature (Ingram and Zou, 2008) and highlights an area for future research.

#### 4.2.4 Issues and Benefits

Results from the study highlighted that whilst there are barriers or issues that can occur in a business relationship, the benefits of a successful relationship outweigh them. This is demonstrated in Figure 4. Benefits highlighted by participants in line with the literature are that; longer term relationships can be achieved (Miquel-Romero et al., 2014) and firms will see increases in financial performance (Madhavaram et al., 2014). The literature also suggests culture can be a barrier to an international relationship (Nguyen and Nguyen (2014) participants of this study do not find that to be the case. There are ticks next to the points that corresponds with the literature.

**Figure 4- The Barriers vs Benefits Experienced in a Business Relationship**

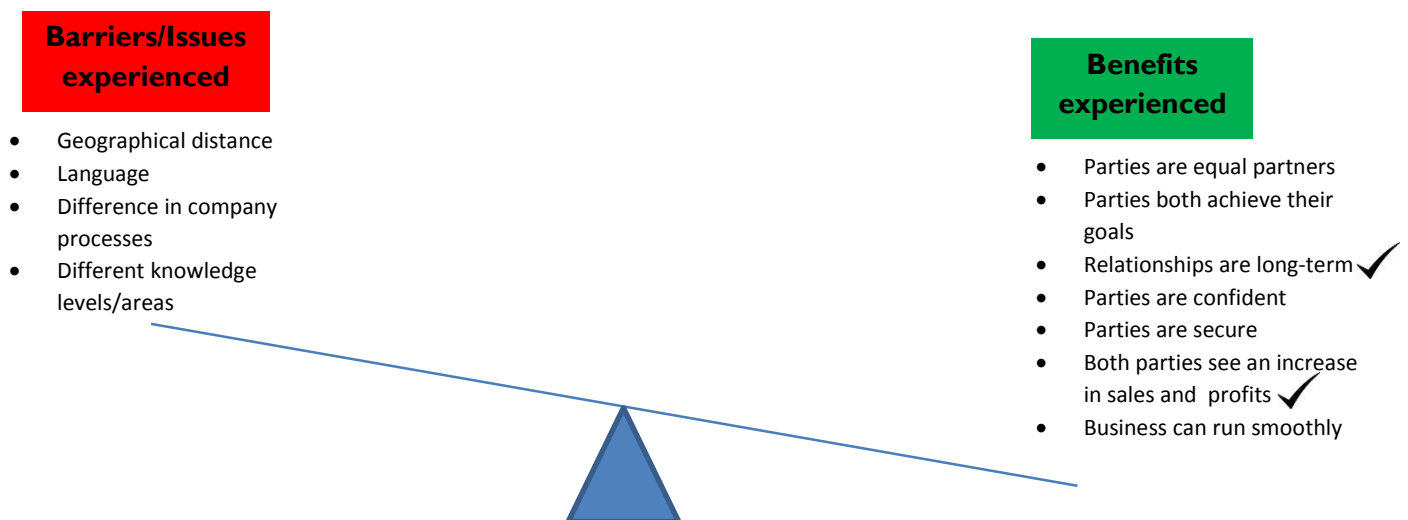


Figure 4 should act as a motive to invest in RM. As well as this, barriers such as differences in knowledge and company culture can actually be counteracted by information sharing and organisational learning. Therefore, if steps outlined in Figure 2 are followed then some of the possible barriers will not exist.

#### 4.2.5 Measuring Relationships

The literature states that firms should measure the return on relationships (ROR) and that Accounting and Marketing departments should work together in order to do this (Bonnemaizon et al., 2007). The findings of this study are in line with this in that participants measure the success of a relationship by calculating order volumes, and sales generated through the partnership and also through the speed in which accounts are paid.

*“... measuring the volume of orders that they’re placing with us would give me a good indication of how successful the relationship is. That would be further reflected in the speed with which they pay our accounts ...”*

(Business Development Manager, Chem-Manu)

*“(Success of a relationship can be detected when) sales are going well because that’s what we’re all about.”*

(Sales Director, Customer 1)

As well as understanding the ROR, the research findings of this study reveal that participants also use non-financial measurements to understand the success of a relationship. This is an area that the literature does not cover. Non-financial measurements participants use to measure success are through KPI data such as delivery times and quality performance, the speed of product progression through the marketplace and through the number of customer complaints.

### **4.3 Explore the requirements for serving the Chem-Manu customer/distributor network through e-business (O4).**

Research objective 4 sought to understand the requirements for Chem-Manu to better serve their customer/distributors through e-business, how this would affect business and explore the considerations for increasing e-business usage in business processes.

#### 4.3.1 Building and Enhancing Relationships Through E-business

The literature states that by adopting e-business, firms are able create links, work more closely and maintain established relationships with partners and customers (Agrawal, 2001; Marimuthu et al., 2012). The literature also states that e-business can enhance the implementation of RM (Ricard et al., 2001). The findings of this current study are in line with

this as participants from the case firm believe that relationships with customer/distributors can be built and enhanced using e-business tools. Furthermore, case firm participants say that not only can they work more closely with partners but e-business will make customer/distributors feel part of the team which is essential for working together as partners.

*“Relationships could be enhanced using these (e-business) facilities ...”*

(Business Development Manager, Chem-Manu)

*“I think an e-business platform will help make them feel part of the team so we’re able to then work together... In the past we’ve just been taking their orders, processing them and sending stuff out and there hasn’t been that relationship building. I think e-business can help us with this.”*

(Scientific Director, Chem-Manu)

Participants believe e-business can build and enhance relationships by helping to maintain the flow of communication between parties which findings suggest is one of the important factors for a good long standing relationship.

*“It is important we maintain contact with our distributors, customers, partners ... We need to improve our communication mechanism; e-business is a great way of doing that.”*

(Business Development Manager, Chem-Manu)

Already established from the findings, SMEs are particularly resource constrained which can make it expensive to visit partners regularly. Participants from both the case firm and from their customer/distributor organisations suggest that e-business could help to close the geographical distance. This is consistent with the literature (Piscitello & Sgobbi, 2004).

*“We have a lot of distributors in a lot of countries throughout the world. Therefore, we need to devise other mechanisms to maintain that contact. Those mechanisms are essentially digital; e-business is clearly the way forward.”*

(Business Development Manager, Chem-Manu)

*“I think because we’re not in the same country it would be nice to get a platform to err make exchange and communication easier.”*

(French Sales Manager, Customer 2)

#### 4.3.2 Perceived Challenges of E-business

The current study reveals that there are numerous perceived challenges of e-business, several of which are also discussed in the literature. Su et al (2009) state that online users may doubt the security of their details when utilising e-business tools and additionally state that users may find e-business impersonal or that services are being dehumanised. The findings of this research correspond with both of these arguments.

*“I think email is impersonal”*

(Business Development Manager, Chem-Manu)

*“I think you want to be doing business with people, not a computer screen... You might lose some of the relationship you’ve built up with the people.”*

(Sales Manager, Customer 1)

Furthermore, the literature states that e-business could cause a ‘digital divide’ between businesses that have internet access and those that do not and also between hi-tech and low-tech individuals (Hinson and Abor, 2005). Not only does the current study correspond with this but also adds that hi-tech/low-tech or being technologically savvy may depend on a person’s age. Participants state that older people may struggle to use e-business systems.

*“Some people I go and see don’t have any time for the internet, or even mobile phones (laughs). Erm but yeah you do run the risk of alienating people who don’t use the internet.”*

*“...it’s just trying to get someone like my dad who’s in the 1940’s to get onto the internet that’s the only problem.”*

(Sales Manager, Customer 1)

There were also several additional challenges suggested in the current study which are not considered in the literature. These are that communications via e-business are easily misunderstood and that again due to limited resources, SMEs may not be able to maintain or consistently utilise labour intensive e-business tools.

*“...people use email without often giving the fullest of consideration to the way in which they say things and things can often be misunderstood from purely an email.”*

(Business Development Manager, Chem-Manu)

*“...you get an email and you think wow that’s a bit rough isn’t it? (...) Then you speak to them and it’s completely different so- the written word although it can be helpful sometimes it can also be- I don’t want to say unhelpful...misunderstood”*

(Purchasing Manager, Customer 3)

*“But you’ve got to remember that maintaining portals can be labour intensive so you’ve got to look at what is the benefit to us and the supplier in terms of whether you can maintain it.”*

(Supply Chain Manager, Customer 4)

#### 4.3.3 Perceived Benefits of E-business

Whilst the current literature suggests that firms can use e-business to improve customer service and relationships (Daniel and Grimshaw, 2002), it does not explain how. The current study therefore adds to the literature by suggesting a new route to improving customer service and improving relationships using e-business tools.

Participants of this study suggest that e-business; particularly in the form of an e-portal will impact positively on business activities by freeing up administration time in both firms through a quicker ordering process.

*“A login portal could only help, cut down phone calls and save time.”*

(Sales Manager, Customer 1)

As well as speeding up processes and assisting businesses to close geographical distances, other positive aspects to e-business identified by customer/distributors in this current study are convenience and accuracy.

*“... Everybody works on a computer, everyone has access to phones, you can access anything like that, (e-business) it’s quick and instant. It’s always correct and it doesn’t misread a number. I can see it in black and white ...”*

(Sales Director, Customer 1)

The findings of this study reveal for all participants email communications are preferential when sending information or technical/important questions. This is to allow the recipient time to gather the information or to keep a record of correspondence between parties. Consequently participants also suggest that an e-portal may build more sustainable capabilities for the firm over the longer term.

*“... Email to get technical information or documents sometimes it’s better to send a message. Or if you have a difficult question to let Chem-Manu time to send an answer”*

(Sales Manager for France, Customer 2)

*“If you start getting into something technical and you wanna have a record of what’s being discussed... I’d use email.”*

(Logistics Manager, Customer 3)

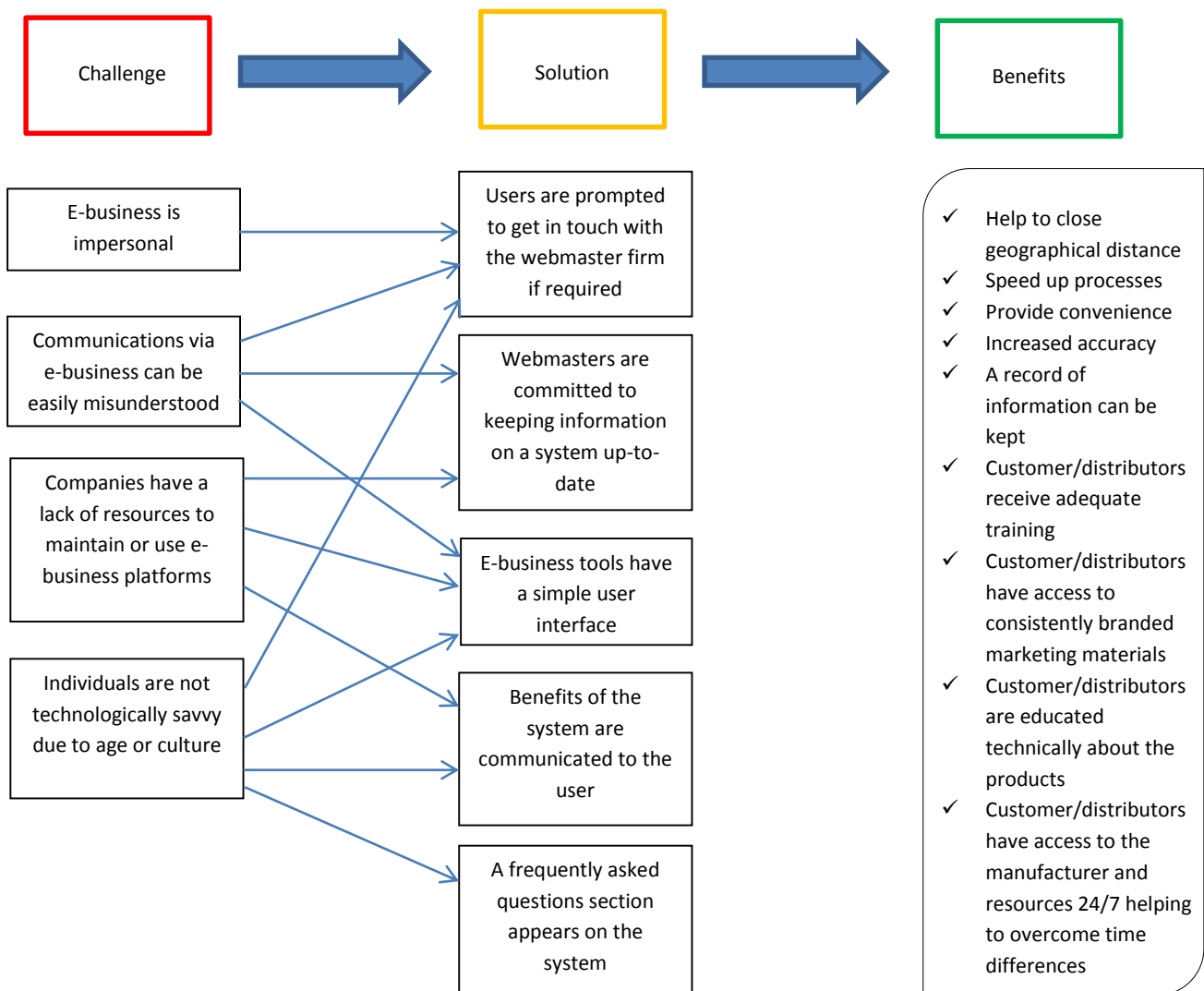
The ability to be able to hold information for future reference is something the literature does not consider; this study therefore is adding something new. The current study reveals that almost half of participants use e-business tools so that they can prove or reconfirm what has been said.

*“In email everything is clearly written down, you can go back to it, you can print it out!”*

(Sales Manager for Poland, Customer 2)

Whilst findings reveal the possible challenges to the utilisation of e-business, participants also suggested solutions or advised how an e-business system should be developed. This, along with the benefits parties could experience, are illustrated in Figure 5.

**Figure 5- Overcoming Challenges of E-business**



#### 4.3.4 Functionality Requirements of E-business

Table 7 illustrates the participant functionality requirements for an e-business system. Table 7 emphasises the usefulness of this research to the case firm as they are currently not aware or unanimous in understanding the functionalities that customer/distributors require from an e-business system or portal.

Probing participants in regards to e-business tools available through other manufacturing firms, revealed issues participants are currently experiencing with e-portals. This led to suggestions on how systems can be improved upon and can provide guidance in the development of an e-portal for the case firm.

**Table 7- Functionality Requirements for an E-business System**

Functionality Requirement for E-business System	Case Firm	Customer/distributor of case firm
Track and place orders	✓	✓
See delivery information	✓	✓
See Invoices		✓
Product information including both technical and commercial	✓	✓
See company updates from the case firm	✓	
See manufacturers production plans		✓
Training modules	✓	✓
See stock levels		✓
Have access to promotional materials	✓	✓
See KPI's		✓
See customer complaint information		✓
Must be language specific		✓
System must be bespoke for each user company	✓	✓
System must be accessible from a mobile phone	✓	✓



There were mixed views in regards to accessing a system via a mobile phone/device. Some participants stated that because they work off site, they would need quick access to tools that would allow them to make an order for instance. However, other participants said it would not be necessary as they work from an office that does not allow mobile phone usage, nevertheless it was agreed by all that it might be a useful feature to others and including the feature is positive. Access via mobile or tablet devices will provide convenience for those working offsite, convenience is a benefit highlighted in Figure 5. Finally, for example, it was suggested that the most common platform to access the internet in the Latin American market is via a mobile or tablet device; this could be an area for future research particularly since this is a market of interest to the case firm.

#### 4.3.5 Key Accounts and Development

Finally, findings reveal that the case firm may intend to develop an e-portal for its key accounts. However, due to resource constraints and lack of e-business development experience the firm must adopt a roll out strategy beginning with the most valuable and developed customer/distributors. This is so these accounts can begin to see the benefits first and also so any preliminary concerns can be communicated and solved in the early stages with a strong partner that can be transparent and honest.

#### **4.4 Develop a conceptual framework to understand the management of customer/distributor relationships via the online channel from a UK SME perspective (O5)**

The framework (Figure 6) illustrates the findings of the research.

**Figure 6- A Conceptual Framework to Understand the Management of Customer/Distributor Relationships via the Online Channel from a UK SME Perspective**

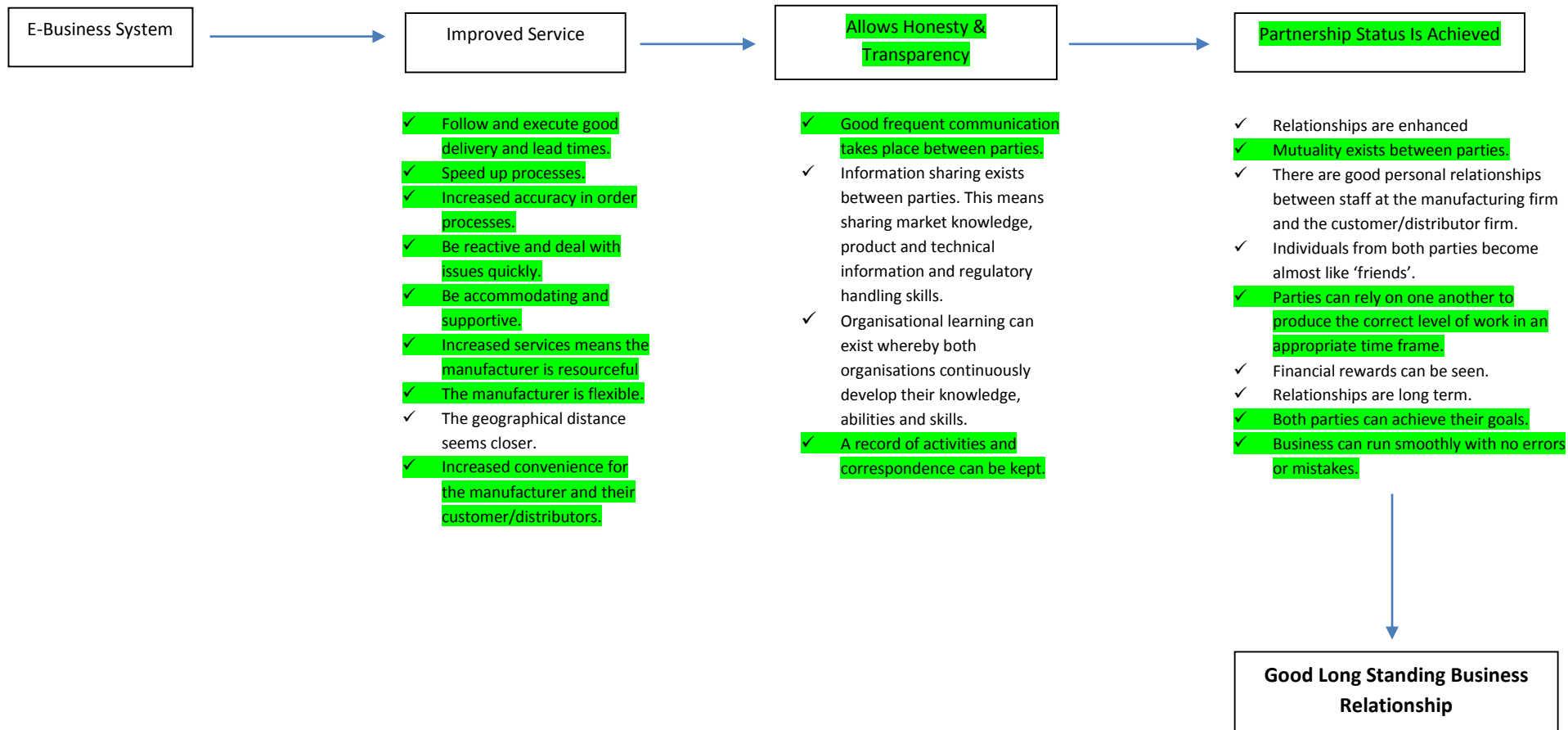


Figure 6 illustrates that e-business can provide an increased level of service or an improved service from the case firm which can lead to honest and transparent communications which then allows firms to reach 'partner' status. Finally, this leads to a good long standing business relationship, illustrating that services provided via e-business can lead to longer term relationships between the manufacturer and their customer/distributors in the UK and abroad.

Where this research is adding something new to current knowledge points are highlighted in green within Figure 6.

## **5.0 Conclusions**

### **5.1 Theoretical Contributions**

Previous relationship marketing (RM) literature has not explored RM from the perspective of the small international chemical firm or their customer/distributors across international territories. Therefore, new viewpoints have been added through this research study. The research also demonstrates consistencies with the current literature such as highlighting the reality of the difficult registration processes for SMEs, that good RM can lead to longer term relationships and that e-business can assist in building and enhancing these relationships.

Objective 2 was satisfied through understanding the long registration processes and what they mean for SMEs. Often customer/distributors become disinterested and leave the relationship which conflicts with the literature which states that if parties invest time then they are more likely to stay in a relationship (Pai and Tsai, 2012). In this case it seems due to the registration processes that parties feel too much time is being invested so see it better to withdraw from the relationship. However, good RM can lead to longer standing relationships through the registration process and this can be assisted through the use of e-business.

Objective 3 was satisfied through discovering that the findings of the research correspond with the literature in that service is an important aspect of good RM (Gronroos, 1999). This means that through good service and honest and transparent communication/behaviours, firms can practice information sharing and organisational learning. Additionally, objective 3 is satisfied through finding that organisational learning can lead to good long standing relationships; which is slightly different from the literature which suggests that good relationships can lead to organisational learning.

The need for a partnership status was also a new finding of this research. If parties can work towards equal and mutual goals aiming for a win-win situation then they can achieve a partner status. It seems that the supplier-distributor status can be almost offensive and relationships should be classified as more than this. More depth regarding this discussion can be found in chapter 4.2.3.

Due to face-to-face communication being time restricted and costly, findings suggest that frequent communication via e-business can help to build and enhance relationships day to day and close geographical distances. However, face-to-face communication every 6-12 months is still required as there is no real substitute for the value of face-to-face and there are some important business matters that can only be discussed effectively face-to-face. This means that the case firm must include the cost of travelling to see important customer/distributors in the budget. The case firm can also invite customer/distributors to their premises which will save on costs. There are also further benefits of allowing them to see the facilities as they can reiterate this positively to their customers/chemical end users. The importance of face-to-face is detailed further on pages 26-27.

Finally, objective 4 is met through understanding that e-business can help close geographical distance and help the case firm to service customer/distributors better. Findings reveal that this can be done through the development of an e-portal and the functionality requirements highlighted by the customer/distributor participants can serve as a guide for the development of a system.

Whilst e-business can be seen as dehumanising the service and some parties have security concerns, these are outweighed by benefits to e-business. Benefits not discussed in the literature and so where this study is adding to current knowledge are that e-business helps to maintain the flow of communication between parties on a daily basis, speed up daily activities and processes and free up essential administration times. E-business also means information is accurate and allows parties to keep a record of communications or activities which is important to firms.

The literature states that the future of RM is hard to predict and both practitioners and academics are questioning its longevity (Bonnemaizon et al., 2007). This research demonstrates however that RM is still very much relevant and actually might be the key to success for the chemical small firm.

## 5.2 Management Implications

In relation to the registration processes, both the literature and current findings correspond in that long time scales and high costs make registration particularly

difficult for the small resource constrained firm. The study also adds that sometimes other hidden costs emerge making the process even more time sensitive, long and costly. Research findings suggest that if firms are able to develop and manage good long term business relationships then customer/distributors are more likely to stay in the relationship through these procedures and put more effort and resources into getting products registered.

Findings suggest that communications via e-business can be easily misunderstood and due to the limited resource of SMEs, e-business systems can be difficult to maintain. However, if the case firm creates systems with an easy user interface and provides support to users then these barriers can be overcome. The lack of resource can be overcome further by introducing systems gradually to customer/distributors but the case firm should consider only strong relationships to begin rolling out any new systems.

Finally, the case firm should further consider the functionalities of an e-portal as they had contrasting ideas to the customer/distributor. Table 7 presents the requirements and initial thoughts of both parties for an e-portal. This should be studied by the case firm to understand the customer/distributor requirements and understand if the suggestions are suitable and appropriate. For example functionalities such as; a language specific system, visible customer complaints, and published production plans may be considered by the case firm to not be strategically viable and/or appropriate.

### 5.3 Government Policy Implications

Through meeting objective 2, several government policy implications have been noted as a result of this study. The registration processes particularly in Europe are extremely challenging for any business but are particularly difficult for SMEs. Although there is a reduction in the fees for SMEs, this is only a small percentage of the overall cost and with regulatory expertise and consultancy fees for drafting dossiers and the huge submission costs it is almost impossible for the small firm and may be seen as a direct attack on the integrity of chemical SMEs. This has meant many SMEs are now joining with other small firms and multinationals in order to be compliant but this means relying on them throughout the process and sometimes

larger companies make it difficult for smaller firms to join them. Additionally, many larger firms have been involved in the drafting of some regulations meaning overall that regulations could be biased. SMEs are at an extreme disadvantage and the chemical industry is becoming increasingly more of an anti-competitive marketplace. This means that government policy in this area should be reviewed and considered from the perspective of the small firm. With 80 per cent of global economy (Marimuthu et al., 2012) and the main source of new product development and innovation coming from the SME sector (Wynarczyk, 2013) it is in government interests to support them. Furthermore, essential chemical products will continue to disappear from the market if SMEs are pushed out of business.

It is therefore required that policy creates more of a fair and level playing field for SMEs in the chemical sector. This might involve further discounts in fees, increased support in regulatory expertise and dossier drafting and increased support from government agencies such as UKTI. Services to assist with regulations outside of Europe is also suggested.

#### 5.4 Future Research

Although this research study has outlined a route for the small chemical firm in managing and building relationships with customer/distributors through e-business, other researchers may be encouraged to investigate this and the specific findings in further detail.

Further research in this area may include a variety of different approaches including:

- Studying from a wider geographical sample.
- Undertaking research using a chemical firm case study from a different geographical location.
- Undertaking research using a different sized chemical firm to understand how the challenges maybe different.
- Undertaking further case study research using a customer/distributor firm.
- Consider this research question from a different industry perspective. This could be from a more specific industry within the chemical industry such as

the livestock hygiene industry or from a completely different industry that is also regulatory driven such as the pharmaceutical industry.

Other aspects of the findings such as friendship in business or the break down and sustainability of small firm relationships in the chemical industry due to the long timescales, costs and a lack of a level playing field involved in the registration of chemicals could also be explored further.



## **Part Two**

### **6.0 Knowledge Partnership with Chem-Manu**

Chem-Manu is a small chemical company in the UK with international sales accounting for 70% of its turnover. One of the Company's most major challenges is the regulation it faces which is both extremely costly and time consuming both for the Company itself and often their foreign customer/distributors. This is why relationships with these contacts must be long term to survive the registration process but also going forward to ensure that the Company can continue to sell in that territory. Chem-Manu Management understand that face-to-face contact with these partners is essential in building a long term and successful relationships but also understand that this is not always possible due to the time and often money constraints of both parties. Therefore, the Company was looking to understand if e-business could contribute as a day to day solution in better serving customer/distributors to ultimately build and manage relationships better.

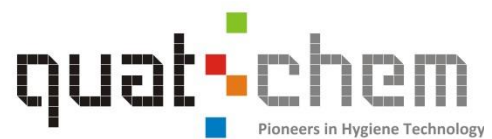
Following this research Chem-Manu has appointed a digital agency to carry out a new website project. The website will better reach target markets abroad and also allow customer/distributors to login to access resources and make and track their orders. This research has helped Chem-Manu Management better understand the needs of their customer/distributors in the relationship marketing area and thus build a strong strategy for 2015. Exhibits 1 and 2 outline the digital strategy in further detail. Both documents were written and executed by the author of this thesis. Exhibit 1 was presented to four digital agencies that then came to pitch to the Company. Exhibit 2 is the report written following the four pitches to advise the Board of Directors at Chem-Manu on an agency and strategy going forward into 2015.

**6.1 Supplementary and Supporting Information**

**Exhibit I - Agency Briefing Document**

AGENCY	December
BRIEFING	1
DOCUMENT	2014

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## Introduction

We are looking for a digital marketing agency with a particular understanding and experience of web internationalisation in order to build our web presence in target territories.

This briefing document has been created in order to provide you with useful information for a pitch to be delivered to us in January 2015.

From the meeting we hope to learn how you would implement our ideas, how you would bring value to our online marketing team and how much your proposal will cost. We have anticipated a completion date for March 2015 with hosting, maintenance and general page building moving forward from then.

## Overview of the Environment

It is important for any third party working with Chem-Manu to understand the environment we are currently working in.

Registering chemicals is both long and costly meaning that the focus for Chem-Manu is on customer retention and relationship marketing over acquisition marketing. The Chem-Manu strategy focuses significant efforts on building long standing, strong relationships with customers in multiple international markets.

## Who We Are

Founded in 1996, Chem-Manu Limited is a chemical company based in Rochdale specialising in the manufacture of biocidal raw materials and disinfectants. Following recent investment in new premises in Rochdale, Chem-Manu saw significant growth throughout 2013 and are now supplying to over 78 countries through international distributor channels. Following this strong drive to export, we understand that having a web presence in our top target markets is fundamental to further development. Our areas of interest are; South & Central America, the Far East and MENA with a view to rolling out to any other target markets following this.

## What We Do

As disinfectant manufacturers, Chem-Manu provides effective and economic solutions to assist customers in meeting their specific industrial challenges.

As well as our range of raw material disinfectants we also manufacture ready-to-use formulations for the poultry, dairy, livestock, food & beverage, healthcare and industrial sectors. From teat dips and hatchery cleaners to hand sanitisation and pool care products, Chem-Manu have built up a reputation within the industry for international trade.

Our scientists are continuously involved in tailoring our products to meet specific customer needs. Meeting customer requirements in this way and producing bespoke products is one of our top USP's.

The three distinctive sides to the business (Benzalkonium Chloride manufacture, the ready-to-use solutions and the bespoke products) is something we feel we need to reflect strongly through our website and any associated websites for target countries.

## Who We Serve

As an SME in the UK serving more than 78 countries it can be difficult to accurately define exactly who we serve. We have overseas agents and distributors selling our products worldwide to poultry, swine & dairy cow farmers, food processing companies, veterinarians, pharmaceutical companies and hospital & healthcare organisations. We also have partners in Europe trading with companies in the UK, Ireland and across Europe. As well as a strong customer base, purchasing chemicals for their own applications and manufacturing.

## Competitor Overview

There is only one other manufacturer of Benzalkonium Chloride in the UK, Benzalkonium Chloride is our core raw material and the product Chem-Manu was founded upon. However, there are several competitors for the formulated, ready-to-use solutions and several companies using Benzalkonium Chloride as an active. Whilst these companies compete with some of our products and offerings, the Chem-Manu business model and our complete product range is unique.

Competitors have taken different routes to internationalising their web presence and we understand there are multiple routes to achieving this and that we must find the correct route for Chem-Manu.

We have also seen some good examples of websites being a source of credible news and information for visitors and distributors, something we expect for the future of our website.

### Where We Are Now

At the moment our site is working at just over 650 visits a week, with an average of about 78% being new, unique visits.

As you can see from the table below, only one of our target countries (not including the UK) is in the top 10 visitor figures. However, we do have customers and distributors in Turkey and Egypt.

Country / Territory ?	Acquisition		
	Visits ? ↓	% New Visits ?	New Visits ?
	2,773 <small>% of Total: 100.00% (2,773)</small>	78.11% <small>Site Avg: 78.07% (0.05%)</small>	2,166 <small>% of Total: 100.05% (2,165)</small>
1.  United Kingdom	693 (24.99%)	67.97%	471 (21.75%)
2.  United States	300 (10.82%)	85.00%	255 (11.77%)
3.  India	208 (7.50%)	86.54%	180 (8.31%)
4.  Pakistan	91 (3.28%)	76.92%	70 (3.23%)
5.  Philippines	61 (2.20%)	80.33%	49 (2.26%)
6.  Egypt	58 (2.09%)	75.86%	44 (2.03%)
7.  Turkey	52 (1.88%)	88.46%	46 (2.12%)
8. Kosovo	51 (1.84%)	98.04%	50 (2.31%)
9.  Indonesia	48 (1.73%)	89.58%	43 (1.99%)
10.  China	45 (1.62%)	84.44%	38 (1.75%)

Last month we had 17 enquires come through the website from our ‘Contact Us’ and ‘Request a Quote’ forms.

For example in Brazil we currently rank top (on Google) for brand search but not appearing organically until the third page for Benzalkonium Chloride or at all within the top 5 pages for Chloruro di Benzalconio. We expect this to be the case for

most of our recent target territories as there has not yet been any SEO work completed towards achieving these rankings.

Currently we outsource page and functionality building on the website. Because of the frequent changes in our product specifications, any text changes are done in house.

### Where We Want To Be

We want to set ambitious but realistic goals, therefore, we would like to see the following in 12 months:

- Increase the number of visitors from our areas of interest.
- Increase **total** visits to the site by 40% (return visits are just as important to us as new visits in building our relationship marketing and servicing strategy).
- Increase enquiries and lead generation through the website by 50%.
- Complete a full internationalisation web strategy with a roll-out strategy allowing our target markets to view the website in the relevant language accessing it through the relevant search engine. We want our website to appeal to our target markets.
- From this we want to attract more international visitors from our areas of interest. As the roll out strategy is implemented we expect to achieve higher visitor rates from other countries as well. We expect that the most cost effective approach will be to roll out with a template approach. This will need to be flexible for language and image changes which will depend on the country.
- Develop pages on the website in order to increase traffic and supply a more valuable and beneficial experience for visitors.

### How We Will Do It

As our digital marketing agency we would want you to provide the following:

#### Web Development

Building of new pages to our website such as:

- Building a blog/news page allowing us to update with all of our company and industry news
- FAQ page for the convenience of the user, to reduce enquiries by email/phone and for positive SEO benefits
- Glossary/industry words and phrases page to help visitors understand all the technical language on the website. Part of our strategy to make the website an information source
- We are looking for flexibility for images, banners, testimonials/case studies and blog/news. We need to know clearly how flexible your proposal is for making these amends and updates in-house

### A Responsive Design

Our website does not currently have a responsive design making it difficult for our visitors to view the website on a mobile or tablet device. We would like our website to easily be viewed by our visitors 'on the go'. We need a clear understanding of our current platform and its flexibility for this.

15.4% of our website visits are from a mobile or tablet device, the majority from an iPad or iPhone. On average visitors spend 1.37 minutes viewing the site from a mobile or tablet device compared to 2.59 minutes overall.

### Distributor/Agent Login

We would like to create a distributor login area allowing them to:-

- Have access to print ready marketing materials
- Receive customer care and support including being able to access manuals and training packs
- See any updates or notifications from Chem-Manu
- Place and track orders with dynamic/amendable pricing schedules specific to key customers
- Receive product recommendations
- View testimonials and case studies
- Complete customer questionnaires
- Receive incentive information



This login area needs to allow for different parts to be accessed according to customer login credentials. For example, some new customers may not be able to place orders online.

### SEO & Communications through Social Media

SEO work will continue to be done in house. However, the internationalisation strategy must be completed in line with best SEO practice and how the agency sees fit. We expect optimisation for all relevant search engines in the specific territory, for example, Baidu in China.

Although we understand the value of social media as a B2B tool, we will also begin further development with Twitter and LinkedIn in house- our news/blog section on the website assisting in this. However, recommendations as to best practice will be required and social media plugins inserted on the website homepage.

### Email Marketing

The use of email marketing is something that is currently conducted infrequently and has been achieved using outside IT support. In the future we are looking to do this in house using the Mail Chimp platform as it is powerful enough to meet our needs and it is without cost. However, we do ideally need professionally built email templates flexible enough for us to create multiple campaigns aimed at distributors, customers and prospects. These again must be flexible enough for us to account for different language spacing.

Our hopes for email marketing include, sending out newsletters combining some of our best content of the month, sending updates and offers and sending product information.

### January 2015...

If you are interested in working with us on our digital development project you are asked to present your ideas and costing at a pitch meeting in January 2015. After confirming your interest, we will be in touch regarding a suitable time, we ask that your pitch be no longer than an hour to leave time for questions/discussions.

Costing needs to include any training we may need for new system use, any future

Lydia Simpson Dissertation

update costs and hosting costs. A description of any proposed web platform and the degree of flexibility needs to be presented clearly.

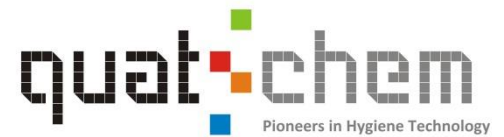
We look forward to hearing from you!

**Exhibit 2- Agency Report**

January

**AGENCY  
REPORT**

2015



## **The Team**

### Agency 1

One man company outsourcing from (mainly) three specialists. We only met the business owner who is the Project Manager, Designer. The specialists he works with include an SEO & Digital specialist and a Front-end Web Developer. Outsourcing so many operations could be a risk for Chem-Manu. Any research required including market research would be done by them. They are not able to begin working with us until June as they are busy with other clients.

### Agency 2

Agency 2 is a full service Digital Agency with a team of 8. We met with the Operations Director and Michael the Creative Director. Instead of a traditional 'Account Manager' we would deal with the 'do-er' directly. Everything is done in house except link building occasionally. Fairly new company- about 2/3 years.

### Agency 3

Team of 8 including Director, admin, technical staff, a designer and a developer. Wouldn't specify what skills and expertise technical staff has and how they would be of benefit to us, just said that they are mostly SEO specialists. The Company Director and the Technical Manager joined us for the pitch- the designer couldn't make it.

### Agency 4

Agency 4 is traditionally an Advertising and Marketing agency and claim good quality SEO and detailed web design is a specialist field so therefore, outsource expertise from 2 external companies for SEO and web build. Both of these companies have around 6 team members. The client base of both these external companies consists of agencies, not the end businesses. As well as working with Agency 4 and their clients, they work with the likes of McCann's, JWT & B&W (biggest agencies in the country).

## **Pitch**

### Agency 1

Generic pitch that wasn't specific to Chem-Manu and our brief. Little attention to detail and no visuals included. They would use off the shelf plugins from WordPress to internationalise the website. He said that development costs will be cheaper in WordPress

but claimed that Campaign monitor was more effective than Mail Chimp for emailing. He missed the distributor login area from his pitch, when we highlighted this he advised he would get back to us with further details. He got back to us with a cost for this but no further information.

### Agency 2

They pitched well, discussing their team and ideas. They were able to answer all of our questions and came up with further ideas to meet ours. They suggested a clean but text rich website with rotating banners on the homepage. Pitch focussed a lot on video and YouTube as a social media platform. Also advised that email be done in Mail Chimp (this is efficient enough for what we need) and showed us some bespoke design visuals.

### Agency 3

Presented via PowerPoint presentation with a good level of detail. However, didn't leave a copy of the slides when we asked; he preferred to send later. Didn't provide us with any visuals but showed some of their previous work with other clients. Confirmed that the blog was a good tool to link into social media to distribute content and good for SEO.

### Agency 4

The pitch was very technical- all SEO and technical web development focussed. Agreed that Blog/News, FAQ and Glossary are all good for SEO but highlighted that each time the blog is updated it will need to be translated for country specific pages. They advised that the current navigation on the site is weak and there are issues with trust and transparency (a lot of our plans including meet the team and testimonial development will help to overcome this). They advised that translating just a few pages has very low SEO ranking impact with Google.

## **Internationalisation & SEO**

### Agency 1

It was suggested that we create foreign language, smaller sites with links from the current site to internationalise. He suggested that research needs to be done for each country in order to decide the approach to take in terms of .com/br or .br as some countries will only click if they see their country specific domain whilst others are happy to click a .com. For our industry this may not be the case. He has no experience with Latin America but has done Spain, France, Germany & Italy.

### Agency 2

Language selector on the main .com site is suggested. SEO would be done for the foreign language pages in order to rank in the relevant search engines. Website would be designed for good SEO purposes with rotating content banners. They have some experience of internationalisation and said that there isn't a right or wrong way in terms of domain specific or front pages to the site- e.g. Amazon have a separate domain for each country but Apple have .com/. However, they did say doing it by language was a lot easier to manage from an SEO perspective. Also, when we asked about illustrations they advised we create a Chem-Manu style for images/photography to keep it professional and consistent.

### Agency 3

Experience developing many international websites and suggests that we develop on top of the current .com domain. Between 5 and 8 pages should be translated for each country/language including the FAQ and Glossary. Advises that we purchase local domains and redirect them giving flexibility for the future and also to protect the brand. Suggests we do it by language not country so we can cover more international territories. There were no suggestions made regarding the improvement of the current layout and design although they did insist that suggestions were made and not followed at the outset by Chem-Manu and said it took 6 months to get content on the site. In regards to SEO they said it was done by Chem-Manu in house based on suggestions made by Jan Klin. They agreed that we need more backlinks.

### Agency 4

Agreed that a blog/news section is great in terms of SEO but in order for it to work internationally we would need to translate articles/posts on release. They advised that there were two options for internationalisation; to continue to use Google translate (with no SEO benefits although changing some settings in Google Analytics would get English words ranking in foreign territories) or to use WordPress Multi-user which would mean that all sites carried the .com value and 100 sites can be hosted from one platform. Waxwing advised that our thoughts to add language pages in front of current site would not tell Google which pages to rank where. It was suggested that we focus on getting the site right in English then roll out. We could also ID the user keyboard settings so that the user can see the relevant site even if they aren't in that country. In summary, Waxwing suggested that the most ideal way is by using WordPress MU but this is difficult to manage in terms of ongoing content in multiple languages, they advised that the only other option is google translate.

## **Flexibility**

### Agency 1

It was suggested that we continue using WordPress due to its flexibility. We would be charged £40 an hour for any further training required when new plugins etc. are installed. Email templates would be designed and utilised in Campaign Manager; it was advised that this was more effective than Mail Chimp.

### Agency 2

Advised we use a bespoke CMS system for the website. All training on the new system would be at no extra cost and we would have full flexibility to go on internationalising full country specific pages in house. They are flexible with payment terms and any commitments after the installation of the project- we can choose to use them for a few hours a month and change this as and when we see fit.

### Agency 3

Templates will be provided for us to create case studies for the website in house but otherwise weak in suggestions for improvement on the site. Appeared inflexible on this, they think the current site is 'excellent' – even though they have said there is no call to action on the homepage (they thought that there was) and then also said that other suggestions were made on design but compromised with Chem-Manu.

### Agency 4

The site would continue to be in WordPress so we would have full access to the dashboard as we do now. They did not mention templates in their pitch. They will work with whichever platform we choose.

## **Creativity**

### Agency 1

Not many creative ideas put forward in the pitch or in the presentation hand out. He didn't make any suggestions on how to improve the current site.

### Agency 2

Some creative visuals were designed and included in the pitch for the website, responsive design, social media (YouTube) and emails. They kept all creativity in line with the brand

and justified it throughout. They suggested splitting the motion graphic to make several video clips and creating other videos on key aspects of the business, future products, environment etc. The visuals looked clean and in line with the brand. They suggested that we stay with a professional, clinical and serious style with photographic imagery for B2B rather than animation/illustration due to potential differences in culture. Imagery can still be creative using a Chem-Manu style to differentiate from other chemical companies.

### Agency 3

Didn't provide visuals but showed us examples of other work they have done, some very similar web designs to ours. Showed us a good blog example from another client but hasn't included it in the presentation. No bespoke design examples provided.

### Agency 4

The pitch was very technically focussed with no creative visuals except from how our current site would appear with a responsive design. Gave us a lot to think about in terms of the approach to internationalisation, including some aspects we had not thought of (blog translation, some technical SEO issues). Emphasised the relevance of fresh content via the blog to impact SEO therefore, the blog requires translation on release.

## **Hosting & Platform**

### Agency 1

It was suggested that we stay with WordPress because of low development costs, ease of use, Google's ability to index quickly, the vast array of plugins available and the flexibility in structure. It would be the old site on a new server. He talked about integration with CRM system but was unable to advise compatibility with ACT! or Access. He suggested we keep a test server active for training and practice purposes. Training would be £40 hourly but he quoted £520 (=13 hours?!)

### Agency 2

It was suggested that we use a CMS system built specifically for Chem-Manu which means that would be 'future proof' and we'd be able to expand as much as possible- no limitations. It would be in php. They would provide us with full training free of charge. They also advised that the current text on the site is not presented in a readable way and does not have an SEO friendly design. Keeping the site in WordPress isn't ideal as it's not as flexible and plugins to create the distributor portal wouldn't be as ideal. However, they are flexible on this if we decide to continue with WordPress and just re-skin the current site.



### Agency 3

Didn't highlight any areas of improvement for the current site or any changes to the platform, they advised it would be flexible enough for what we need. Charges £250 for hosting per annum.

### Agency 4

They advised that our original theme is a bought third party template theme that has been modified and was once responsive- the responsive element has been removed (Jan Klin advised that due to the heavily modified design the responsive element was lost and it will take them 30 hours to get a responsive design back). Waxwing advised that we stay with WordPress but use the MU version as bespoke purpose built CMS systems can cost up to £20k per licence (Creative Cow have said otherwise- there would be no licencing costs). WordPress MU is multiple sites running from the same database and dashboard. This would mean that we have multiple country specific sites but managed according to language. It was also said that our current site is too text heavy and not presented in a reader friendly way, i.e. long paragraphs and sentences in a small font size running across the page.

## **Adherence to the brief**

### Agency 1

Red Design didn't follow the brief exactly as the section regarding the partner login was missed. The overall pitch was generic given the detailed brief that was provided to them.

### Agency 2

Creative Cow followed the brief and included all aspects providing visuals. They also made other suggestions including changing the headers on pages to make them more consumer & SEO friendly. Not currently reader friendly.

### Agency 3

Didn't take note that most SEO will be done in house but followed the brief otherwise. Also gave some descriptions of the way they imagined the partner login would work. Agreed Mail Chimp is the best email platform to use.

#### Agency 4

Mainly kept in line with the brief, however, did not include the level of detail in cost and timeframes that we requested. They said that this was impossible for anyone to know without another, more specific meeting. They wanted at this stage to introduce themselves and if we like the way they work we can plan a way forward from there. They did not mention the partner login area. They focussed mainly on complex technical issues with high costs.

### **Cost & Timescales**

#### Agency 1

Gave TBC costs in the pitch and hand-out, we requested he give them in an itemised, schedule format later. When he got back to us he sent three revised versions as he kept missing things out.

#### Agency 2

Overall cost includes full web development, partner login, responsive design, email templates and 12 videos to go on our website/YouTube channel including photography. Hosting is free of charge for the first 12 months then £200-250 from there. Flexible with payment terms. £85 hourly retainer but again, flexible in terms of how many hours we choose to take each month. Overall project not including roll out would be approx. 12 weeks.

#### Agency 3

Charge a £95 retainer after initial project work which includes telephone support and SEO ranking reports. Any other work we want doing they will charge £65 hourly. They gave us the hours they would spend on each aspect and will charge an hourly rate of £65 for the project. Costs were not as transparent as we would have liked in the pitch.

#### Agency 4

Advised the work would take around 3-4 months in total and would cost between 20k and 40k, top end of this being significantly more expensive than the other agencies. This cost includes SEO, web development and creative elements. They couldn't give us their hourly rate. They also advised that they would need further meetings with us to get a more detailed brief to schedule and cost more specifically.

**Table 8- Costs of the Digital Project**

<b>Element of project</b>	<b>Agency 1</b>	<b>Agency 2</b>	<b>Agency 3</b>	<b>Agency 4</b>
Design planning of website	£3,420	£1,500	-	
Responsive theme	£5,600 6 weeks	All dev work= £6,500	£2,210	
language pages	£2,400 9 days= x3 pages	Unlimited pages included in above	£6,825 & 39 hours= x3 pages including annual content marketing £520 for blog, £260 for FAQ and £260 Glossary	
X3 email templates	£640 1 week	£540	£585	
Partner Login area	Included in res theme cost	£2,000	£2,860	
Training	£520	Free	£1,170	
Hosting	£550	Free (for 12 months and £200- 250 annually)	£250 annually and £1,140 12 month retainer	
Video	-	X12 videos = £3,000	-	
Photography	-	Free (whilst shooting videos)	-	
Translation (although we might not need)	£125 per 1000 words	£50 per page	£150 per page	
<b>TOTAL (excluding translation costs)</b>	<b>£13,130 approx. 10 weeks</b>	<b>£13,540 approx. 12 weeks (ex videos = £10,540)</b>	<b>£16,080 excluding retainer =£14,940</b>	<b>20-40k</b>

## **6.2 Introduction to My Strategic Marketing Role at Chem-Manu**

The research in Part One and the supporting documentation provided in Part Two were all part of the Masters by Research. Whilst this work has been of strategic significance for Chem-Manu, this is just some of the work that I have done over the 12 months for the Company. Other work I have completed with Chem-Manu towards achieving the Masters by Research is summarised in this section. This work has also had significant long term implications for the Company and its strategic marketing strategy for 2014 and now moving into 2015.

I began the Masters by Research process with Chem-Manu by completing a 4 month internship with a major advertising agency in Manchester where I worked as part of the digital team. The purpose of this was to learn SEO in order to implement a strategy at Chem-Manu. I was taught SEO skills by both the SEO Manager and the Head of Digital.

SEO skills I learnt and have now practiced at Chem-Manu include:

- Keyword research and selection
- Making content accessible to search engines
- Optimisation of content
- Link building
- On-page SEO and contextual links
- Knowledge of the research resources and tools available and how to use them (Moz, Majestic, Google adwords, Google webmaster tools, Google analytics etc.)
- How to create an XML Sitemap
- Understanding the importance and requirements of Meta Descriptions and title tags and how to implement them
- The relevance of social media in SEO

The Head of Digital at the agency stated that he usually teaches SEO over a 12 month period. I had just 4 weeks to learn SEO from scratch as I had very little knowledge prior to the internship.

Following the 4 week internship I was able to audit the Chem-Manu website and present my findings and the solutions in my first week. Due to the confidential nature of presentations such as this, these will be made available through request.

Since implementing some of these SEO strategies and changes, website traffic has increased by 25%. With further research and presenting to the Directors a budget was agreed for the build of a new website with a bespoke CMS. A detailed brief was given to four digital agencies who all came in to pitch their proposal to us. It was left to me to organise and host the meetings and ultimately decide which company to go with, presenting the findings in a report to the Board. These reports are presented in Exhibits 1 & 2.

The launch of the new site will be at the end of this month and will provide improved SEO, refreshed design, improved user experience and compatibility with other internal systems. The development will also introduce a new partner login area (which the research element of this project has helped facilitate) and an easier internationalisation process. Internationalisation of the website is key as the company continues to expand internationally at a fast pace.

In addition to managing the development of the website I have:

- Presented to the Board of Directors on numerous occasions on topics such as pricing, packaging and distributor relationship marketing and acquisition. (Due to the confidential nature of these presentations, documents will be made available on request).
- Raised the Company profile through advertising and PR.
- Planned an international exhibition from start to finish.
- Entered relevant business awards on behalf of the Company. (The Company was shortlisted for Business of the Year in Rochdale 2014 and has also recently been shortlisted in categories for the Chemicals North West Awards).
- Become more involved with sales and business development.
- Strengthened and increased brand consistency on- and off-line. This includes creating a professional online portal and resource base in line and consistent with the new identifiable brand.

- I have implemented new processes for:
  - SEO
  - Content management
  - PR
  - Branding
  - Web development

Finally, throughout this process I have enjoyed working as part of the Chem-Manu team as well as working individually on projects including the research element, which is already playing a key part in the long term development of relationships going forward. I have recently started full time at Chem-Manu as their sole Marketer, reporting directly to the Board of Directors.

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## Appendix I

### Business Development Manager Chem-Manu Interview

B.D Manager: Good Morning, how're you?

Researcher: Good Morning!

B.D Manager: I'm guilty as charged.

B.D Manager & Researcher: (laugh).

Researcher: OK, so can you remember the email that we sent round to our friends?

B.D Manager: Urrm...yes!

Researcher: About relationship building and managing via e-business and how we might possibly better serve them through e-business on a day-to-day basis?

B.D Manager: Yes.

Researcher: Yes, ok. So you know that I've got to write this up afterwards so this interview is being recorded. Also if you'd like any names kept confidential then please let me know at any time now or after the interview.

B.D Manager: OK.

Researcher: And I also need to let you know that you can withdraw from the research at any time with no consequences.

B.D Manager: OK...wheeyy (laughs).

Researcher: OK, so could you please just briefly outline your role at Chem-Manu?

B.D Manager: My role is that of Business Development Manager. I'm here primarily to professionalise the organisation and to grow the business and to that end we are presently going at the rate of some 20%+ per annum over the last two years and we anticipate we will build still further to that in the coming years.

Researcher: OK urm, would you say now that you are fairly familiar with the product registration process in terms of what's involved and how long it takes?

B.D Manager: Urrrr, yes I am not an expert. I leave that to the technical directors domain of responsibility. But yes I do have an understanding.

Researcher: So how difficult or easy do you think that process is?

B.D Manager: It is difficult in that in the first instance it is different for every country, we find. Urrm and there are different requirements and in some cases, some countries require that we be GMP registered as an organisation and we are not. We are of course ISO 9001 credited and that works for most companies but not for South America, which is a market we are particularly interested in. There we will need to be GMP so we are discussing with consultants the way forward in terms of potential GMP registration.

Researcher: Why is Chem-Manu not GMP certified now?

B.D Manager: It hasn't been necessary until now. We now need to give this consideration as some overseas markets outside of the EU require it for registration. GMP involves investing further resource towards registering products abroad but not having this is currently costing us a lot of business so once we have that we can expand into these markets.

Researcher: what kind of costs?

B.D Manager: Well we have had to hire consultants so we might need to change some internal systems in order to be compliant and then on top of this there are certification costs every few years.

Researcher: OK, do you think that's any more difficult for an SME? The process of registering products.

B.D Manager: (pause) I think it is. Not least of which because we have limited resource. I just talked about registration being that of the technical director's domain. In truth it's her, she is our resource for achieving these registrations and that along with a plethora of other responsibilities. So we do not have a regulatory department for instance we have her and when it comes to multi nationals they invariably have a department handling these things. It is very difficult for SMEs is the answer to your question.

Researcher: And the cost of it as well?...

B.D Manager: It's not to mention the cost. Urrm complying with regulation both for ourselves as a company within Europe as well as registering our products in various other countries in Europe and beyond is substantial and in some cases it is potentially horrendous. For instance compliance with BPR registration where we're to seek to submit a dossier on our own account, which we have previously considered, could actually cost of the order of a million pounds plus.

Researcher: OK, so how difficult or easy is it to get into a position of selling our products, ur with a distributor, how long does that take?

B.D Manager: We have been trying to establish our distributor in Vietnam as an example, and the registration of the products has so far taken some 18 months and is yet incomplete. This is exacerbated by the fact that their own, that is the Vietnamese, regulatory authority has put on hold the registration of various products, our own included, for periods of 6 months at a time in order that they can get their own house in order as it were. Urrm, it is not unusual for product registration in countries abroad to take 12 months, anything less than that is a bonus.

Researcher: Does the difficulty of this process of setting up with a distributor, how does that change depending on the type of relationship that you've got with them?

B.D Manager: No I don't think its relationship driven; I think that it is regulatory authority driven. Clearly the more interested a distributor is in putting our product into the market the more effort they will undoubtedly put into the registration process. Urrm, the problem from the distributor perspective is they too have undoubtedly got limited resource and a

number of products that they are already putting into the market and perhaps seeking to put into that market, our range of products can be one of those ranges.

Researcher: Yeah. What do you see as a good relationship between Chem-Manu and a distributor...or partner?

B.D Manager: A good business relationship that Chem-Manu has with a Chem-Manu distributor or a partner is one whereby there is mutual understanding, respect and determination to work to mutual advantage in terms of getting our products out there in the marketplace. Clearly it is important that we spend time with our distributor not least of which at the outset of the relationship in order to ensure that they properly know and understand our products and what they are capable of, technically what can be achieved in order that they can relay that information to their customers. Importantly to and alongside of that, we need to ensure that we deliver to time, we provide quality product at the right price and the right price is a price that erm...that can ensure that the market can afford the product. Especially when compared to competitor products.

Researcher: OK so if all these things happen then what kind of benefits can Chem-Manu see from that?

B.D Manager: We can see that err, we'll sell a lot more product into the market and we will make profit in consequence and we need profit to reinvest into our products plant and resources.

Researcher: So do you think that these benefits could be achieved the same through an e-business platform- whether we're talking about a login area or whether we're talking about emailing...the internet as a whole do you think that we can manage relationships?

B.D Manager: I think that relationships could be enhanced utilising these facilities. It is important that we maintain contact with our distributors, customers, partners and where we can do that on a face-to-face basis- that clearly by far is the best mechanism- it's not always possible. We have a lot of distributors in a lot of countries throughout the world. Therefore we need to devise other mechanisms to maintain that contact. Those mechanisms are essentially digital. E-business clearly is the way forward, having a portal on our website to allow the customers, distributors etc. to be able to login to see where their orders are up to urrm, understand what is going on with regard to the deliveries, the quality of our products, the urrm the detail of our products and any changes that maybe coming about and any circumstances relative to the company, it's important that this information be relayed and understood by our customers and this is certainly a great mechanism for doing that.

Researcher: So there you have mentioned some functionality, urrm, particularly a lot of informational functionality and using it for informational purposes.

B.D Manager: mm

Researcher: What other functionalities can you see being useful?

B.D Manager: I think any and every form of interaction is important. I haven't necessarily thought of all that we can we can do at this point in time. But I'm interested to see our

portal established. I'm most interested to see that we improve our communication mechanisms in whatever form that takes because at the moment they are poor and we suffer in consequence. I think we could do a lot more business by nurturing our distributors more than we do at present and this potentially is a good mechanism for doing that.

Researcher: And do you think it urrm will be challenging to get parties to participate in that?

B.D Manager: I think it will undoubtedly be challenging to get them to participate.

Researcher: Why?

B.D Manager: I think it is... I think we have to recognise that when it comes to a distributor we are one of their suppliers, they have many and as we talked about earlier, as an SME we have limited resource. They too have limited resource, and often our distributors are not necessarily, especially those in for instance the dairy and the poultry industry, they aren't necessarily technologically aware. I think we have to help them become aware, I think we can do that. I think it will take some time and effort to bring to their attention what it is we're offering and how they can take advantage of it.

Researcher: And do you think that for instance, age or culture could be a factor?

B.D Manager: When it comes to young people, such as I, then it won't be a difficulty at all (laughs). Clearly age and culture make a difference. Urrm I think a lot of the older folk are perhaps less technology, technologically aware than are the younger folk who have come up with technology as being second nature to them. I think culturally too there are some considerations, not least of which is the fact that in South America for instance, and it's not limited to there, my understanding is that most people of those that do access the internet do so on their mobiles as appose to doing so on a PC. We need to ensure that our umm our mechanisms are as available to be linked in to via that mechanism as they are via a PC.

Researcher: What do you think about mobile/tablet accessibility?

B.D Manager: I think that is very important indeed because if you can't access them by the different mechanisms people very quickly lose interest in pursuing technological mechanisms if in the simplest of terms for instance if you log onto the internet and the page doesn't come up within seconds often folks simply move on, they don't persevere trying to find you so the same would apply to a, to a mobile as to a PC.

Researcher: What kind of barriers have you experienced between Chem-Manu and their distributors? In terms of perhaps culture, industry...? If any...

B.D Manager: I'm not sure the word barriers is the right word. I think there have been difficulties; clearly I suppose where barrier might apply erm is in terms of language. Certainly urrm there can be difficulties in terms of gaining an understanding of...of what someone talking to us in a foreign language is saying. What we have done, a couple of things that we have done to try and solve that for instance is urrm is we've sought to urr create contacts with people who speak languages other than those have within the Company. For instance Brazilian, we took a Brazilian speaking contact with us on a recent

visit to Brazil to ensure that we got full and proper clarity of what was being said to us. And we propose to do exactly the same on our next visit in the coming weeks to China. Language is a problem and Brits in particular, though we're fortunate in that we're a multicultural organisation, but Brits in particular tend not to arm themselves with other languages. So we do need help. That I see as one of the bigger problems. I think all else, indeed language too, these issues can be overcome but we have to apply ourselves to doing that. Urrm what other difficulties may I have seen? There are, there have been difficulties in terms of this organisation getting its act together. In terms of delivering on time, in terms of urrm addressing or readdressing our products, in terms of formulation whilst we have been doing that for the best of intentions in a number of cases, i.e. looking to improve the formulation. What we haven't always been as clever at is communicating what it is we have done to the customers and that can provide urrm, can provide a problem. Urrm I think that having being said we work hard to get things right for our customers and most of our customers historically have come to us in consequence of word of mouth i.e. reference from other of our customers, so we get a lot right. We don't get everything right though and we've got a lot of hard work to do to improve our situation overall.

Researcher: Ok, so do you think it would help urrm with the login? So do you think a few of these problems could be overcome? For example the languages, would you see it being in the specific languages? Or would it be in English?

B.D Manager: It would be wonderful were it in English. I think that it's a faint hope to expect that it will be urrm whatever the language is that urrm of the customer that we are dealing with we have to be prepared to effect translation and/or interpretation where necessary. It's incumbent upon us as the supplier, these are our customers, we can't expect them to jump through the hoops it is we that need to jump through the hoops otherwise someone else will supply them.

Researcher: Mm yes. OK urrm the formulation changes that you mentioned, do you think that a lot of these sorts of things could be communicated through logging in and you mentioned delivery times. At least that could then be communicated to them if they can track the orders through.

B.D Manager: Absolutely. I think that is absolutely right. Communication is the key, communication is fundamental. If you tell people what it is they're doing and help them to understand why you're doing it and show that it's for a good reason people ordinarily will readily accept that. If you don't tell them what you're doing then seem to impose something on them, then you're really raising a barrier to taking the business forward. So we need to give that due and proper consideration. We need to improve our communication mechanism, e-business is a great way of doing that.

Researcher: Do you think business relationships are more difficult to manage when they're distant?

B.D Manager: Course they are which is why we should pay more attention to employing any and every mechanism that we can. Again, that brings us back to e-business in its various forms we need to urrm we need to position ourselves to become competent in using e-business to full advantage. We need to be thinking about this as an automatic way of ensuring that people are aware of what it is we're doing.

Researcher: OK, and how important do you think face to face meetings are?

B.D Manager: Oh crucial. I have been saying to the Directorate of this business that their job is to be customer facing. We need to underpin the functionality of everything that they do such that they become indispensable in terms of the functionality of pricing and attending to regulatory matters and dealing with new product development. We can buy in this facility and we should do that in order to release our Directorate to be customer facing to be spending their time with our customers telling them what it is we're doing and seeking to ensure that our customers are on side with us. Identifying that we care about them, identifying that we'll take the time and trouble to come and meet them to talk to them and or to invite them into the company, have them visit us. We don't always have to go visiting them. A number of our customers would relish the opportunity to come to Rochdale and see our plant and facilities.

Researcher: And you think that meeting face-to-face helps build the relationship from the start especially if they can come and see the capacity of the Company?

B.D Manager: Yes, I think it's crucial. Absolutely imperative. Not every day, not every week, not every month but certainly at least once a year to build those business and personal relationships.

Researcher: OK. So both Chem-Manu and their distributors have shared goals, what are these goals would you say?

B.D Manager: Profit. We and they are in business to make profit. That is the, that is the first consideration if you like. We need to make profit in order to be able to fully invest in our businesses, to grow them. We also want to reflect ourselves as a modern company, as a company that is caring and responsible of our customers, of our products, of our marketplace. The more profit we make the more readily we can do that.

Researcher: And can the distributor help Chem-Manu to achieve that?

B.D Manager: Yes the distributor can help us to achieve that...and can help himself to achieve that. By jointly working to mutual advantage we can both benefit.

Researcher: You say reflect the Company as a modern company, how do you think you can do that?

B.D Manager: The marketing undertaken will help us achieve this. For example the look of the website, how we approach customers, having the facility to allow them to monitor orders. Servicing customers fully and properly. Responding to their needs, improving delivery times. Ensuring quality and seeking to exceed expectations. It is important for us to implement all mechanisms possible to reflect we are a modern outfit.

Researcher: So how would you measure the success of a business relationship with a distributor?

B.D Manager: Through measuring the profitability of our business and in spending time and or communicating with our distributors and then measuring the volume of orders that they're placing with us would give me a good indication of how successful they themselves are being and then how the relationship is going. That, if you like, would be further

reflected in the speed with which they pay our accounts, i.e. they're being profitable and generating good cash flow.

Researcher: OK.

B.D Manager: Key considerations for ourselves.

Researcher: So if you're contacting a distributor what's the usual or preferred way to contact them?

B.D Manager: Well we generally urrm communicate with our distributors by either email in the first instance or telephone in the second instance. We don't spend enough time with face-to-face contact which is obviously a difficulty because of the geographical location of where we are they are. But urrm primary means of communication at the moment is email and telephone.

Researcher: Why do you use email and telephone?

B.D Manager: Convenience. Overseas I would choose email because of cost considerations and trying to simplify language and that sort of thing. This is more difficult over the phone.

Researcher: And do you think that there are any negatives to doing that?

B.D Manager: Yeah I think email is impersonal and unfortunately one of the drawbacks of email is that of interpretation of what's said. It's...people use email without often giving the fullest of consideration to the way in which they say things and things can often be misunderstood from purely an email. Especially when you're talking to someone in what is a foreign language and or they are talking to you in what is a foreign language. Because what you're subject to is not just the difficulties inherent in email between two English speaking parties but a foreign speaking or someone speaking other than in English talking to someone in English poses all sorts of difficulties.

Researcher: Which distributors do you think Chem-Manu would need to utilise the e-business platform with?

B.D Manager: As many as we can. As many as we can. Urrm we need to broaden our horizons in terms of the mechanisms we use for communication and we need to be sure that having the mechanism we utilise it. We don't just have it in and then promptly park it, we need to get on and get used to using it and make sure we use it as frequently as we can and encourage, importantly encourage our distributors to use it.

Researcher: And how do you think Chem-Manu could encourage them to use it?

B.D Manager: By more communication. By writing to them, by telephoning them by telling them what it is we're doing. By telling them face-to-face where can urrm but it is imperative that we communicate to them that this mechanism is available. We're going to put in an MRP software package into the business that will allow customers, distributors and otherwise to be able to see where they're orders are up to. If nothing else especially where a customer is under a circumstance whereby it takes time to put his orders together it can take 30 days for it to travel by sea to his shores, it can take 10 days to then clear it, clear it with the customs. It can take him perhaps another week to then get it to his warehouse



and or certainly his customer. It's an imperative that he can see that we at this end are expediting manufacture and availability for umm for transport umm as quickly as possible. This mechanism will allow him to do that.

Researcher: So you think communicating the benefits of what they could see from it is the best way?

B.D Manager: Yes, the benefits of it yes.

Researcher: OK. So just finally really are there any excellent examples that you could tell me about? Perhaps a relationship between Chem-Manu and a distributor? Or maybe an e-business tool that you have utilised well in the past?

B.D Manager: I'm not sure about e-business experiences though but we have a relationship with one of our distributors. We'll keep his name to ourselves but you and I know who. He an intelligent and successful business man who knows his product, knows his customers and knows his market. And he is, on the occasions that I have met him, which is now twice face-to-face he has been critical of Chem-Manu and he has been specific in his criticisms. Those criticisms have been relayed to others in the organisation, who have been inclined to think this guy is always critical, this is the nature of the man. This guy is nectar to this organisation, he is specifically identifying where we are failing and he is doing so whilst continuing to regularly buy from us as a first class distributor. We need more of these and we need to listen to him and act on that that he says. We will have a much more successful business in consequence. I think the reason he continues to buy from us is because at the end of the day our product is good, it's better than most in the marketplace and it's the right price. And he keeps telling us areas to improve and we need to act on that. That is a good relationship frankly whereby the customer is prepared to tell us what is wrong, we need to be prepared to listen. We have other relationships where, for whatever reason, things have always gone exceptionally well with a customer and we seem always to have gotten it right and that's wonderful. But we need to listen to those where we get it wrong. XXX falls into that category.

Researcher: So really you're looking for honest feedback?

B.D Manager: Absolutely essential. Why ask the ruddy question? We send out under the terms of our quality management system, we send out questionnaires to our customers seeking feedback. There's no point in doing this for the sake of it, we need to do it in order to learn from it and improve our business processes. Without a mechanism for continuous improvement, and e-business can very well be a part of that, then we will fall behind our competition and ultimately we could fall out of the market if we're not prepared to listen to the market.

Researcher: So really he's (the distributor) passing on his knowledge and his understanding of the marketplace and the responses to the products within that.

B.D Manager: Yes his understanding of how we are performing or not performing in that marketplace and how we can improve. This is vital and expensive information that we're getting for free.

Researcher: umm

B.D Manager: And we should be listening and acting on it.

Researcher: So when considering this, there are other things that they could also be telling Chem-Manu about. Do you think it would be useful to learn those things and then in turn them to learn from Chem-Manu?

B.D Manager: I think it is important to help them technically to understand what our products are about, how they can benefit them and their customers and we should also be prepared to put time into training and development of them. In this way I believe that we will achieve greater sales volumes and make a greater profit in consequence. Importantly though we can learn from them, the greater the interaction we have with our customers, the more we will learn. It's one thing to learn of course and another thing to act upon it and we need to act upon it. E-business, the e-portal the use of e-business will, or should, increase the level of communication between ourselves and our customers and that can in my view only be a good thing providing we are professional in our communications with them.

Researcher: Do you think an e-business portal could help Chem-Manu to train and educate distributors

B.D Manager: Yes absolutely. Save us a lot of time too if it was already available for them to access remotely.

Researcher: OK well that's it, is there anything you would like to ask me?

B.D Manager: Yes, is there any chance of a date?

Researcher: (laughs and coughs into the mic).

B.D Manager: (Laughs). Urm no I don't think so Lydia. I think you've covered all the ground certainly that's a very comprehensive series of questions all be it on largely a single topic which I know is that of what you're exploring urm as long as you're getting honest feedback from those that you're talking to then this will be an extremely valuable piece of work both for your own purposes but particularly for that of the business. We're learning. We need to be listening. We need to know what they think because we're not sat here in an ivory tower; we aren't commanding the marketplace and controlling the world. We're the tiddling little chemicals company trying to break into and get a much, much bigger market share than we presently have. The option is there to do it, we've got a great team of people that we're building on but we will do so much more, so much quicker just by bearing in mind that we have who ears and one mouth. We need to use our mouths as well, we need to communicate but we need to listen but not only listen, I said it earlier, act upon what we hear we gotta implement that.