The Role and Uses of Market Research in Small and Medium-sized Exporting Companies

APPENDICES

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CONTENTS

A. TRANSCRIPTS OF INTERVIEWS 463
   A.1. Manufacturing Companies 463
   A.2. Suppliers/Support Organisations 586

B. QUESTIONNAIRE 665

C. DESCRIPTIVE STATISTICS 674
   C.1. Frequency of Export Information Collection and Use 674
      C.1.1. Sources of Export Market Information 675
      C.1.2. Data Collection Methods 675
      C.1.3. Individuals/Organisations Used to Collect Export Marketing Information 676
      C.1.4. Export Marketing (EM) Decisions 677
      C.1.5. Information Used for EM Decisions 678
   C.2. Use of, and Views on, Export Marketing Information 679
      C.2.1. Use of Export Marketing Information 680
      C.2.2. Attitudes to Export Marketing Information and Export Marketing Research 684
   C.3. Companies Export Experience 688
      C.3.1. Number of Years Exporting 688
      C.3.2. Export Destinations 689
      C.3.3. Management Perception of Current Export Operations 691
   C.4. Export Commitment 691
   C.5. Export Performance 694
      C.5.1. Exports as a Proportion of Company Turnover 694
      C.5.2. Trends in Turnover and Profitability: Total Company Versus Exports 695
   C.6. Respondent History 696
      C.6.1. Company and Professional Career Backgrounds 697
      C.6.2. Education 698
   C.7. Respondents' International Orientation 700
FIGURES

<table>
<thead>
<tr>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>D.1. Sources of EMI: Dendogram</td>
<td>708</td>
</tr>
<tr>
<td>D.2. Data Collection Methods: Dendogram</td>
<td>712</td>
</tr>
<tr>
<td>D.3. Those Used to Collect EMI: Dendogram</td>
<td>714</td>
</tr>
<tr>
<td>D.4. EM Decisions: Dendogram</td>
<td>716</td>
</tr>
<tr>
<td>D.5. Types of EMI: Dendogram</td>
<td>720</td>
</tr>
<tr>
<td>TABLES</td>
<td>Page</td>
</tr>
<tr>
<td>----------------------------------------------------------------------</td>
<td>------</td>
</tr>
<tr>
<td>C.1. Sources of EMI</td>
<td>675</td>
</tr>
<tr>
<td>C.2. Data Collection Methods</td>
<td>676</td>
</tr>
<tr>
<td>C.3. Those Used to Gather EMI</td>
<td>677</td>
</tr>
<tr>
<td>C.4. EM Decisions</td>
<td>677</td>
</tr>
<tr>
<td>C.5. Types of EMI Used in Decision Making</td>
<td>679</td>
</tr>
<tr>
<td>C.6. Instrumental Use of EMI</td>
<td>681</td>
</tr>
<tr>
<td>C.7. Conceptual Use of EMI</td>
<td>682</td>
</tr>
<tr>
<td>C.8. Symbolic Use of EMI</td>
<td>683</td>
</tr>
<tr>
<td>C.10. Planning Orientation</td>
<td>686</td>
</tr>
<tr>
<td>C.11. Sales Orientation</td>
<td>687</td>
</tr>
<tr>
<td>C.12. Company Age and Export Experience</td>
<td>688</td>
</tr>
<tr>
<td>C.13. Export Destinations</td>
<td>689</td>
</tr>
<tr>
<td>C.14. Export Reach</td>
<td>691</td>
</tr>
<tr>
<td>C.15. Level of Export Operations</td>
<td>691</td>
</tr>
<tr>
<td>C.16. Company Employees</td>
<td>692</td>
</tr>
<tr>
<td>C.17. Employees in Exporting</td>
<td>693</td>
</tr>
<tr>
<td>C.18. Marketing and Exporting Budgets</td>
<td>693</td>
</tr>
<tr>
<td>C.19. Exports as a % of Turnover</td>
<td>694</td>
</tr>
<tr>
<td>C.20. Turnover and Profitability</td>
<td>695</td>
</tr>
<tr>
<td>C.21. Job Titles</td>
<td>696</td>
</tr>
<tr>
<td>C.22. Career Histories</td>
<td>697</td>
</tr>
<tr>
<td>C.23. Careers – SME/MNE Split</td>
<td>698</td>
</tr>
<tr>
<td>C.24. Education (Summary)</td>
<td>699</td>
</tr>
<tr>
<td>C.25. Education (Subjects)</td>
<td>700</td>
</tr>
<tr>
<td>C.26. Languages (Summary)</td>
<td>700</td>
</tr>
<tr>
<td>C.27. Main Languages Spoken</td>
<td>701</td>
</tr>
<tr>
<td>C.28. Lived/Worked Overseas</td>
<td>702</td>
</tr>
<tr>
<td>C.29. Years Overseas</td>
<td>702</td>
</tr>
<tr>
<td>D.1. Sources of EMI: Agglomeration Schedule</td>
<td>707</td>
</tr>
<tr>
<td>Section</td>
<td>Page</td>
</tr>
<tr>
<td>------------------------------------------------------------------------</td>
<td>------</td>
</tr>
<tr>
<td>D.2. Sources of EMI: Dimensionality</td>
<td>709</td>
</tr>
<tr>
<td>D.3. Sources of EMI: Split Samples</td>
<td>710</td>
</tr>
<tr>
<td>D.4. Data Collection Methods: Agglomeration Schedule</td>
<td>711</td>
</tr>
<tr>
<td>D.5. Data Collection Methods: Dimensionality</td>
<td>712</td>
</tr>
<tr>
<td>D.6. Data Collection Methods: Split Samples</td>
<td>712</td>
</tr>
<tr>
<td>D.7. Those Used to Gather EMI: Agglomeration Schedule</td>
<td>713</td>
</tr>
<tr>
<td>D.8. Those Used to Gather EMI: Dimensionality</td>
<td>714</td>
</tr>
<tr>
<td>D.9. Those Used to Gather EMI: Split Samples</td>
<td>715</td>
</tr>
<tr>
<td>D.10. EM Decisions: Agglomeration Schedule</td>
<td>716</td>
</tr>
<tr>
<td>D.11. EM Decisions: Split Samples</td>
<td>717</td>
</tr>
<tr>
<td>D.12. Types of EMI: Agglomeration Schedule</td>
<td>718</td>
</tr>
<tr>
<td>D.13. Types of EMI: Dimensionality</td>
<td>720</td>
</tr>
<tr>
<td>D.14. Types of EMI: Split Samples</td>
<td>721</td>
</tr>
<tr>
<td>E.1. Scale Item Derivations</td>
<td>725</td>
</tr>
<tr>
<td>E.2. Instrumental Use of EMI: Dimensionality</td>
<td>727</td>
</tr>
<tr>
<td>E.3. Conceptual Use of EMI: Dimensionality</td>
<td>728</td>
</tr>
<tr>
<td>E.4. Instrumental/Conceptual Use of EMI: Dimensionality</td>
<td>729</td>
</tr>
<tr>
<td>E.5. Symbolic Use of EMI: Dimensionality</td>
<td>730</td>
</tr>
<tr>
<td>E.6. EMI Use: Dimensionality</td>
<td>732</td>
</tr>
<tr>
<td>E.7. EMI Use: Factor Loadings</td>
<td>733</td>
</tr>
<tr>
<td>E.8. Instrumental/Conceptual Use of EMI: Item Correlations</td>
<td>735</td>
</tr>
<tr>
<td>E.9. Symbolic Use of EMI: Item Correlations</td>
<td>736</td>
</tr>
<tr>
<td>E.10. Attitudes to EMI/R: Dimensionality (all items)</td>
<td>740</td>
</tr>
<tr>
<td>E.11. Attitudes to EMI/R: Dimensionality (purified scale)</td>
<td>741</td>
</tr>
<tr>
<td>E.12. Attitudes to EMI/R: Factor Loadings</td>
<td>742</td>
</tr>
<tr>
<td>E.13. Sales Orientation: Item Correlations</td>
<td>743</td>
</tr>
<tr>
<td>E.15. Planning Orientation: Item Correlations</td>
<td>744</td>
</tr>
<tr>
<td>E.16. EMI/R Orientations: Correlations</td>
<td>744</td>
</tr>
</tbody>
</table>
Appendix A1

TRANSCRIPTS OF INTERVIEWS – MANUFACTURING COMPANIES
MANUFACTURING COMPANIES
Transcript 1: Marketing Manager

We’ve been manufacturing since 1979. Oceanographic and hydrological measuring instruments...to put into inshore and offshore water, to see how deep it is, the fastness of flow, salt content and so on. In simple terms. Inshore applications are with the Environment Agency, for example, for catchment management. How much water. And survey work. People like South West Water, harbour authorities, or civil engineering contractors. Pre-surveys of current flows. Is silt moved about the harbour etc. Coastal applications are mostly with the oil industry – measuring current flow direction in deep water. There are two main areas: research, universities, research institutes, the science of water; then commercial – civil engineering contractors, authorities involved in policing, the oil industry etc. Commercial applications are very scientific, to do with the measure of conductivity, temperature, pressure.

I arrived in October 1978. My background’s in electronics. I came as an electronics trainee. Changed to sales in 1986. Since I’ve been here the turnover’s gone from £35,000 a year to £1.6 million. When I started in sales – in 1985 – 65% of our sales were in the UK, 35% exports. Now it’s 70% overseas, 30% UK. Our main income and growth is all seen as coming from overseas. We have a few solid UK customers, but we’re mainly active overseas.

TELL ME ABOUT HOW THE EXPORT SIDE HAS GROWN

We were probably very naïve as to what was required world-wide between 1969 and 1980. Initially we had a small range, just for the inshore market. It’s only since 1980 that we’ve expanded our range to bring in a more overseas perspective. Between 1969 and 1982 the company was privately owned. One guy. He did the sales work, in the latter years with somebody else. I would suggest they were fairly naïve about going out and getting business. In 1982 he sold out, and we became part of a public company, who injected a lot of expertise, including in sales and marketing. In late 1985 they sold the business to the present owner. We had a Sales Manager by then – two really. In early 1986 one sales manager went, and I came up. In 1989 the other Sales Manager left and I took over the whole job.

We’ve got 25 employees. In sales there’s me and a UK/European Sales Manager, and Penny out there who acts as support. Our main network is about 40 agents and a few other regular trading houses world-wide. Of which about 5 are good. (P) In the UK it’s direct sales; all the agents are for overseas. That 30% of UK sales could contain indirect export. We deal with trading houses, and companies in the UK doing jobs overseas.

SO WHERE ARE YOUR MAIN EXPORT MARKETS?
Now – Korea! In one year they’ve taken one fifth of our business. The Far East is our biggest export market. There’s Korea, a UK rental company with offices in the Middle East: they do about £100 thousand a year. Then there’s a jump-down – Norway, Holland, Singapore, Malaysia, Taiwan. It fluctuates a bit. We had a good year in Taiwan a few years ago. Not the US or Canada. They’re so well served themselves.

HOW DOES EXPORTING TO A NEW OVERSEAS MARKET START?

We’ll sell to anyone. We don’t need an agent. We could sell anywhere. (P) We advertise in the associated trade press, attend relevant trade exhibitions. We have a web-site. A lot of mail-shot work; we’ve got 5000 names on our international database. And then there’s luck. In a localised business, with some products, only 10 people would make it worthwhile your being in that product. Generally people are searching for you.

WHAT SOURCES WOULD YOU USE THOUGH? WHERE WOULD YOU GO TO FIND OUT ABOUT A NEW MARKET?

We’ve never specifically targeted a country. More so with our products – the types of people who buy a product. It’s by sector, or industry eg. survey companies or civil engineering. With survey companies we use our database, the names building from our general activities. We use word of mouth. (P) Now, for example, we’re moving back into the fresh-water market more strongly. We’ll probably take information from reference lists, the relevant trade reference books. With lists of the names and addresses of water processing people, civil engineers who might be interested etc. It’s a long process. Often it’s easier to sell ourselves to someone else strong in that area who has a network, use them. So we’re talking OEM deals etc.

We only advertise in reader-reply ads in magazines. Anyone who places an order automatically ends up on our database. At exhibitions it’s all business cards. Trade journals give us lists of certain types of customers. We ignore data protection! We’ve had serious additions (to the database) from trade directories or conference attendees etc.

HOW WOULD YOU FIND OUT ABOUT THE COMPETITION, FOR EXAMPLE?

We know who our competitors are. There are a few surprises, people coming out of the woodwork. You can make stuff out of your front room these days. We’re big on the inshore/offshore side, and oceanography is like a club, you get a good rapport with customers. The exhibitions are more like reunions. In oceanography there’s one big exhibition, which happens every year. One year it’s in the UK, the other year in the South – Spain or somewhere. Also we go to the odd European exhibition. There’s one every two years in inshore water. In the US we don’t
bother, though we pick up on conferences that have a bit of trade stuff tagged on. We had a table at one. You can capture a set bunch of people. We put brochures in everyone’s delegate pack. We always get some enquiries.

HOW WOULD YOU LIKE TO BE ABLE TO FIND OUT ABOUT NEW MARKETS?

We’ve taken on Alistair to develop our sales. The database is a mess. We weren’t very focused on what we were doing and we knew we had to grow. We need guidance on where the overseas markets were, how to develop what products to market. We do look properly before we develop new products.

HAVE YOU EVER USED ANYONE FROM OUTSIDE THE COMPANY TO HELP FIND OVERSEAS MARKETS? GOVERNMENT SOURCES? OR OUTSIDE CONSULTANTS?

We’ve tried the DTI locally. Alistair went to the Library, a large Library in London.

SMIL?

Could have been. That was at the market research stage. To do with what we thought was the global market for our business. Not for particular countries. We don’t ask the DTI obvious questions like who’s where. The Korean agent came to us. A lot of people come to us. They’re often fly-by-night. We’ve used more targeted mail-shots, and our web-site recently. We get orders through the site. Our main concern with a new country is that we can get our money safely. It sometimes leads me to think – there’s more business out there. We’ve talked to the DTI in the past about finding agents in certain countries. But it’s an expensive service. We approached another company. We offered them £3000 to find country agents. To do a major sifting process, and come back with a short-list.

OTHER SOURCES OF INFORMATION?

Oil-related publications, trade directories, annual reports, network contacts. The big institutes were sent questionnaires (by Alistair), asked how they thought the market would grow. With customers and non-customers. A mix of the information to hand. Reports picked up in the past. Competitors annual reports. We judge the market size, and our market size from that. We’ve got one main competitor in the UK; then there are three or four others. I’m talking about manufacturers. Then there are those selling other people’s products – representative companies, agents.

WERE ALISTAIR’S QUESTIONNAIRES THE 1ST TIME THE COMPANY HAD CONSCIOUSLY SET OUT TO DO MARKET RESEARCH?
We’d done some before with a specific environment agency, the NRA (National Rivers Authority) about our products. When we’re working on a new product. With a known method. Have we got the cable length/price right etc.

HOW DO YOU USE THE MARKET INFORMATION YOU HAVE TO MAKE EXPORT DECISIONS?

We have customer-centre meetings here.

YOU INVITE CUSTOMERS TO COME AND TALK TO YOU?

No. We have meetings here, thinking about what they want. Talking about the information we’ve got, what we’ve found out.

DO YOU SEE A ROLE FOR MARKET RESEARCH IN THE COMPANY?

No doubt. Alistair is leaving but we will be replacing him. (P) I can’t say what market research will be involved, but I know it would.

(P) WOULD THAT BE LOOKING AT PARTICULAR COUNTRY MARKETS, FOR EXAMPLE?

When our business is increasing. We’ve got to change. You’ve got to look at developing countries. Our products are bought for a purpose - the survey industry or whatever. In the future we should look at the economic growth of certain countries we’re not doing business in, and target them.

IF YOU COULD HAVE ANY EXPORT INFORMATION YOU WANTED, THAT YOU DON’T HAVE AT THEM MOMENT, WHAT WOULD THAT BE?

Competitors’ prices. Market demand for particular kinds of products country by country. Who would use a current-flow meter in ‘x’ country? How many? Who are they?

WHO WOULD YOU USE FOR THAT?

Time is the biggest problem. The DTI could provide a market information service. You can hire consultants but the DTI services are at a low level, I would have thought. The BMCS Trade Plan will help you find agents. We engaged a consultant for 6 months to help us develop a product. He came from a competitor. We use a PR company we’ve retained for press releases etc. We get a lot of offers, Mail-shots. You need to make a market research/marketing distinction. Most of those who contact us are marketing, not research. I get very nervous of somebody who comes in and claims to know a lot about our industry. Sometimes

467
you spend time with them then find they’re just trying to get your advertising business.

WHAT HAS BEEN THE MOST USEFUL PIECE OF MARKETING RESEARCH YOU’VE USED SO FAR?

Getting our Norwegian competitor’s annual report faxed to us earlier this year. We’d never seen it before. They made a split of their market. It helped us change where we were targeting and focused on. It compared the main business in the main countries. Our Dutch agent picked it up. You do get feedback from agents. The people you use can also represent your competitors. There’s a difference of loyalties, but most information does come back. We’re getting more information from the Net now. (P) After a visit to the US and Canada this year – the DTI sponsored a visit in our industry. We got a report from this. They were very open about their turnover etc. Some (US) companies thought we were the same size as them; some thought we were smaller etc. It confirmed Alistair’s information that the oceanographic market is not a growth market. There’s only 5% per annum potential. Freshwater is where the growth is – on the process side.

...(MARKET RESEARCH) FOR USE IN DECISION-MAKING?

Two purposes: go out and focus ideas. Who can you sell this to? And, is there a market there. Geographically you have to have a start – a reason for doing it (exporting). So research the product, the idea. It’s fact-finding.

SPECIFICALLY, IN DECISIONS (P)?

Market research should be part of the NPD process. That should determine whether you press the ‘go’ button. And should it be white or would we sell more in pink? That sort of thing. Determine the output of the product. We would use information at the moment to review the American situation. To get an American focus. We need technical information, there’s one method of technology preferred. And the US market also, it’s huge. But they’re not interested in buying from outside. If research could tell us why we could maybe try to break that down.
MANUFACTURING COMPANIES
Interview 2: Marketing Director + Marketing Manager

COULD WE START BY TALKING ABOUT THE COMPANY; WHAT YOU DO; SOMETHING ABOUT THE HISTORY?

We develop manufacture and market specialist electronic equipment for the high security industry. Plus some components. Our name doesn't mean anything. October 1985 we started. We've got 150 people now, three of us in marketing; 87 overseas. We were ------(company name) for 5 years. The export side started itself. The industry we serve is very close-knit. Success in the UK meant overseas interest. And we are successful. We are successful at reducing robberies. It’s a small industry, and there are conferences every year. Many of the companies are international. We've had great success in the UK with companies like Securicor and Group 4, companies that operate in different countries. The product sold itself into other countries automatically – into banks, cash-in-transit companies, post offices and some specialist retailers. There’s an industry conference every late Spring – in different countries every year – around 200 people go. It’s been in Nice, in Malta. 3 days: its one and a half days work, and the same socialising. It looks at trends, problems. There are interest groups: EFTA, Europe. South Africa, the US.

HOW DO YOU OPERATE OVERSEAS?

Distributors, agents, and we go direct. In South Africa we’re in partnership with another company in the same sector, and in Holland. Same in Germany – all three are partnerships with local companies. There’s a company in Hong Kong looking at looking after East Asia and the Pacific region. Agencies on the ground are thin. CIT companies sometimes recommend our products – we offer concessions. There’s 3 of us in marketing, a marketing assistant and us two (marketing director and marketing manager).

HOW DID YOU START EXPORTING? WHAT'S THE HISTORY?

We started exporting to Scandinavia – Sweden and Norway. We’re in every Scandinavian country now. Scandinavia kicked the rest of the European market off. We’re in several European markets now. Little or nothing in France in the past, though that’s changing now. In 1991 South Africa opened up. Then in 1989, Hong Kong. The UK market’s our best single market, then Scandinavia. (P) 80% of our turnover is in exports. There’s no choice. There’s 100% penetration in the UK market, so the company ceases to exist, apart from servicing. So we've got to look overseas. But the market drove us overseas anyway. Germany’s precluded – there are rigorous technical specifications for Germany, and associations, departments, scientific bodies to approve products. I worked for 3M for some time and had links with Germany. When I came here I looked into it. But we’re
not in Germany. Similarly Australia: the way they move cash around is governed by legislation; and new systems (like ours) demand legislative changes. We got into South Africa by word of mouth. Then we set up a subsidiary with this company in South Africa. We manufacture the parts — they assemble them in South Africa. We mostly have tied arrangements, except in Holland, which is a joint venture operation with some old distributors of our new products. Holland have their own technical personnel. In other countries we have our own technical service personnel. So we have Scandinavian, Dutch, German speakers inside the company.

WHAT ABOUT LANGUAGES? DOES THAT MAKE IT EASIER FOR YOU TO FIND OUT ABOUT MARKETS?

Languages are more important for servicing than for selling. The senior management who are spoken to when we’re selling all speak English — in Asia for example. On the ground, at shop floor level, knowledge of English is less. So the technical people need the language as well. The need to communicate is higher with the technical aspects. Speaking in the mother tongue is vital so people understand unambiguously what you’re saying to them. We service from here directly and in situ on the ground. We have no hesitation in putting people on planes and sending them out to do the job. Agents need training. They may have had experience in the industry they’re serving but not necessarily in particular products. We graft on that product knowledge.

HOW DO YOU FIND OUT WHAT YOUR CUSTOMERS WANT?

It’s vital to deal with the end-users direct. This company operates on a customer-supplier partnership basis. This company talks of its customers as clients — a rather unusual description of customers for a manufacturing company. We like to get close to our customers — there’s a big loyalty thing we try to build. It’s a close-knit small industry — and a small number of multinational customers eg. Securitas HQ in Sweden has taken over Group 4 in the UK. Securitas are Europe-wide. We were unique until recently in the product we offered, though competitors have been attracted now. So relationships are vital to retaining our position in the market-place. It’s a very niche market.

............HOW DO YOU FIND OUT WHAT YOUR COMPETITORS ARE DOING?

Well there’s little written about such a small market, so it doesn’t attract professional market research as such. Also, the security nature of the market — automatically keeps information quiet. But there’s lots of word of mouth information about what they’re doing. Again relationships with our customers is vital here.
ARE THERE ANY SOURCES YOU CAN USE TO FIND OUT ABOUT MARKET CONDITIONS?

In the specialist sectors – there’s a large number of trade magazines in the secondary industries in general, vehicle security etc. Household burglar alarms etc. Rarely in the CIT area though. There’s great secrecy in the industry. In 2 countries we decided to go public on how our system works. Australia was the 1st. Our system means we don’t have to use armoured vehicles - just a standard delivery van. We wanted criminals to know that the robbery would not be successful because our system damages the money so it can’t be spent. We did the same thing in Norway. Banks use specialist companies. Post offices in the UK have cash-carrying divisions. Our big customers are the CIT companies I mentioned earlier, and some post offices. And some petrol stations, shops.

CAN YOU TALK ME THROUGH HOW THE DECISION TO MOVE INTO A PARTICULAR COUNTRY MIGHT BE MADE?

First of all we met someone at a European conference two years running – very reactive of us! The only tie we have where we were pro-active was when a company looking to be our distributor for the Far East/Pacific wanted a roadshow. I went to Asia – the Philippines, Singapore, Hong Kong and Japan in just over two weeks. And I called in to see all the major players in those countries. It’s different when we launch a new range of products at the moment because we’ve had a lot of existing users of its predecessor. (P) We don’t say ‘we want to move into Russia’, say. We’ve been there. We took the decision not to do business there because of their problems.

We are very reactive, but we’ve grown dramatically in the last 12-18 months. When I joined the company five years ago we were in 24 countries. Now we’re in 38 - soon to be 39 with Malaysia. That’s a lot in 5 years. But the market rather than our efforts has dictated the pace at which we grew. Because when you look at the kind of marketing they do (multinational clients) – where they’re putting together big advertising campaigns, awareness campaigns etc. – we don’t need to do that. We have no ad budget. There’s no need for us to get awareness. We might mail-shot existing clients with information on an improved product. But it’s focused. We know the people.

HOW DO YOU FIND OUT ABOUT THE MARKET FOR NEW PRODUCTS?

We need to keep ahead of new technology or the criminals will find a way of overcoming our security. Our clients said they wanted more flexibility, greater security, a simpler operation. We have an international perspective. We could develop a product that answered the concerns of international not just our UK clients. We spent 9% (of turnover) last year and 15% next year on NPD, but we want to retain world leadership. We are sensitive to our market place. Niches are good things, but it’s a fine line. You have to develop new lines of business to
flatten the ‘stop-go’ sales of an old product. We’re focusing on other CIT products.

HOW DID YOU DECIDE TO TARGET COMPANIES IN THE FAR EAST?

They were selected by our distributor based in Hong Kong. They are a CIT company who wanted to be our distributor. They know the competition etc. (P) It was a pro-active decision not to enter the States. The cheapness. The cultural difference – the right to bear arms. There’s a de-escalation on arming in Europe. It’s still spiralling in the States. The gun culture is hard to shift in the US. We have specialist automatic software we’re focusing on the US though. We’re going to pilot it in a couple of years time. (P) Word of mouth again. We’re looking for new products e.g. vehicle management systems now, with an on-board computer to monitor. (P) We use conventional market research means – reference libraries, trawl all the information on the use of tachographs, the number of fleet vehicle registrations, fleet operators etc. The Dept. of Transport for EU legislation. Routine desk research, which we can follow up with secondary research – actually visiting operators and see how they feel about these types of systems.

ARE THERE ANY PARTICULAR GAPS IN YOUR MARKET INFORMATION THAT YOU’D LIKE FILLED?

Not in this company. In 3M, yes, for years. It was very frustrating. The DTI has an Export Research Library in London. But when I’ve used that it’s been fairly general material. You can’t always get what you want out of it. On the other hand, we can’t afford to visit every country in the world to go to their equivalent of the Plymouth Reference Library to get what we want.

WHAT ABOUT OTHER SOURCES? THE INTERNET? USING A MARKET RESEARCH SUPPLIER OR A MARKETING CONSULTANT?

We do it. Up to now we’ve never bought professional market research.

With NPD we do field research (P). We can field suggestions to current clients. We know thousands of vehicle owners in the UK. Fleet transport, hauliers. The ideas are developed through less structured conversations with clients rather than structured questionnaires. We talked about sending out a customer satisfaction survey a little while ago. Mail-shotting to clients, seeking comments about customer service, maintenance etc. We’re working on a newsletter at the moment. There may be a response mechanism in there as well. (P) Although we’re in 39 countries – if you analyse that, there’s probably only about 7 major clients versus all the rest of the client base – there’s quite some small clients in there. Our customer service has to extend to end-users as well as our direct customers. Sometimes ‘technical problems’ with our equipment is simply the lack of client people training. The quality of service is becoming increasingly important, thanks to Securitas coming into new markets.
HOW WOULD YOU SET ABOUT MAKING DECISIONS ABOUT OVERSEAS MARKETS?

With price decisions, we don’t. We set a global price. It’s an expensive product – you have to pay for our advanced system. The rest, as I say we’ve been pretty reactive.

CAN YOU TELL ME SOMETHING ABOUT YOURSELVES?

I (the Marketing Director) was a freelance marketer before I came here. I started doing consultancy work for them, I’ve been full-time 5 years now. My background’s in banking – up from branch management to management. It’s not that I’ve got any training or qualifications in marketing. I learned on the job – I worked for a marketing consultants.

The company’s divisionalising. The marketing division will be separate, with the sales department. All the presentations, multi-media sales presentations, are done by marketing. We have one site in ------- and one in --------- (both S E Cornwall), plus a factory in Kent, which opened in January ’96 and specialises in pyrotechnic systems for the degrading of money. I (the Marketing Manager) have been 18 years in a variety of marketing functions in various divisions of 3M, including responsibility for some overseas markets. Principally the Middle East, and Scandinavia. Then I went freelance. I came here as a consultant, to engineer the move to a new site. Then I became full-time. That was two and a half years ago.

Marketing – prior to 5 years ago there was no marketing function in the company. Just the boss and one, French-speaking other. They went to companies and explained the product and found out if they wanted it or not. There was little or no pro-active marketing. Then we went to a couple of exhibitions, like the NEC, Essen, Amsterdam. But ESTA more specifically. The others just occasionally.

WHAT DO YOU THINK ARE THE MOST IMPORTANT ASPECTS OF GATHERING EXPORT INFORMATION, FOR SMALL COMPANIES?

There are small companies and small companies and small companies. So I’m not sure. You have to generalise though. Being able to focus. Small companies generally are very focused on their particular ‘raison d’etre’ in terms of export markets, and very often they tend to be fairly specialist in what they’re doing. And highly focused on a particular market or a very specialist product for a much larger market. In many cases there are similar problems, in that information is not readily available out of books, so they’ve got to use their wits. Cost is an issue, in terms of getting specialist help for that. If you’re a small company in the initial stages, all your cash tends to go into e.g. NPD – generally there’s no cash available for sales and marketing costs, but of course it’s equally as important. But the cash tends to get soaked up in the development process. I know there
are government schemes where cash is made available for people to travel. By
and large I think people do take advantage of that – trade missions etc. People just
starting off, if they want to limit their costs, it's not a bad thing. At least it gets
them into the country where there might be an opportunity. At minimum cost they
can have a look round while they're over there. I'm not sure there are any short
cuts or magic solutions really. When I knew I was going to Japan I sent off to the
British Embassy for a hat-ful of stuff on business ethics and how to conduct
yourself – that's as far as my research has ever gone. If I'm going to a particular
country where I know there's a specific protocol I contact the Embassy and get
this information. We don't have the time or the money to speculate by popping
over to a country and poking round. Some countries have operational difficulties
which require some tweaking of your product. If you don't go there, and talk to
the client and listen to how the operation works, you're never going to pick that
data up. So we do need to be in the field. But our agents do this – and feed back to
us. We look at the costs of R&D and make a decision based on orders
opportunities. Multinationals have got the advantage in that they have always got
the money to buy big research.

Small companies are often started up by people who break away from other
organisations, so they have a network of contacts already. They may have worked
for a multi-national, or a UK company with overseas contacts. Or they start the
initial part of their business with a company in the UK who themselves can
provide them with leads – if they can provide contacts for people overseas they
will. Networks grow like that. We're very unusual in that we do everything
ourselves. We produce videos ourselves, we do our own artwork, logos. Product
names, brochures, copy, photos. Very occasionally if we need specialist cameras
etc we'll sometimes call in a specialist. The special division we're starting will
work outside the sector if necessary. But part of the company. People starting up –
take a new product innovation. On the one hand you've got people who've hived
themselves off from some other organisation who follow their own thing, who've
got a network established. On the other side of the equation you've got the
inventor, who is a loner, who develops the innovation. Just think of the
differences they have. An inventor needs to know someone who knows someone
who's got the network.

I was involved in IPR for a while. The norm for an inventor is failure in
commercialising his idea; because he doesn't have a route to market, or any
access to that route.
COMPANY BACKGROUND?

The company was started in 1985 by a bloke who’d retired from teaching technical drawing. Previously I was with the Royal Navy.

The company manufactures furniture and equipment for children with special needs — motor dysfunctions e.g. spina bifida, cerebral palsy — a few add-on products. They’re for mobility, not just wheel chairs. With an educational system — to maximise children’s possibilities.

YOUR MARKET?

The mainstream school market is new. Mainly we deal with special schools, run by charities e.g. SCOPE, and those run by education authorities; social services purchases. Increasingly from charity funding in the UK. Some individual family purchases.

HOW DID OVERSEAS MARKET START?

About 5 - 6 years ago. It happened almost accidentally. I think a lot of SMEs get into exporting accidentally. We were at a trade show — in this country, but obviously there were foreign visitors. Someone comes along and wants to buy some of our equipment. Then we started selling equipment in the UK to someone that also runs courses for overseas people.

People in the industry talk to each other. Have you been to a vast US show? Someone gives you the name of his overseas distributor. Suddenly there’s a bit of business here, a bit in Germany, a bit there. It comes to the point where you ask yourself — do we have the export potential? At this point you have to think seriously, and go through the process of how you’re going to handle it.

HOW DO YOU HANDLE IT?

We’ve started moving from on-the-hoof export decisions to a planned approach. The big question at the moment is — how much can we do ourselves, as a company in total? How much help do we need? Where can we get it? Can we sustain our export business/financial obligations? We can’t afford to do business on a one-off basis forever. There are language and cultural problems wherever somewhere new.

Initially, where should we try to export? (I made a few notes before you came.)

WHERE WOULD YOU GO TO GET HELP WITH A DECISION LIKE THAT?
To find out about overseas markets? The DTI help. I’ve only be associated with this company for 3 years – as a marketing consultant 3 days a week. We use Business Link locally. They tie up with DTI for us.

AND DECIDING WHERE TO EXPORT, SPECIFICALLY?

The obvious one for us here is Europe. No tariff barriers. Lots of information available. Lots of help available. Lots of trade missions; foreign nationals from European companies who provide help. This is where we started. The initial problem is – are our products suitable for a foreign market? If not, can they be modified easily? It’s a question of evaluating these things with someone with experience of the market.

WHERE WOULD YOU GO TO GET THE INFORMATION TO MAKE AN EVALUATION?

With our initial market, we basically did the desk research here – Kompass. Who was in Germany? Is there a manufacturer there, not large, that might be interested in our products? We found a number of organisations who might have been interested. So we visited them.............How is the market organised? E.g. How is health insurance organised? They have to price into the market. You need a local to be able to take and show your product to various authorities – it’s a slow process.

We developed our operation in Germany via a distributor. That was the best option. We ended up with a small manufacturing company in Munich who make wheelchairs, bathroom equipment. It’s been going about a year. The results to date are not wonderful, but steady, on-going. The distributor may not be absolutely right. We have little in the way of finance. It’s drying up between orders. We are losing out on that so we’re looking for someone else.

OTHER OVERSEAS MARKETS?

On other European markets, we were approached recently by someone who deals in competitive products. They’ve only just started – 6 months. Conductive education has only just hit Sweden. It’s a Swedish company. We’ve got a similar arrangement with a Norwegian which developed from a trade fair visit. It’s not big though.

OTHER MARKETS? NOW OR BEING CONSIDERED?

We’re interested in France. Via Business Link we had a DTI representative in France do a total background to the French market; also a list of about 150 companies. Currently we’re making approaches. Approaching is a small
responsibility. We’re using a French national to translate with a letter. She will start ‘phoning, then we will start dissecting it.

I think this more formal approach is better than the way we did Germany. I use the DTI as much as I can. You can always come back to them if you don’t think it’s been satisfactory and get more work done.

There’s a contact in Spain.....funded by a charity, who’s very interested in us. Italy also. The US is OK........We had an approach from Japan, the MD went on a visit, going to an exhibition in Japan to develop contacts. We know there are opportunities, but we know it will take time. We don’t want to be ‘fly-by-night’ exporters. We really do want to develop long-term initiatives. We’re ambitious as a company. We’ve actually just bought a product to add to our portfolio. This gives us the opportunity to advance in another segment of the UK market, and export possibly, if that’s realistic.

WHAT PROPORTION OF YOUR SALES ARE EXPORTS AT THE MOMENT?

20% this year. Ultimately I think this company will export more than half of what it makes.

WHY DO YOU SAY THAT?

The home market’s up and down. In addition when the market environment is such that a lot of what is sold is funded through public organisations, you’re dependent on the UK economy and the government situation. So exporting is essential for real growth. The EU offers tremendous potential. We’re not really hitting that, but we will.

HOW DO YOU SEE THIS DEVELOPING?

There’s a lot of insurance money available in Spain. The French approach is different, but worth exploring for possibilities. We use nationals to assist us whenever possible.

WHAT INFORMATION SOURCES DO YOU USE?

Lots of DTI information; lots of publications, market reports. The market report for France cost less than £200. It was very thorough to the sector. The DTI Library in London. One of the problems with that is that a lot of the reports are in the language of the country concerned. So it can be a bit difficult to get the data needed. It would be nice if that could be improved a little. The problem SMEs have compared to large organisations – the MNO can employ people with multi-lingual skills. We can’t. If we have someone who knows the language it’s almost
by chance. It's a bonus. We can't afford to bring people in purely because they
speak French etc. Everyone must contribute mightily to earn their keep.

Business Link is a very useful organisation. They have a lot of people with
exporting expertise. It's luck if that expertise is also in your product area.

WHO'S INVOLVED IN EXPORTING IN THE COMPANY? HOW MANY
PEOPLE?

Six in exporting in the company as a whole – none full-time. The larger we get
the more specialist we’ll get.

WHY DO YOU SAY THAT?

There are different therapeutic approaches in different countries. There are three
schools – British, American and Germanic. There’s a different emphasis in
Germany. The UK is in the forefront of conductive education. Ultimately we will
get more complex products, so only specialist distributors can handle them. We
spend a lot of money on NPD – 60% on improvements.

HOW DO YOU FIND OUT WHAT TO IMPROVE?

Observations from salespeople. Comments made by occupational therapists, the
parents of a child will say 'if only...' If you don’t stay close to the end-user you
don’t move on. We’re there to make their lives easier.

In the UK we see people in social services, physiotherapists. We do lots of
demonstrations. Our reps will assess children. You can only do this with a physio,
or occupational therapist. We’ve relied on sales agents rather than taken on people
full-time. We will be taking one on later on this year though; and hopefully a
second next year. 3 reps here and 2 in the UKs extremities. Probably. That's
sufficient for one part of our business.

AND WHAT ABOUT OVERSEAS REPS?

We have distributors. We support them with catalogues, help with the price for
different products. We’re working with them, encouraging them, sending
someone over for training over here.

DO YOU GET THE SAME KIND OF MARKET FEEDBACK FROM THEM
(AS UK)?

We are pushing there. We keep asking. It's early days in the relationship, but we
need feedback. Ultimately we're looking at one EU market. Viewed as a whole
market despite the language differences.
WHAT ABOUT MARKET RESEARCH? OVERSEAS RESEARCH?

We don't fund any specific market research ourselves. We belong to associations that provide data though, like the British Educational Foundation.

Our relationship with the University of Plymouth has given us advice on exporting. This is one area where British companies ought to do more than they have in the past. Germany has been successful in developing a strong industrial base because of its association with universities. The UK needs to pursue this vigorously.

SO WHAT MORE EXPORT INFORMATION DO YOU NEED TO HELP YOU MAKE DECISIONS?

In the home market it's much easier to get 'nitty gritty' information because you know people. They can help get you into leads. If a distributor comes in here and he's good, he'll know what to do. Modify the product, or change it because of new regulations etc. This is a major weakness with SMEs. If I were Unilever I wouldn't have to worry because I've got my own organisation in Germany. I am as much a German company as anything else.

(P)

Opening up markets for exporting, you need to know how markets are structured, how products are viewed, what's their philosophy of medicine? The information is available but it needs translation and getting hold of. If I were a German speaker I'd know a lot more about the German market.......Business Link and the DTI offer help but can only go so far in this area. At that point you wish you were on the fringes of an MNC. Information gives way to the need for planning. Business Link can teach you how to swim, but you're the one who has to swim from A to B. If you have a relationship developed with a distributor in the market place, an evaluation of all his functions. Lots of data from him will warm you to him.

EXAMPLES OF SOME OF THESE DECISIONS?

We have to split the product portfolio in Germany, and give a specialist product to another distributor. Ideally, we'd have one distributor in each market dealing with complementary products not competitive ones. It's pot-luck.

We have 6 competitors in the UK. In Denmark our main competitor is stronger in one sector, but very highly priced. The Italian products look nicer than ours.

The MD makes decisions about where we go, ultimately (export markets).

CAN YOU TELL ME SOMETHING ABOUT YOUR OWN BACKGROUND?

479
I did some consultancy about 3 and a half years ago for them. I’ve been 20 years in sales and marketing. Prior to that I was a materials manager. The switch occurred when I went to Cranfield to do an MBA. I went straight from there into marketing, and distributions management. Then I went into a pharmaceutical company and European liaison grew, so (there was) lots of marketing on a multinational basis. Then I worked for a couple of small publishers. That’s how I came to the South West. I’ve been self-employed for the past 6-7 years. I tend to work for smallish companies.

WHAT PARTICULAR MARKETING (RESEARCH) DIFFERENCES HAVE YOU NOTICED BETWEEN LARGE AND SMALL COMPANIES?

You have to have a philosophy. Small companies need a lot more help. A small company might have a founder who’s a good technocrat. Who’s never done anything outside his field but has a good product and business. As far as he’s concerned it’s (marketing/exporting) almost a black box. Business Link needs to be more supportive with statistics. There’s lots of potential doesn’t come to fruition. You need data in the first instance. You may have a product that does well in the UK market, but no idea, apart from individual observation, that it will do well overseas. You need someone with the ability to check the potential elsewhere; you need to be pointed towards the right people.

SO WHAT WOULD BE THE MOST USEFUL INFORMATION THAT YOU’D LIKE, BUT DON’T HAVE NOW?

How markets that might sell your products are organised. If you go to a distributor you’re cold, very green. You don’t really know what you need, or if he’s really into the market as much as he says he is. It’s a case of developing expertise. Languages again. Small companies can’t throw away money at things.

WHAT ABOUT THE ROLE OF MR, OR INFORMATION COLLECTION, IN SMES?

Needs to be specific, to examine markets more closely – under a microscope. It needs to supply details. We’ve got general research, the economy etc. It’s the detail....And where our products end up. (P) In which country, for example. We know some of our products are sold in Siberia. We know that at least one company we supply to in the UK re-exports.
MANUFACTURING COMPANIES
Transcript 4: European Sales Manager

Our products are used in electrical installation: heat-shrink tubes for insulation. A wide range of conductive tubing. Companies involved in chemical or electrical work tend to use our products. We have a large customer base. Overseas we use local distributors. In the UK we've got about 700 active accounts, plus distributors.

I've been here 9 years. (P) My background is in administration before this - sales administration. I came as a Sales Administrator, then moved into European sales. The company goes back to 1960 originally, though there was a take-over in 1987. We moved from Surrey in '87. Plymouth is a centre for this type of manufacture. There are 3 companies in Plymouth, only 4 in the UK. I've been on the export side since 1991. I've been responsible for exports since 1981; I was involved in the admin before that. I look after Europe except for the UK and Germany. I have market responsibility for utility products which we sell to power companies. The International Sales Manager looks after all our other markets outside Europe.

TELL ME SOMETHING ABOUT THE EXPORTING HISTORY OF THE COMPANY

We've been exporting for 30 years. About 65% of what we make is exported. Over the two sites we've got 58 people in total. (Involved in exporting) - myself, 2 or 3 sales correspondents who handle different parts of the world, and the packaging people obviously. 4 people full-time.

WHAT ABOUT EXPORT MARKETS. WHERE ARE YOUR MAIN EXPORT MARKETS?

Germany, France, Portugal, Sweden, Finland, Spain, Holland - which is saturated by Germany, difficult. Then Belgium. That's in order.

HOW DO YOU FIND OUT ABOUT YOUR EXPORT MARKETS?

One of our key vehicles - including identifying for new markets - is the Hanover Trade Fair every year. Which generates new leads, particularly now in Eastern Europe. Our strategy in Eastern Europe has been displacement - taking away the existing distributors from our competitors. (P) ...researching through thinks like Kompass, and using market knowledge as to who were distributing competitors' products there. So that's how we established quickly a network throughout Europe of some 40/50 distributors. That's the history. That's how we grew the business.

We have field sales managers in Germany now as well as in the UK. We use a combination of research and our company profiles. We take a known user, and
look to see if they would use our product. It’s a pretty unsophisticated way of looking at your market. We look at where certain companies are successful in one country. Do a profile. Find the most suitable potential distributors through directories, national contacts.

HAVE YOU EVER BEEN OUTSIDE THE COMPANY FOR HELP WITH RESEARCHING OVERSEAS MARKETS?

We’ve tried using British Embassies, trade fairs. But our product – although it’s got a wide application, it’s a fairly specialist product. We tend to find that the local posts are not really able to get the information we want. I’m not a great fan of the DTI. In my experience it hasn’t been particularly useful. We thought of using them for finding agents. That was seriously considered. But the cost was prohibitive. We tried using other manufacturer’s agents in Ireland. It’s too expensive to go prospecting round a country looking for distributors. In the end, if we’re honest about it, it boils down to whether the guy over there speaks English, because our language skills as a company are not good. We have two sales correspondents who have German and French, and an Italian who has that and Spanish. Whilst our specialist distributors tend to speak English. There are good reasons for that.

Our main competitor – the dominant player in the market – is an American company. They went through a huge down-sizing, lost half their staff. Their sales manager, they’ve now become potential employees and distributors. At the end of the ‘80s we used people they’d made redundant – one in Denmark, France, Holland. They want the product, it’s easy for them to sell. There’s no training – just a good price and delivery. They won’t share their market intelligence with you though. They won’t tell you where the end-users are. They’ve been screwed once by their old company. They keep it to themselves.

IS END-USER INFORMATION IMPORTANT FOR YOU?

End-user information only becomes critical if you need to make sure that the job’s been done properly. You can miss business because the wrong product’s been put in. Also – what do they use the product on. We’d like to know and we don’t know about – what bit of the equipment is it used on? Also, the end-user should understand that we are the supplier. Often the supplier to them is selling under their own banner – that’s the problem with distributors. Getting an established brand name is a problem. We supply to huge conglomerates who don’t know we’re the suppliers.

(P) ........En bloc information – what we want to understand is, is there a market there for our products. The difficulty is that while Poland and Estonia have some manufacturing capability for our product – also Hungary – there seems to be a complete lack of information as to whether there’s any internal activity.
In Poland we know that the product quality is quite appalling, but the price is low. Where there is a new infra-structural project they will specify what they want, for example if the cable joint is what we’re making the product for. In Eastern Europe they’re still making by artisans, who take 3 days to make something, as opposed to 5 hours the product line way. So the biggest problem is understanding the requirements of the country – does the market exist? Can they afford to pay?

We discovered a programme to develop power stations. Most of the technology is in the US. It’s difficult to understand the activity in these markets when something’s going on. Our main competition opened a sales office in Prague, and a shady joint venture in Moscow. We know the Russians bought and imported special parts, but we don’t know if they were ever engaged in this technology – if they ever made it. We know the Chinese know how to do it. They started to in the ‘50s. They started exporting from China but the quality is not satisfactory for Western Europe.

SO HOW CAN YOU FIND OUT WHAT YOUR COMPETITORS ARE DOING?

Just the traditional methods – catalogues, trade publications. But then the industry is small. With one gigantic player. With 10 manufacturers in Europe. There’s only 60 to 70 people selling these, and about 200 owner/managers. It’s a small base. The industry is dominated by rumour, innuendo, undercurrents of what’s happening. It’s incestuous. Many people move from company to company. Everybody knows everybody else. Our main domestic competition we know has 70% market share. (P) We do projections on sales, take the market you know about and project the figures across Europe because the uses are the same. We cross-match that with published data where we can, try to get annual breakdowns of sales by regions. I visit their sites in Western Europe. I estimate their capacity on the basis of their size, from outside.

HAVE YOU EVER USED MARKETING RESEARCH?

The different kinds. Very little. One reason is the more detailed reports e.g. Frost & Sullivan, are so expensive, it’s difficult to justify. Up to now we’ve had no real marketing budget in the company. So we stick to buying fairly basic reports. Really just lists of names and addresses, and data on what they do. (P) For example we bought a report – not overseas I know – but on the UK Electrical Accessories market, from -------- Research, in Cheltenham. That was sector specific, it’s designed as background. That was more than just lists of names and addresses. That was about the industry structure, who is where etc. The sector reports we buy are sold on a multi-client basis. But they’re mostly just lists. I’ve only commissioned one study personally. A local person, an industrial researcher. She did a customer survey for us, on attitudes to the company. In the UK and Western Europe. (P) People who buy off us, who used to buy, ought to buy.
WHAT KIND OF MARKETING RESEARCH WOULD BE MOST USEFUL, THAT YOU DON'T HAVE?

In the US they see marketing as a cohesive concept. Here, it's tagged onto the end of sales. I did a one week course at the CIM and that's our marketing. That and I read some books. We buy reports surveying current markets – they are useful. Confirmed a lot of what we knew already. Also threw up things that gave us cause for thought. We keep the up-to-date trade directories. We deal with the London desks (at the DTI) sometimes. (P) We haven’t taken enough cognisance of professional associations. We do belong to some. We commissioned the customer satisfaction survey to improve customer service. We wanted to see the numbers on customer satisfaction terms.

HOW DOES RESEARCH INFORMATION FEATURE WHEN YOU MAKE EXPORT DECISIONS?

The most useful I suppose are the export market information from some of the commercially available reports. They give enough raw data to do some targeting – e.g. names and addresses of potential users. There was a DTI initiative – a 1-day seminar on the German market, how it's structured etc. I went to that. That gave us some ideas about how to handle the German market. Part of the problem is – there's always enthusiasm to collect new information. 6 years ago we commissioned a telesales company to get us orders. They attacked it from a list. We had 300 sales enquiries in 2 weeks – we couldn’t handle it. It’s a question of capacity. You never tailor the resources you have on the one hand to the potential you can generate. We're keeping all our leads warm. You get value judgements generated at trade fairs.

WHAT WOULD YOU SAY IS THE ROLE OF MARKET RESEARCH, IN YOUR COMPANY? IN SMES?

I suppose in its broadest sense, information-gathering. A series of bits of information gathered from various sources to bring together to assist in making decisions. We grade sources of intelligence for reliability. Eg. an internal document from a competitor is more useful than a widely available trade source. Pieces of the jigsaw are more likely to be missing the further away from specific sectors you go.
MANUFACTURING COMPANIES
Transcript 5: Export Sales Manager

We make timers for coin machines, all kinds of mechanical and electronic timers. For TVs, washing machines, driers, hairdryers. Vari-timers which are coin machines for irons, heaters, radios, kettles, anything really. Coin-changers. We do coin operated electric meters as well. (P) Our main business is with the leisure industry.

CAN YOU TELL ME SOMETHING ABOUT THE HISTORY OF THE COMPANY?

The company's 40 years old. My boss, who owns the company, lives in the West Indies. He runs the company from there really. He makes all the big, the major decisions.

ABOUT EXPORTING?

Well if we got a big order I would tell him. He doesn't want to know the day to day. (P) No we don't go out and look for new export markets. I arrived in 1989. We've been exporting since then. Prior to that they didn't do much. I worked in an export department before I came here – another engineering company. Then I came here as Manager. Really to get the export side going. I do advertising – in the Kompass Directory. We get lots of enquiries from that. We've been on some trade missions lately. Our main sector for exporting is Germany; holiday camps, caravan parks. Anything to do with leisure where people want to charge for time. We do car wash timers, (timers for) saunas, (timers for) photocopiers. Anything electrical where the end-user pays for the time.

SO WHERE ELSE DO YOU EXPORT?

Germany, as I say; France, the West Indies – because the boss is based in the West Indies so he brings in the business from there. Southern Ireland. We're trying with Poland. We're exporting there now.

HOW DO YOU DISTRIBUTE?

We have an agent in S. Ireland, one in Germany, one in France. They are exclusive. They distribute to the wholesalers etc.

SO HOW DO YOU FIND OUT ABOUT YOUR EXPORT MARKETS?

We don't really follow it through. I suppose about 18% of what we do is exporting. It's me only, and I'm busy dealing with the orders, servicing them. So there's not a lot of spare capacity for following things up in the country, past the agent that is.

I came in 1989, as I say. I started just in sales. I got involved in the exporting here and in my present role since 1994. Well, exporting is just a part of sales. I'd had export training before I came here – worked in exporting. It's just something I knew more about.
SO IF THERE'S AN EXPORT OPPORTUNITY.........?

Tenders, we don’t even look at – the capacity you’d need is too great. For the dates specified. It’s too big. We go for small amounts. There’s only 20 people here altogether.

SO HOW DO YOU GET CONTRACTS?

We’ve been so long in the business. We’re well established. We have a well-labelled product. I see that the product is well labelled at every stage. It’s not just regulations – they know your name then. They know who made the meter. People pick up on that. Export advertising itself costs a lot. And enquiries don’t all come off, or maybe they do, but 2 or 3 years down the line. Kompass is good. It’s a world-wide directory, it works well for us. And the trade missions. The DTI do the background work for us, find out who the customers might be over there. And I contact people before we go to make sure they’ll see us when we get there. The DTI search, or I search directories for companies associated with the product. Who might use the product. Actually it’s cheaper for the DTI to do it than me.

(P) For example, I’ll ring the Plymouth office (Business Link), say I’m interested in the market in South Africa. That’s how we got into the market in S Africa. They supplied us with a list of potential agents and wholesalers. Those who want to buy in bulk. When it came to Southern Ireland I just got into the car and went there, chased them up myself. With the West Indies, first my boss needed timers for his accounts over there.

IS THERE ANYTHING ABOUT YOUR EXPORT MARKETS YOU NEED TO KNOW, WOULD LIKE TO KNOW, BUT DON’T?

Not really. Once we’ve got an agent, it’s really down to them. Sometimes it would be nice to know where they end up. You know the end-user will know our name if they look, but I suppose if we were planning it would be nice to know where they went, what sectors they were used in.

SO HAVE YOU USED – APART FROM THE DTI – ANYONE FROM OUTSIDE THE COMPANY TO HELP WITH EXPORT MARKET INFORMATION?

The DTI come in there. They do searches of people in a similar line to us. Like Dun & Bradstreet.

WHAT ABOUT FINDING OUT ABOUT THE COMPETITION?

We know who our competition are. We’ve been in the business a long time. (P) We’ve been in our main export markets a long time, since I’ve been here anyway. We do know who we’re up against. We can compete on price, often.

SO IN TERMS OF INFORMATION ON NEW MARKETS...?
We’ve been let down in new markets. We tend to steer clear a bit, these days. Our main markets are stable. The new markets aren’t always. Or they’re so far away. What we send to S. Africa is mostly for the townships, meters for water and electricity there. So that’s out of our usual leisure line. As far as Poland is concerned – the markets not proving that stable so in the longer term we’ll probably stay away. (P) Well, political risk, you get a feeling. I might go on a market visit if it was a big commitment, if we weren’t sure. Or my boss would. Economically, you have to be careful. We’re in the bottom end of the market – the leisure market, or any other for that matter. If you’ve got to pay for your electricity up-front there’s got to be a reason.

BUT APART FROM THE DTI YOU HAVEN’T USED ANYONE TO FIND OUT?

No. We have enough with the UK market, really. To use someone from outside would cost money. We’ve got to keep our costs under control. We were approached by someone a couple of years ago who wanted to work within the company. On a contract basis. Find us markets. Find out about markets. But marketing people, people like market research companies want extortionate fees. We make timers, bottom-end of the market timers. We have to compete on price. We can’t afford to spend all that money.

SO HOW DOES THE INFORMATION THAT YOU DO HAVE HELP YOU WITH EXPORTING DECISIONS?

Well it’s one of those things that when things are going well in a country, we aren’t. When the economy is good, our business isn’t. E.g. when I came here, in the late ‘80s, everyone in the UK had money. So our business wasn’t so good over here. That’s one of the reasons I wanted to move us more into exporting. It was a good time for me to come, with my background. Now, business in the UK is good. To find an export market with a good market for our product, it’s got to be not doing too well economically. So then there’s that risk. We get lots of repeat business. We mail-shot all the home market caravan sites for example – all 1200 of them. We can keep track, keep records of them. In Poland, even if they pay us, it’s only paper money. It’s not worth anything anyway. So I’m loathe to look for new overseas markets to develop, to be too forceful about it. We would respond if an order came in, well we do. But if I’m asked for an order from a new country, I check their credit. Sometimes we get queries we can’t respond to anyway. Parking meter queries recently, for example. We don’t make those. I don’t want them to come through me.

The DTI work is useful. They’ve been very helpful. (P) Only the local office in Plymouth. They have been able to find out about agents and local conditions specific to our market. But as I say, when things are good in the UK we need overseas markets, but they’re a risk. And when the economy takes a downturn here we do well (domestically).
MANUFACTURING COMPANIES
Transcript 6: Sales Director + Financial Controller

.........I joined in 1987 as an accounts assistant. There was a management buy-out in 1990, and after that there was more selling emphasis in the firm. I became head of shipping then, buyer and accountant, and in 1993 Operations Director. I ran all our in-house operations. Then in May 1993 we were taken over and there was major restructuring and I became Financial Controller. It's not just what it sounds though, which is why I'm here (at interview). It's very varied: the new people emphasise financial controls a lot more than in the old days.

.........And I used to be our round the world Sales Manager, now Sales Director.

BACKGROUND TO THE COMPANY?

We make products for handling in the semiconductor industry. The UK is such a dead market. It's better now, since we've had inward investment into Tyneside and North Wales etc. But historically only 2% of our market has been in the UK. Even now it only just tops 10%. So the decision to export was not a difficult one.

As a sales run company at the time, that decision was made by the (then) board of directors. We believed at the time that going everywhere and anywhere was the right thing. Now it's more - we shouldn't go there, there's not enough market share for the amount of money it would cost us to set up there.

SO HOW DO THE EXPORT DECISIONS WORK?

Well Ian (Sales Director) would decide where in the rest of the world we went to.

If I (Ian) felt there was enough potential in getting one system order from Spain then I was entitled to go and get it. We did spread quite thinly in those days. We ran a tripod effect - we wanted equal sales from the Far East, the US, and the UK/Europe. But it never quite worked.

Each year was up and down. And the big orders were the ones that dictated the turnover. One year the Far East could be extremely high, the next year almost non-existent.

But rather than flogging the market in one direction we could always keep running on the other two fronts. It's an expert's game. So we missed sales in the UK because we were chasing them in Korea. We weighed up the cost of the UK market crashing against the extra cost of going 7-8 thousand miles as opposed to 7-8 hundred.

If you put it like that.
'IN THOSE DAYS'?... HOW LONG EXPORTING?

Since the company started in '83. We're a spin-off from ------ (MNE) semiconductors up the road which is the only semiconductor plant in the South West.

The first year or two it was mainly the UK and just beginning to border on Europe, but since then it's grown. We started exporting to the Far East in 1990 and the 'tripod' policy started not long after that.

In the early days we kept to geographically very close European markets, but since the buy-out in 1990 we've become more adventurous.

Trevor -------- is responsible for the US - he's been based there since 1990. When we were under owner-directors, four out of five of them had sales backgrounds, so there was an imbalance of sales versus operations decisions.

We're always chasing our tails. The company's always financially weak. There’s never enough money. We’re still forever doing crazy things like taking the one order out of Outer Mongolia just to keep things going, to keep the wolf from the door. It’s very short-term.

We had a sales office in Poland for a while but we couldn’t keep that going because of financial constraints. The semiconductor industry is a boom-and-bust industry. There was a big slump last year. It’ll grow 30-40% for 3 to 4 years on the trot, then go into negative 20%. Which, when you’re growing at 40% and you’ve geared yourself up for the following year’s growth, is a long way to fall. If you look at it overall though, it’s quite a nice industry to be in, because the growth far outweighs the decline. But last year - the year of the fall - we struggled.

WHAT ABOUT MARKETING INTELLIGENCE? HOW DO YOU FIND OUT WHERE IS LIKELY TO DO WELL AND WHERE IS LIKELY TO BE LEAN?

You tend to follow if you're small. We're not the leaders in market research. We followed bigger players and lost a bundle. We had to cut from 70 to 35 people.

The constant demand for digital TV etc. makes the microchip industry the growth industry of the future. All kinds of applications - airbags, 'phones. But small companies find the slumps painful. It takes us 6 years to build something up and one year to lose it all. If you're small you spend the boom years not quite making enough and the one bad year losing so much it's making the others a waste of time. We've got about 40 people now, here. And another 8-10 in Chicago. It changes a lot though.

WHAT ABOUT ON THE EXPORT SIDE? APART FROM YOU?

All the sales personnel are involved in export selling. We don’t have any UK-dedicated sales persons. I have a Far East sales rep and our US man has a European Sales Manager.
So there’s two here, 3 in the US. And the service team are obviously involved, the engineers have to travel. With only 10% being UK sales you could argue everybody’s got to be involved in exporting.

Actually some good UK orders recently have made it 20%. However hard we try to spread we still end up getting a better market share in the UK than elsewhere.

Our blue-chip customers are the multinationals, all the big semiconductor manufacturers. We make equipment to move the silicon wafers around. (P) We don’t know what we’re selling for, except that Motorola only make ‘phones etc. The equipment is made and the software is written here. This equipment is essential for cleanliness and lack of damage to the expensive chips while they are being made.

......chip to market is so critical – if you get it there first you can get $100 per chip; a couple of months later it could be selling for $2-$3. So all these people are in a competitive environment.

HOW DO YOU FIND OUT WHAT THEY ARE DOING? AND WHAT YOUR COMPETITORS ARE DOING?

We’re quite a small company, but there are no major players in the industry. It’s difficult with such a bespoke product. It’s personalised. Everyone wants to do something slightly different with their equipment, so that favours smaller, flexible companies to meet those demands. But obviously, at only £3-4 million we are only one of the smaller ones. We cover a broad spectrum – all things to all men.

We’re constantly adding extensions to the product range. To keep sales going and keep moving forward we made a new product almost every time we took an order. (P) There’s one company apart from us do both inspection and sorting – it’s usually one or the other. The sorting competitors can be fairly large companies, like -------, and some smaller. There are 10-12 purely sorting companies – all in the US. They’ve got no competition there apart from reps from other companies in the UK and Europe. But everyone’s got them. Like we have reps in the US, and Taiwan and Singapore, they have them over here as well.

(P) The new companies are doing market research in the US. We can’t. But we hear things. We go to trade shows and things. It’s unfair to say there’s no way we can know what’s going on, what’s going to happen, and we’ve only ever got to react after the event. But our sales strategy is a bit scatter-gun. We take difficult projects on.

I would say we know what’s going on, and what’s next in the market place.

But I don’t believe that when you’re only £3-4 million you can have that much of a grasp.

You hear a bit, you know a bit, you go to quite a few trade shows and pick up information. You know where the fabrications (?) are being built.
But apart from speaking to customers once in a while I'm not sure we know what the next generation of product will be....Though we were, remarkably, the first in line for 8-inch. The wafer size keeps growing. So we've done well, but we've never been able to keep the momentum up because we've been too small.

WHAT ABOUT FINDING OUT ABOUT POTENTIAL CUSTOMERS?

There aren't that many customers. You don't find a customer nobody knows about hidden away. You can't tap into non-existent markets. It makes small players as customers out of the possibility, because of the massive expense.

(P) It depends which field you're looking at. But the more complex sorting equipment, the realistic market is small – 40-50 medium-sized companies.

........We don't have a reputation for building stuff that's not required, but then normally we'll get the order before we embark on building it. But we've been first to market with a number of things. But we've never done things for just one customer.

We've been orders driven, just to keep the company afloat in the past. With the amount of attention focussed on today, I find it hard to believe that anyone in the company could have been looking that far forward to tomorrow. Because we had to work 20 hours a day just to make sure we were still here tomorrow. We worried rather than planned for 2 -3 years ahead. Before, we had a couple of people with vision (P). Before the management buy-out.

SO WHAT ABOUT THE STRUCTURE OF THE INDUSTRY? AND HOW YOU GET THESE BITS OF INFORMATION?

Leads from trade shows. The smaller customers can come to you. There's only 50-60 potential customers internationally. We bang on doors. We see them often. Once in a while they'll give you a try. But you have to know them. There's no end of travelling. I'm only back here one week in four (Fin. Man.).

And I (Sales Dir.) spend more time in Europe and the Far East than I do here.

(P) Not Australia or the old Soviet bloc, the East. Or Africa or South America. And there are big bits of Europe we've not sold to. Semiconductor areas tend to centralise round one or two key places e.g. Silicon Valley in the US. And the knowledge, etc., is there. Now it's branched out, but in smaller pockets, such as in Portugal. But Portugal may not be big enough to warrant going there.

SO WHERE ARE THE MAJOR MARKETS LOCATED? YOUR MARKETS?

France, Germany, Italy, Korea, Taiwan, Singapore, China in the Far East. The West and East coasts of the US. But when you're a small company it's difficult to work out what
this is down to. E.g. Is it down to the fact that we have a guy on the East coast and one on the West coast? Is that the reason for the orders from there? Again, once in a while we get a one to one-and-a-half £ million order, months of work. The picture is distorted by four or five big orders in the last few years. It seems as though the country ordering the most, the largest market at the moment is Korea. It's so difficult to monitor sales by territory. It doesn't mean that the East of the US is 10 times the size of the middle just because we've had 10 times the orders. The difference may just be one order.

(P) The lucrative doors? From sales people. Contacts, I think. People don’t start up wafer fabrication without you knowing about it – the sheer size of the investment, for a start. We know the IBMs, Motorolas, Siemens. We have sent out published cards with responses. Sometimes smaller companies come from those. The bulk of the big business is captured through contacts at shows, and industry knowledge. Reading the magazines, speaking to the right people.

You could lose one or two machines because the rep didn’t know about something. But not a massive order.

(P) The semiconductor Europa Trade Show in March in Switzerland usually. There’s one in California, and the South West US in Texas. In Taiwan, Japan, Korea. We exhibit at a small Scottish show, Always Europa and both US shows, we change with the Far East ones.

OTHER INFORMATION SOURCES?

The Internet. Contacts and customers, as I say. It’s a close-knit community. Word of mouth is important. Though we do advertise in publications to keep the name awareness.

USED ANY INFORMATION SERVICES?

Government schemes, we’ve had grants from the DTI to develop alternative new products. For NPD. And training. But not for marketing.

We’ve got agents as well in all other markets but the UK. The reps tell the sales guy – it’s Chinese whispers.

The reality is that half the time the rep’s too busy to tell the sales guy, and the sales guy is too busy to tell us, and we’re too busy to dissect it. So it’s more like 5% than 100% feedback. And the 5% you’re getting back are exciting tales – heavy discounts and large orders. They can be very misleading.

AGENT FEEDBACK?

I believe them. But we don’t pay them well, so we have difficult relationships. I’d question whether they are out every day selling for us. I sometimes wonder if they don’t just get the commission for the odd order that just drops into their territory. Being in so
many territories, you don’t get repeat business from anywhere. Which again suggest the reps aren’t performing. But we haven’t paid them. It’s a vicious circle.

That’s the sort of thing that happens in small companies. The information you get back is scare mongering, or the most exciting gossip. And generally to pretend you can do something with it is misleading. The sales guys are notorious for exaggerating.

(P) The decisions we’ve taken haven’t been too bad, but it’s a rocky foundation all this is built on. We don’t break the accounts down. We’re too busy to collate or usefully use the information. That’s why I always claim we don’t really know.

WHAT INFORMATION WOULD YOU LIKE, THAT WOULD BE MOST USEFUL FOR THESE DECISIONS?

We should spend time listening to the sales guys, putting their information in a mincer and see what comes out. From an outside organisation it would be information like ‘we’ve spoken to 50 semiconductor leaders who say that this is the next range of product they like or are looking for’. You couldn’t turn that away. ‘You need to sell 10 of these to these 10 people. Here’s their addresses and sales contacts and they’ve got up-front money’. But the understanding of where we’re going – we need that from somewhere else. We don’t have knowledge of the markets. But I’m not sure someone based in Plymouth or England or Europe – they’d have to do a fair amount of research before they did. Because we’re so off-centre from the real activity. If we were sat in Silicon Valley there would be an argument that the information would be of massive use. You have to question how anyone else would do the research that much better when you’re in Plymouth.

If we had someone capable of taking out the 10% of scare stories, the 10% of exaggerated stories, and listening, turning the rest of it into real information, that would be extremely useful. And outside people coming is saying ‘this is what our industry’s doing at the moment. Dataquest are doing that all the time. Reports are on the Internet all the time. We read all of that. It’s difficult to see what a survey conducted from England could throw out of the woodwork. You can only speak to Plessey. The next people are in Scotland, Tyneside, Wales. So the information from 5% of your market says this. Great. What’s the other 95% say?

A new company has dedicated sections of their company just spending time doing what proper companies should do – looking to the future, getting feedback. Just one dedicated person talking to the sales guys and jotting it down, following it through. That’s what we need. A co-ordinator. But they’re (the new company) 130 people and £40 million. (P)

You need to do market research properly or not at all. Some of it is crazy stories. A 10% effort is more likely to send you down the wrong path. We got some new products information from a conference recently. But no-one else can provide the vision. That has to be internal. It would be interesting to see if we could sell the stuff we built without having orders for.
MANUFACTURING COMPANIES
Transcript 7: Sales Director

CAN WE START BY TALKING ABOUT THE HISTORY OF THE COMPANY?

We've been going since 1959. Started off in paper sacks! Moved into plastic extrusion in the late '60s, the old man retired and when Derek took over that was the way they decided to go. (P) He started the company, but he was getting on a bit then. His son moved in to help in '68, I think it was – Derek. He retired last year.

SO HAS IT BEEN OWNER-MANAGED ALL THIS TIME THEN?

Till last year. The new MD is the old company accountant. So he knows what he's doing.

SO WHERE DO YOU FIT IN? CAN YOU TELL ME SOMETHING OF YOUR HISTORY WITH THE COMPANY?

I've been here since '85 – I know most of the old school. I'm sales inside out. I came from a sales job with ---- in Leicester, selling office stationery. Moved down here in '83. My wife's local and her parents were a lot older than her – she didn't want to leave them and I didn't particularly want to stay in Leicester. So we settled down here. I knew I could get a sales job anywhere. Not sounding boastful or anything but I've always been told I could sell ice to Eskimos. (P) Not quite that far. I worked for a couple of companies, one in office equipment again and one in ladies hosiery, of all things. Travelling in ladies underwear! Neither of them really suited. It was more I couldn't quite settle into the companies, the selling was alright.

Then this job came up, well – salesman. Because the word 'paper's' still in the title, but of course it's been all plastic for donkey's years now.

SO YOU STARTED AS A SALESMAN...?

Just me, really. They had their regular orders and I can honestly say this was not a sales oriented company when I started. I got a team together – different territories. Only three of us but we covered the customers properly. We took advantage of the demand for plastic sacking and plastic bags and grew with the market really. I was never conscious in those days of any particular decision to go for this or go for that. It might have been going on without my notice, I suppose. I was a bit of a minion in those days. But I doubt it. Anyway, eventually I became Sales Manager, then the export side started. I got on the Board last year when Derek retired and the whole management structure altered.
Well, it was just him before. Now different people are much more responsible for different functions. I don’t mean we didn’t have them before, but now we have more independent authority, if you like. (P) Yes, I suppose he was a bit of an old-style ‘This is my business and I’ll run every bit of it myself’ sort of manager. But he wasn’t strong on sales. As I say the market was with us. He did have a good head for the coming thing. But sales – no.

YOU SAY YOU BECAME SALES MANAGER, AND THE EXPORTS STARTED. WAS THAT COINCIDENCE, OR DELIBERATE ON YOUR PART?

Bit of both. We got a couple of queries in from France. A few orders. First of all the same company then a different one. Then an order came in from Ireland. I thought ‘Hello, we could do something there’. I’d got the sales over here organised by then. I thought ‘This could be interesting – a challenge!’

WHAT DID YOU DO?

Well not a lot really. Talked to the guys from the French company that had used us most. Found out what they liked about us. The French won’t place an order outside France if there’s not a good reason, you know. Found out where the most likely customers were. (P) Yes, geography and end-uses. Both really. Got a few more orders. Did the same thing in Ireland. Went over there. Made some contacts. Built it up slowly that way.

SO WHERE DID YOU GET THE INFORMATION?

Well, like I say, we talked to the companies. And I got hold of a few trade magazines in areas we sell into over here. That was OK at the time because Derek’s wife’s a linguist, and she did all the translating for nothing!

HAVE YOU EVER USED ANY SECTOR REPORTS OR ANY MARKET DATA AVAILABLE IN THE LIBRARY?

Not really. I tried to do that with France at first – bit daunting really. Nothing can replace talking to people out there, actually working in the area.

SO HOW DID YOU FIND OUT ABOUT THE COMPETITION, WHERE THE MAIN CUSTOMERS WERE LIKELY TO BE LOCATED, AND SO ON?

Well we didn’t really rate the competition. I don’t mean we didn’t rate them, I mean we seemed to be offering a quality and a range which meant local companies came to us anyway. We’re only little, after all. We don’t hanker after market share. We saw it as a way of growing gradually and extending our client base a bit. We didn’t really do anything different to what we’d done in the UK. Just tried to organise it.
GOVERNMENT SOURCES?

What, Business Link and that, you mean? We have done. More so in recent years, though. Back in the old days I was talking about, at the start of exports, we didn’t. Just tried to build up local contacts, get stuff out of them. These days we’ve got a web-site etc., get queries from all over. You can’t always be sure it’ll be worth your while – we only make plastic sacks, after all. So Business Link have been useful. With viability and so on.

ASSESSING CREDIT RISK?

Well, you have to be careful there. But no, I meant, if we get an order – we got an order from Iceland recently, of all places. Well is it worth just filling that order, or is it symptomatic that there may be a demand in Iceland? (P) I went on one of their trade missions a couple of years ago. We’d had a couple of orders from Portugal and they had this trade mission they were organising, so I thought ‘Why not?’ Got to know a few people on the stand and then the wife and I had a few days break. That was alright. (P). Yes, we still sell to a couple of them over there.

ANY OTHER SOURCES YOU’VE USED TO FIND OUT ABOUT MARKETS, CUSTOMERS, COMPETITORS....?

Things come up. Now and again I think – as I said to you – ‘Let’s go for it’, but often it’s just a function of several things coming together at the same time. Like, Derek had a mate in Yorkshire – we’re not talking exporting now I know but the same principles apply. This mate worked for a local authority, and when he got moved into the (acquisitions?) section they were tendering for refuse sacks, and he thought of Derek, and we tendered and got the job. And that was worth a lot, and over 5 years. It’s a bit like that. Obviously they are overseas so you’ve got to make more of an effort. I never was sure how the first customers really got to hear of us. Now we ask them. It’s surprising the amount of interest coming from the Internet these days. That’s really taken off this last couple of years. They don’t all order of course. But for every 20 or so queries – I worked it out a few months ago, it might be more now – we get an order. And I suppose about half – just under half – the orders are repeat orders.

DO YOU FIND OUT WHY THEY CAME TO YOU IN THE FIRST PLACE? WHY THEY COME BACK? WHY THEY DON’T, FOR THAT MATTER?

Why they order – a variety of reasons. Friend of a friend, like I told you about. (P) Well, they’re in the market, we’ve got a web-site. Our agents do quite a good job for us. They keep them warm when we’ve had an order. And our quality is good. And we’re reliable – we deliver on time. We’ve been told we’re more reliable than some local suppliers (P) Both (Ireland and France).
SO YOU SELL OVERSEAS THROUGH AGENTS?

Yes, in Ireland and France. They're quite good. The first French one was terrible – I don't remember where we dug him up from but he was a waste of space. We were getting more orders from France direct, even in those days. We blew him out.

HOW DID YOU FIND A REPLACEMENT?

Business Link helped – we got a list of possibles, worked through it, contacted a few, made a short list, went out to see a couple. Finally the choice was down to who we got on with. And he speaks excellent English. And he doesn't have a problem speaking it in France. They can be very chauvinist about their language these French. Ha!

WHERE ELSE DO YOU SELL OVERSEAS?

Well, France and Ireland mainly. They're regular customers. Otherwise it's all over really. We've had orders from Iceland, like I said, Spain, Portugal. We've had lots of enquiries from Eastern Europe, too, but we're a bit wary about getting our fingers burnt there.

IN WHAT WAY?

Well, you never know who you're dealing with, do you?

HOW WOULD YOU FIND OUT ABOUT AN EASTERN EUROPEAN COMPANY THAT WANTED TO BUY FROM YOU?

I wouldn't know where to start really. I suppose I'd try to see if Business Link could help us check them out. But really we're not interested in taking risks. (P) Most of them prospective customers direct, I would think. A couple saying 'Can we be your agent?' One in Hungary recently, for example.

DID YOU FOLLOW THAT UP?

We are doing, as it happens.

HOW?

Well we've been in correspondence – e-mail. And he's coming over here soon, so we thought we'd see him. We haven't got anything to lose. And depending on the deal we do with him it may not be too risky – if we could cover ourselves.

SO DO YOU SELL OUTSIDE EUROPE?
We have done a few times – Middle East. Dubai, would you believe? Plastic sacks, I ask you. To Dubai. Even Australia, but that was donkey’s years ago. But no, mainly Europe. If I was to concentrate, it would be Europe realistically. I can’t see it’s worth our while or theirs to ship our sacks further. It’s not high bulk but it’s bulky for its value. You can’t compete after shipping costs. I don’t know how they can, really.

SO YOU’VE GOT AGENTS IN YOUR MAIN MARKETS. OTHERWISE DO YOU SELL DIRECT?

Yes.

WHAT PROPORTION OF WHAT YOU SELL GOES OVERSEAS, WOULD YOU SAY?

Hard to say. Value. I suppose maybe 20% last year. Not much more than 20%, possibly.

WHAT’S THE EXPORT ORGANISATION LIKE THIS END? I MEAN IS THERE ANYONE WHO LOOKS AFTER EXPORTS APART FROM YOU?

Yes, the shipping clerk has got quite good at the export side. And another girl in the office – Alison – she looks after any day to day stuff, and liases with the customers and that. (P) No, only part-time. I mean they’re full time, both of them. But their jobs are shipping clerk and sales administrator – so it’s just another part of their job to them.

DO YOU EVER USE YOUR AGENTS IN FRANCE OR IRELAND TO GET INFORMATION ABOUT POTENTIAL NEW CUSTOMERS? OR COMPETITORS?

They let us know who they’re following up and why. They don’t have to ask us. They might miss out if they had to faff around asking our permission to follow up leads. They’re pretty independent. I mean agents are. They let us know about new developments. I mean market developments. We’re not exactly a high tech industry but we like to think we’re on top of the game when it comes to plastics extrusion technology. But if there’s any changes, legislation, product specs, that sort of thing, they tell us.

IF YOU NEEDED TO FIND OUT ABOUT A NEW MARKET – A COUNTRY YOU’D HAD SEVERAL ENQUIRIES FROM RECENTLY, FOR EXAMPLE. IF YOU WANTED TO FOLLOW THAT UP, WHAT WOULD YOU DO? WHERE WOULD YOU GO?

I’d go on the Internet now, first of all. I’d try to find out – well, first, something about the country, the market, what the size of the market was, what the local plastics companies were like, if there were any. Then I’d see if there were any
suitable representatives advertising themselves. I'd ask around. I might ask Business Link. I might even get one of those lists I told you about. You have to pay for those though. But if we'd had a lot of interest, and the market looked interesting from the Net, that's what I'd do first. But we'd have to be convinced, really.

WHAT INFORMATION WOULD YOU REALLY LIKE ON YOUR EXPORT MARKETS? OR ON POSSIBLE EXPORT MARKETS, THAT YOU DON'T HAVE AT THE MOMENT?

Well, you know it would be interesting to find out where the stuff ends up. I mean we know with a lot of the direct orders we get. But that order from Dubai, for example, what on earth do they want English plastic sacks for in Dubai? Or Iceland for that matter? I'm being facetious now, but you know what I mean. In France it's the same. Even Ireland now. When I started to build up Ireland I knew where our shipments were going – where they were ending up. I've lost touch now, I will admit it. I don't really know. Same in France – what sectors use them. That would be interesting.

('phone rings)

ONE FINAL THING. IS THIS ----'S ONLY SITE ----?

Oh yes.

SO HOW MANY PEOPLE WORK HERE THEN?

What, altogether you mean? 75, about 75. That's including everybody, of course, shop floor, cleaner. We had a retirement last Friday. But yes – 75.

HOW MANY OF THOSE WOULD BE OFFICE, ADMIN?

Well, starting from the top there's the MD. He's got a PA, secretary. She deals with all the personnel. Then there's the Financial Controller, he's got three staff altogether, working directly for him. Then there's me – and I've got three here too, the 2 I told you about and a general sales administrator/manager. Then there's the sales team – 6 of them, full-time. And there's 3 part-timers, I've got one of those as well. She's a secretary, gofer. Very willing, very keen while she's here, but only part-time because of the kids. (P). So 16 plus three part-time.

ANYONE MARKETING AS SUCH?

Only me. (P) No, I don't really aspire to be marketing, really. I'm just a simple salesman! But I try.........
MANUFACTURING COMPANIES
Transcript 8: General Manager

..........the General Manager. My background is in engineering. That's where I did my apprenticeship. The company's been here since 1968 making machine tools.......I've done management courses. I did a 2-week marketing mix course a couple of years ago. But it's knowing the product and the application areas rather than marketing in this business. I've had 30 years of experience with the product.

WHO MAKES EXPORTING DECISIONS?

The Managing Director and I. He's been more involved in overseas till recently.........we were part of the ------- Group. We moved here to re-start when they went out of business. I've been with the company since 1983. And in 1983 we moved into the US - that was our first export market. We appointed a Sales and Marketing Manager in 1984 and he broke new ground. It was major – 8 to 9 exhibitions in Europe, distributors for South Africa, he found markets in Korea. We went to an exhibition in '86 and found a Korean distributor from that. But it took us 10 years to be accepted overseas. (P) The machine tools side of the business and their equipment. People come to the European machine tools exhibitions form all over the world, from Australia etc.

YOUR MAIN EXPORT MARKETS?

North America - the USA and Canada. Korea, China and Singapore. There are others, but they're relatively small markets. The European market is very competitive so we're concentrating on the Far East at the moment. Other than distributors – in the US we've got our own office (sales). We've been in Korea since 1989. Singapore and China are growing now.

WHAT ABOUT MARKET SECTORS?

The application area varies. Aircrafts, automotive – through distributors or indirectly. Pumps, anything mechanical. Any machine with a hole in could use our products.

STAFF IN EXPORTING?

27 - 28 employees at the moment. 30% (of turnover) is exporting. On the management side we've got 2 full-time people engaged in exporting. 10 or 11 in the office. The UK market's reached a plateau now. 60% of our market's overseas.

HOW DO YOU FIND EXPORT MARKET INFORMATION?
Going to their distributors, e.g. the competition. Ask those distributors. I once took a competitive product, went round and asked users about its price. We get targeted feedback like that. And there are CBI reports on what machine tools are selling where. (P) Talking to people at exhibitions. Carefully worded questions asked round at exhibitions. Distributors again. We can see from the exhibitions which countries are potentially good markets. We went to one in Milan in '95, saw the Spanish market was growing – there were more suppliers from Spain coming in. More formally, we might do the pricing exercise I talked about earlier. For an NPD launch we might have to investigate why we don’t get orders etc.

HOW WOULD YOU DO THAT?

Put prototypes into the market to find out about market acceptability. It’s common practice to put one in, through the distributor or direct. We sell as lot direct in the UK to exclusive distributors overseas. The UK is a useful yardstick. It’s fairly typical of how they will be regarded in most places. With field trials we would send a prototype. The distributor would make enquiries from prospective customers as to could they sell it. We would phase new product entry into overseas markets. Roll it out form Europe. Get the product right. To put it into the other side of the world before it’s really been tested would not be a good thing.

INFORMATION PRIOR TO PROTOTYPES?

You mean us making it and there’s not a market for it? Yes, we’ve made our mistakes. In some cases we’ve had to drop them altogether. We do sell machine tools through indirect exporting. We have a distributor in the UK who also manufactures. They are popular in Germany etc. We found this out purely by chance.

HOW DO YOU DECIDE WHICH EXPORT MARKETS TO MOVE INTO?

Well in South America we haven’t entered because they’re supplied by the US. (P) The kind of information we would need would be on prices, new products, variations on a product theme. We do come up against it there in terms of getting information on what a market wants.

HAVE YOU EVER USED OUTSIDE HELP?

The Overseas Trade Board. They’ve got the same problem. They can find plenty of information on where machine tools are going, but in terms of the ancillaries – the stats just aren’t published. One of the problems – when it comes to the location of information – is that machine tools cover a vast area per product type – cutting tools etc. The government information is based on customs data, and our products are subsumed with catch-all categories. We talk to distributors then. Do a mail-shot. See if there’s a response. The mail-shot tries to get market feedback. But it tries to sell as well. We don’t know of any other way.
WHAT ABOUT USING MARKETING RESEARCH IN THE COMPANY?

Anything which brings information in is marketing research. Very often the accepted text-book type of market research in this business is unnecessary. We might send out a single sheet questionnaire – to our users and customers in the UK. In the US. What we get from these markets is sufficient for our needs.

HOW DO YOU FIND OUT ABOUT YOUR COMPETITORS?

We watch what they’re doing. They say use a different company for that. We’ve never used a market research company as such. We did get a project done by a business school once – an MBA project. They did the market research for a plan for us. They had the same problem as us with a specialist product – the data has a habit of running out. (P) the most useful research we do is talking to people at exhibitions. ‘This is what we’ve got. What would you actually buy?’ Some NPD has come out of that. Sometimes the technical features they want surprise you, the small things that are important.

We don’t do formally the collation and analysis of input from our people or the market. We do advertise from time to time. Though with advertising you never know what the success rate is. We get feedback from mail-shots, to the questionnaires we occasionally send out. Information on what the competition is doing. In our business you can’t go to a classic marketing textbook that says ‘this is how to do market research’?

USE OF OVERSEAS INFORMATION?

To react quickly to negative feedback. We have regular reviews of how we’re doing things in whatever market we’re trying to penetrate. But it all tends to be on an informal basis.

And the MD’s going to China, and Spain, Australia – all of them quite soon. We have a salesman who’s going to the US in September. But his function is more support than selling – he’s an engineer. (P) We ask companies who come back to us why they do. It’s a mistake perhaps that we don’t ask those that don’t come back to us why they don’t, as often as we might. On overseas trips we target particular people to visit, we talk to people, through our distributors. They can be used by the distributor to talk to their customers, or to talk to potential new distributors.............I’m sure we’re not typical, but we don’t use marketing in a standard way. Or research.
The business was founded by Martin ------ as originally ‘Hampshire ------‘ & then it got more & more involved in liquid feeding for pigs & eventually a separate company was formed, and then the original company was sold & its now just ‘------‘ & we just do liquid feeding systems for pigs. Our markets are the UK & at the moment: fairly limited exports mainly to Australia & Canada, & in the past a bit to Japan. We’re very interested in America. Our technology is not known in America & not used – or very very limited – only about 50 farms in the whole of America have liquid feeding. But some of the better ones are aware that the technology exists & they will probably have to start looking at it fairly shortly. So we’re hoping to take advantage of that which is why I’m off to America at the beginning of September.

AND THEN TO AUSTRALIA?

Yes.

SO IS THIS THE ONE SITE?

Yes, only 1 site.

AND YOU DO EVERYTHING YOU NEED TO DO HERE?

Everything here. We don’t have any....I mean I operate from my own home in Australia where I’ve got a property. We don’t maintain any offices outside.

SO HOW MANY PEOPLE ARE EMPLOYED HERE?

16, but I don’t know for how much longer. Turnover was £1.2m, but it’s back now to £6-700 thousand. So it’s not good. But we have the potential for doing substantially more. The problem has been the up-take on liquid feeding in the UK market is relatively low. In terms of pig farmers only about – we estimate – 5% use liquid feeding, but 25% of all the pigs in the UK would be liquid fed. Which indicates that the big boys are already there, but there are lots of smaller players who don’t use liquid feeding. (P) It’s size of the farms and the capital behind the farms or farmer because ours is more capital intensive to initially install than the cheap option which is dry feeding. But obviously we give much better results in terms of return on investment but the farmers have got to put their hands in their pockets for more money to beg with. There’s been a negative early adoption.

SO THE COMPANY’S BEEN IN BUSINESS AROUND 20 YEARS. HOW LONG HAVE YOU BEEN EXPORTING?

Since the ‘80’s, probably about 10 years

WAS THERE A 1ST COUNTRY THAT YOU WENT INTO?
Funnily enough, Australia wasn’t the first. Japan & New Zealand – New Zealand was quite important early on because of various structural reasons going on in agriculture, though it’s very minor now because it’s a very small market but at 1 stage they’d sold 17 systems in New Zealand which is quite a lot. In terms of the number of customers we’ve sold more in New Zealand than in Australia. But in Australia we’ve sold a lot more because we’ve got one big customer who’s really into liquid feeding.

WERE YOU WITH THE COMPANY WHEN THE MOVE INTO EXPORTS STARTED?

No

DO YOU KNOW HOW IT STARTED?

Yes. How it evolved was – originally (the company) was the agent in the UK for a Swiss manufacturer & increased as the business evolved. ‘---- Equipment’ was originally the supplier of sophisticated computer systems and we through our pipelines attached our valves and pipelines to the sophisticated Swiss equipment & then the Swiss said ‘You speak English. We can’t deal very easily with New Zealand. We’ve had these enquiries from New Zealand - will you handle them?’ So it evolved from that. And it’s now reached the stage where we make all our own electronic equipment. We actually make the pump that we originally used to buy from Switzerland here, & we now export it back to Switzerland. And my belief is that that trend will continue if we’re successful in America - we’ll end up making the pump in America; we won’t make it here, we’ll bring it in from America. (P) It can be stock person, pig person driven. In places like New Zealand & certainly in Australia, to a lesser extent in Canada - there are quite a lot of British born or British associated pig people who are aware of the equipment, aware of the local conditions & they can possibly see market advantages in going liquid & therefore they will act as early champions of the system. So it does happen like that. And increasingly the world is a smaller & smaller place & certainly in the pig world the number of significant pig meat producers is declining in terms of numbers but getting bigger in terms of size. So in that scenario the big boys all know what’s going on in the world. (P) And farming is becoming more & more – in the agricultural area – farmers still tend to think ‘we’re different’. And there are still some expectations in some quarters that they’re owed a livelihood. But why? When the rest of the commercial world has to live under very difficult conditions. The farmers don’t have to live under very difficult conditions. But the problem is that farmers have been reluctant to co-operate together because they’re great individuals & - except in notable cases like in America where 1 particular organisation – certainly the lemon farmers in California with Sun-Kist just grabbed the market. When I was living in Japan Sun-Kist did a fabulous job but you don’t see that very much, certainly not in the UK. So I think increasingly it’s recognised that producer groups need to get bigger to be able to talk with supermarket groups in a more even-handed way instead of being picked off all the time.

SO STARTED IN AUSTRALIA....?
And then from Australia we'd gone to Canada. But our experiences have been – of our turnover of £1.2 m which was the highest (it was going up very nicely & then suddenly it's dropped back in the last few months). Exports have been hit because the pig market internationally has been hit. Same in America, Australia, or it happened earlier. Slightly different cycles. Different times, but they've all compounded together, & it's been compounded by other factors. The Asian monetary crisis. Now Asia was a huge consumer of pig meat. Russia was a big big importer of pig meat from Denmark & Holland & America. That went belly up. Then you had the problems of over-production in America as well. Because some of their big farms just went berserk in terms of increasing capacity because they were making good money, and then you've got an over-supply situation.

SO WHAT % OF TURNOVER HERE IS EXPORTS?

Well it has been up to 30%. I suppose in % terms – it would be still 30% of a lower turnover. Potentially it could be 70% or higher, but the problem is that 1 of my problems – I've only just been appointed MD – I think there are too many players in our little niche of the market ....(P) We don't have any competitors of significance in the UK, but I believe we’re in a world market. You have to be able to compete in a world where there are too many players – small players, so I'm working on strategies how to combat that so as to significantly expand the business. That’s what I would like to try.

WHERE DO YOU SELL MOST AT THE MOMENT?

Our biggest individual export market would be Australia though it's been bad in the last 12 months because our biggest customer has been on the block for sale - so all our capital purchases have just.....

AND YOU'RE NOW THINKING OF THE STATES? YOU DEAL WITH OVERSEAS MARKETS DO YOU TEND TO RESPOND TO ENQUIRIES OR ORDERS, OR DO YOU MOVE INTO THOSE MARKETS & FIND OUT ABOUT THEM 1ST?

Let's see how we've looked at the States. Firstly we went through the exercise – we approached the DTI to see what the schemes were for market research. We went and spent our £25 buying one of these MRS directories....

IS THAT WHAT THE DTI SUGGESTED WHEN YOU WHEN YOU ASKED ABOUT EXPORT RESEARCH?

There's always some catch when you're dealing with the government. And the catch is that they've all got to be approved & those are all approved researchers. Basically what we wanted to do was to do the research ourselves because it's a very specialised market & by the time you've told a researcher what it is you may as well have done it yourself. And we know more or less what the data is because you can pull that down from the Internet these days. There are very good trade magazines anyway so we looked at those magazines. We know what the size of the market is, more or less, and we know what ....
I talk to my other industry customers & say...In Australia I’ve got one very big... and I know they do some export business there & through them I’ve got quite good information. So we talk within the industry. So when looking at America we were going to do a market visit, just having a look but we didn’t go ahead on that because – various factors, I tired of the whole thing, we didn’t actually go ahead.....the winter period...........Then I contacted Business Link & they sent us their initiative. Something about a seminar which I’ve just been to in July in Winchester run by a very good fellow Dr Barker or Baker or something who is an ex-VP from Shell Chemicals with a wealth of experience in dealing with European companies in America. He understands the European thing & the problems European companies have getting into America & getting the attention of the American buyers. So I spent £176 actually of my own money because I wanted to do it. We’re a small company, cash flow & things so I went up & used my money because I thought it would be quite useful & it was. He runs a company called ‘----- Associates’ or something. I talked to him about us & I explained that this technology is not really used in America. The experts know about it & that I read one International thing from an American researcher saying that if American companies are not in liquid feeding by the early 21st century they will not be in pig production. Because it’s more efficient. So we know all that. It then happens that 1 of our key contacts in Australia at a very high level has been poached by an American company, probably because this guy knows liquid feed technology. So as soon as I heard that of course I rang him in America & he says yes he wants to see me. So we will follow our customer or ex-customer around. And then through other connections in the pig field we talk. We say ‘who do you know in America? Who should we be talking to in America?’ I talk to people in my industry, not necessarily competitors though I even talk to competitors in Europe – a competitor in Europe because I'm trying to organise an alliance but they're very suspicious. So we’ve got to get off our butts here & jump in a car & knock on the door of our competitors quite expecting them to not respond....We were so surprised that they showed us all round their plant! But they still can’t see why we knock on their door. But the point is that I’m saying we’re too small & we should be forming alliances with some of these others because that’s the way to go in my opinion. You need expensive software people, you need engineers. In England costs are actually cheap. You can employ a PhD here for a damn sight less than it costs in Germany or Holland. Then you’ve got to bang heads together to get people to agree that then they won’t all try to do it themselves. These things are quite good in theory but quite difficult to practice.

I WAS INTERESTED THAT YOU WENT TO THE DTI & THEY PUT YOU ONTO THE MRS. DID EITHER OF THEM TELL YOU ABOUT ANY SCHEMES THAT ARE GOING ON? SUPPORT YOU MIGHT GET? 

No, I can’t remember any particular one. It was just there was someone up in - Birmingham I think - that was partly connected with the Chambers of Commerce? Who run it on behalf of the DTI. I mean I do know...I’m not a researcher myself but I did - just as an aside – set up a market research unit in the 60s in Japan. Totally untrained but simply on the view that I took that market research was very very important & I had commissioned a number whilst working in Japan, quite a number of consumer –
motivational & attitudinal studies for things like – Uncle Ben pet food for the Mars Corporation, Lux soap for Unilever, that sort of thing .............. I’m pleased to say that ---- (his old company) did the definitive book on Japanese industrial groupings because it’s very important to understand how a company fitted in the Japanese scheme of things ...................... so I’m not unaware. But in small companies like this getting nice little reports out, we just don’t have the resources. The market doesn’t support it anyway

HOW DO YOU FIND OUT WHO YOUR COMPETITORS ARE?

Go to fairs. Go to Utrecht, go to Space in France. Look in our trade magazines see who’s advertising. Who’s introducing .... One of our German competitors .......... we have this new checking device - £275. They said we can’t do this. They looked at it, then said there’s a much cheaper solution - it costs £30! .... When you’re competing for business you will very quickly hear if Joe Blow down the road can provide something that’s all singing & dancing, & you’re offering a pedestrian model, still costing an arm & a leg, you’ll certainly be told, so if you go out & compete for business instead of sitting back taking orders then you should know what your competitors are doing. It’s part of business.

HOW DO YOU FIND OUT SPECIFICALLY WHICH ONES ARE STRONG IN WHICH PARTS OF THE WORLD?

It’s difficult because in our industry they tend to be regional. Now our competitors in England are basically 2 German companies, but there are about 5 German companies in Germany selling liquid feed systems............ (phone rings) .............. so we know who our competitors are. So the technology is only in certain countries. It’s in Germany, it’s in Denmark. There’s 1 company in Finland. There is 1 company we believe in Italy but they never sell outside Italy. There’s none in America, none in Canada, none in Australia, New Zealand, Russia. And certainly not even a liquid feed system in China which is the biggest market for pigs in the whole world. So that’s what we’re at. A specialised business. (P) If somebody said ‘What’s the name of the Finnish company?’ I don’t know. But I know there is a Finnish company & I know they do a lot of business in Finland & they do some business in Sweden but they don’t here, and they would probably have problems to do so because all their software would be in Finnish, not the easiest of languages.

SO CAN YOU JUST RE-CAP ON WHAT MADE YOU DECIDE ON THE STATES?

It’s very simple. 45% of the total pigs in the world are in China. In my opinion for a company like this we can’t make money in China unless – if we went into China they would love our technology but we would never make any money at this stage of China’s development. It could change & we have monitored the situation from a distance, talking with Singapore companies who claim to be investing $150m in pig production but it’s all a bit............ There’s a public company in Singapore associated with the Singapore government that is on record as saying that they are going to invest $150m in pig
production. Substantial big pig farms. Well we’ve tracked that down. And I kept the British High Commission – it was a lady – warm for 2 years & we eventually got the President over here, but it never happened. Another example was an Indonesian-Taiwanese joint venture in Australia, a 25 thousand sow operation, that is big! One order for liquid feeding would be more than £1m. Big publicity. Worked on it for 2 years. Nothing happened. So why America was because - after China 20% of the pigs are in Europe, but that’s split up, but the next 10% are all in America & America’s production costs are amongst the lowest in the world & there are something like 180 thousand pig farmers. In England – scraping the barrel there’d be about 10 thousand.

WHERE WOULD YOU GET THIS KIND OF FIGURE FROM? AND HOW DID YOU KNOW WHO THE BIG ONES AND WHO THE MEDIUM ONES WERE?

Through my relationships with bigger companies who have that data. (P) We’ll be asking specific questions about their particular markets in their particular areas, not the whole, we’ll zero in on their markets. One of them says he’s got 700 customers, he’s one of the biggest feeding companies in the world. And I know one of the companies they supply has 200,000 sows. To put that in perspective there’s only 600 thousand sows in the whole of the UK. And that’s 1 customer, out of 700, will give you some idea of the clout of this sort of firm. Now fortunately, I’m aware that they can be very ruthless, and turn round and say thank you very much we’ll go and do it ourselves, but that’s not quite as easy as it sounds. So we’re not knocking cold on doors in this visit. Our objective on this occasion is – I’m only going for 2 working days. Meeting with 2 people, that’s all.

HOW DID YOU IDENTIFY THAT THEY WERE THE 2 PEOPLE THAT YOU SHOULD SPEAK TO?

How - was that they were once favourably disposed towards the concept of liquid feeding so I hadn’t got a huge selling proposition to overcome. And we identified those through our own endeavours, by talking to people, saying ‘we are interested in America’. And I had talks with the Australian one over a year ago in Australia. Before I even knew he was going to go to America & said ‘we want to go into the American market. Are you under your present contract with your employer allowed to – if we pay your air fare & a retainer, are you allowed to come to America to present a seminar for us, because we’d been told by others that it would fill a room because this guy is so good. He’s a good public speaker & very knowledgeable. He had no problems with it. So that’s how. In the meantime – last April – he’d been headhunted to go to America so that’s what we’re getting off our butts and following up, seeing if we can generate this into some business. The other one comes from academic interests, in fact through connections we’ve been working on, and is a British academic himself, a doctor of animal nutrition so, so we think there’s a reasonable affinity, we don’t have to overcome the barrier of some Americans of ‘Oh, your European, therefore foreign’. And we are aware that American companies like to do business with American companies. Not – from going to that seminar – because they’re anti-foreigners, it’s just they’re not satisfied, unless there is an American presence, that they will get the sort of attention, aftercare, service, that they’re used to in America. And to overcome that we’re dealing with 2 companies that know us,
know going back a year in 1 case, 3 months in the other, that we’ve been interested in America. Just exchanging e-mails & fax. Large companies have their problems trying to get to decisions. So I don’t have any great structure for research. It’s not like selling Lux soap, or anything like that. You know; what’s the total market for Lux soap, what motivates the Japanese housewife when buying soap? To find that she’s buying the soap for a gift, which affects packaging etc. We’re talking here on the level of very basic market (information) by word-of-mouth.

NETWORKING?

Networking, yes. We know that pigs are best grown where their food is cheap, so where is food cheap?

1 OF THE POINTS YOU WERE MAKING IS THAT THE TECHNOLOGY ISN’T KNOWN OVER THERE, SO HOW WOULD YOU SATISFY YOURSELVES THAT US FARMERS ARE GOING TO BUY THIS NEW METHOD OF FEEDING? HOW WOULD YOU KEEP YOUR EAR TO THE GROUND, AND WHAT BIT OF THE GROUND WOULD YOU KEEP IT TO?

I think we do it on fairly simple things. We’d written off China, in that I had been there once, and made an assessment, and told my colleagues here that unless somebody comes knocking on our door with hard cash, we’re not spending our money to enter China by ourselves. It would be far too much for us. We couldn’t do it. We’d go bust. But it is quite possible through alliances with associated people in the pig world e.g. --- a pig improvement company. A public company started in England, now headquartered in of all places San Francisco & globalised. Now they’ve got a 100% plc company based in Shanghai. If they said ‘hey, you guys, we want you in China’ that would be a whole different ball game. A Western co, 100%, you’d get paid, we'd know our technology would not be robbed from under our noses. We v nearly cracked Korea & we were literally just signing huge contracts just as they collapsed! So we just do it I suppose by some sort of osmosis. I mean, one does read a lot..................(tape turn)............a person who works for a German company in Denmark who is responsible for the activities of this German company’s English operations as well. Now we said ‘Hey, we want to do business in Denmark’. He said ‘Don’t waste your..... I can tell you all your competitors have got together & if one fourth one comes in they’re all going to cut their prices. His advice was to stay out of it. He’s highly respected; it’s totally illegal to do things like that, but that’s what goes on in places like Denmark. Although there’s a lot of pigs there. So you could say ‘Well why aren’t you in Denmark? There are a lot of pigs. So statistically you should be in Denmark’. Well we could get into Denmark. It’s quite possible to overcome things like that. There is strategically a way we could do it. Because I happen to know of an English company that’s got a feed mill there, a very good nutritionist – Englishman – who speaks Danish. And he’s very knowledgeable about liquid feeding & I’ve been talking to him for 2 years but I’ve not got to 1st base,. But eventually we might possibly do that.
If you were on a much bigger scale you could say 'Right. We'll set up our own operation in Denmark. We'll employ a salesman, give him a car & he'll call on Danish pig farmers until he's blue in the face & until we start selling systems. Eventually, if you were P&G or Unilever you would crack the market. But we would go bust very quickly......

so my emphasis now is to look instead at markets like Spain where there is no local manufacturer & where there are 3 million sows, as opposed to only 600 thousand in the UK. And as far as we know the only uptake of liquid feeding in Spain is about 1 or 2%. And yet there is 1 big operator who's got a lot of sows. We should be talking to him. We're trying to. We've been over there, I spent £2000 on consultancy fees, someone who knows the pig market well, knows his customer base well. He introduced me to some Spaniards, nothing ever came of it. We've repeatedly suggested they come over here. We know that our equipment can do a very good job for them but..................

SO HOW WOULD YOU DESCRIBE THE MARKET INFORMATION COLLECTION, THE MARKET RESEARCH THAT'S DONE WITHIN THE COMPANY?

Basic! There's no systematic MR in your terminology. Our MR is when we start looking at our strategic plan - which we haven't got written out yet - but when we do. OK - where are there pigs in the world? Where is the capital expenditure. To support sophisticated equipment? There might be large pig numbers in countries such as China, but when you get to the statistics you'll find there are a lot of what I call 'mama & papa' operations with 2 pigs. They'd never make a market for us...............There need to be a lot of pigs, and they need to be in reasonable size herds with owners who have reasonable capital. So that eliminates Greece, Turkey because there's a lot of Muslims there & pig-loving countries like PNG where they love their pigs because there aren't any big piggeries and no money anyway. South America is different. There are some big piggeries there but then there are constraints. Like Brazil - we have exported a few things to Brazil but can't get the money out of them. High import duties and rather corrupt when trying to do business. So we avoid Latin America

IS THERE ANY INFORMATION ABOUT OVERSEAS MARKETS THAT YOU WOULD REALLY LIKE TO KNOW, BUT DON'T?

Yes. What we would really get a handle on - who is investing money in new piggeries or refurbishing their piggery? That would be hugely beneficial but I have never found a mechanism. Could you do it for example - I talked to some people who sold a service for planning applications. That's a clever way. If someone could present us with the data I would love to pay serious money to someone who could say ' there's a planning application going on..... for a 5000 sow, or even 500 sow, piggery. Wow! Because they can't put their money in till they've got planning approval, they can't get that till they put their plans in. The moment they start putting their plans in you should be talking to them Because that's the time they're doing the layouts & making their notional capital expenditure decisions. But we haven't found a mechanism for finding out what's happening on that.
(P) Even more difficult in overseas markets because we don’t have...the best way is again word of mouth. It’s not been systematic. We talk to some of the consultants in England who are well recognised to be good in Canada...they may or may not tell you. (P) MAFF needs a kick up the bum! I spoke to DTI & said we have never ever been approached by the government to host a visit from overseas pig men. Why not? ‘Oh, we don’t do it, this is handled by MAFF’ I said ‘but your DTI’. ‘Ah but agricultural sector & equipment is handled by MAFF’. So that was the 1st surprise. So I did speak to the MAFF guy & he was very nice, about Russia, because I have a lot of experience in Russia, & they & I opened a dialogue, at least I know who runs the international side of one guy there, typical civil servant. And I had another problem in another area so I thought I’d get MAFF involved. Didn’t want to know! We’ve been bidding on a project with a quango, set up by the government & I feel we initiated it & I was told earlier this year that we were knocked out. It was frankly so ridiculous that I went ballistic. We were told we were knocked out but we never actually received a letter to say so. We’ve recovered the situation since but in my view it was absolute nonsense. What I wanted to do was talk to the pig specialists at MAFF from a strategic point of view & say ‘ what are you guys actually doing to help the industry?’ I don’t think much. I compare it with what I know goes on in Australia. To give you an example of research & development the Australians spend £10 per ton of pig meat production (on R&D) It’s less than £2 in the UK. (P). Australian pig farmers & the Australian government. Pig farmers pay a levy – if the farmers pay 50 cents up to – whatever – the government puts in dollar for dollar. But the British government puts in nothing as far as I can see – if I remember rightly. Pig farmers put in a lot but it doesn’t get filtered down to research & development which is where I think it should be. So we get no help from them. Full stop. Nobody’s actively against us but nobody’s actually contacted us & said ‘There is a big pig project going on in XYZ that we think you should be bidding on. There is an opportunity here’. But I don’t expect it so it doesn’t worry me that it doesn’t happen. But what does worry me is that I see large government edifices, and I would like to see what is the outcome of those large edifices.

HAVE YOU EVER HAD THEM FEED YOU BACK ANY INFORMATION FROM THE POSTS – THE DTI, GOVERNMENT SOURCES?

No. We have asked. Nothing, though we have approached them. The woman in Singapore I was telling you about was very good. She did, at our initiation. I can’t think of anything else. Though we were circularised with a document which set out the British governments representatives at various outposts who come back here on leave & on training & gave a schedule of who was coming. We underlined & sent it in & heard nothing. I’m sure it’s very good in principle. Maybe we’ll hear something but this was earlier this year. It’s a good thing from the Embassy – the commercial section’s point of view that they do have experience of talking to British manufacturers in areas that they are supposed to be working in.

HAD YOU PINPOINTED THE US IN PARTICULAR – THE EMBASSY & VARIOUS CONSULATES?
Yes. Typical small company that’s why I couldn’t find the report I wanted to show you. You would understand that I didn’t need to go out & commission anything because I’d already got the information. OK, that’s done on a confidential basis but in fact I had supplied extracts of it – because of one’s relationship with one’s customers they tend to – you do them a good turn they do you one.

SO IF YOU NEED INFORMATION ON A PARTICULAR MARKET/COUNTRY – YOU GRADUALLY PUT THE BITS OF THE JIGSAW TOGETHER?

Yes. An example – in Russia – where I talked to MAFF & they were a bit pessimistic – probably rightly so. I said ‘Well, I’ve got this good contact in Russia who I’ve done business with in the past - a $20 million deal from Australia in a difficult area at a difficult time & against American competition. Everybody was hugely surprised that I in Australia got the contract but we were very pushy & we came up with a very good solution to the problem. But we had to overcome all sorts of bureaucratic problems. And this guy has a characteristic which makes him hugely useful in Russia – he’s honest! I’m not saying all Russians are dishonest, I’m simply saying that the market conditions are so difficult that the only way to survive in some cases is to be dishonest. I told him ‘You need to get into pigs because Russia’s importing huge quantities of pig meat and you’ve got hugely inefficient pig farms as you well know. If you put this equipment in we can show you how to go’. And he came back with a very big enquiry. He said ‘Forget about your equipment. The problem is to solve this pig farmer’s major problem which is that the farmer is pumping into the Volga River just outside Moscow 600 tons of pig effluent every day. And he’s about to be closed down because even in Russia they don’t like that. Now we’re not in the pig effluent business. It’s a specialised business. But I realised that if I didn’t solve that problem I wouldn’t be able to sell. So there was an opportunity. Maybe as an agent, for a fee I could solve the problem. So I ring Australia, speak to this doctor at my biggest customers. He collects degrees, he’s a scientist, and this big company keeps him in the back room & just says ‘look at everything’. I rang him & said who should I be talking to? Well he said surprisingly enough it’s an Australian firm – Western Australian. ‘Who shall I talk to?’ So I rang them up, an ex-Pom, sure enough, we then have a solution for our Russian friend. Meanwhile I thought ‘I’m in England now. I’ve got my English hat on, what could we do from England? I contacted MAFF & eventually I find an organisation in England - who couldn’t do it as well as the Australians but technically/academically - from a university they could do it. They say ‘We’re consultants’ but they’ve got no equipment. This is where England falls down badly. There’s good things coming out of universities & there’s no commercial back-up, or no technical ability. Because the universities aren’t in tune with what companies are doing. There’s a mismatch. So that’s how it would be done. So we don’t commission things. We’ll go out & just talk...if we can solve that we might .. there’s a danger they might say ‘Right, you’ve solved that problem: now what’s this feeding system you want to sell us?’

SO SINCE YOU’VE BEEN IN THE COMPANY YOU’VE NOT COMMISSIONED ANY EXTERNAL RESEARCH & THE INTERNAL RESEARCH YOU’VE DONE
HAS BEEN INFORMAL & LEARNING FROM PEOPLE AS YOU GO ALONG RATHER THAN WRITTEN DOWN?

Yes.

COULD YOU TELL ME SOMETHING ABOUT YOU NOW? HOW LONG HAVE YOU BEEN WITH ----------- (PRESENT COMPANY)?

I was only voted onto the board 4 April this year but I've been with them in terms of working with them from Australia for 7-8 years. I had to come back here quite a lot of '96-'98 & so far all of this year so I got involved. At one stage I was doing good business with these guys in Australia then I got worried that they were having increasing problems here because of domestic farming problems. Though I wasn't officially a part of their company I was working as a consultant to them. Then I grew into it. (P) International business consultancy

SO DID YOU COME INTO THIS FROM A BUSINESS PERSPECTIVE, OR AS AN INDUSTRY SPECIALIST?

That's right.....my background is – I'm a dying breed in that I was recruited in the City of London by an old British privately owned China Trading Company which was started in 1850 in Shanghai, & I was a management trainee. The deal was that when you were 21 you could be sent anywhere in the world the company had a branch & you went there for 5 years. After 4 and a half years – if you had behaved – my contract said I was not allowed to win on the horses, gamble on the stock exchange & I must conduct myself in the manner of a gentleman at all times, whatever that meant – you were entitled to 6 months home leave. The training was good. I went to part of Bachelors, I went to Unilever in Kings Lynn, an ad. agency. I had experience of Campbell's Soup in the 60s in America. Then I went to Tokyo & I had 4 and a half years there, as what now would be 'called an Assistant Brand Manager but they didn't have those titles in those days. I knew nothing when I arrived but the Japanese staff taught me, & I learned from the principals I was working with who were all bright, so that's how I learned about MR because Mars wouldn't do anything in Japan without spending huge budgets on MR! So I learned on the job. No national or home leave. Then I came back here. Then I was posted to Australia. Then back to Japan. Then I married an Australian girl & set up my own business. Built it up, came back here so sold out to a large group, went back to Australia into a large corporation again. Then left a few years ago & been working for myself ever since. Except that now I'm doing this. So I do what I like really....when I got involved in business with Russia it was because I got involved with sheep-shearing, that was the Australian thing. But I've been involved in consumer marketing & industrial marketing, MR, engineering products, big marine engineering products, telecoms & pigs. And I'm not a master of any of them!
CAN YOU TELL ME SOMETHING ABOUT THE COMPANY'S HISTORY?

--- is Europe's largest manufacturer of recording graphs & pens. Originally the graphic recording part of our business belonged to a large American organisation called --- & they owned our London plant & our Belgian plant. Where we are now in Totnes was originally --- (company name) which was started by Julian --- (MD's) Dad, Harry, back in the early 60's & developed a factory to manufacture small bucket pens, metal pens, to basically lower the ink down on top of the chart. Julian then came into the business & developed the business & (other company) became a competitor to this operation. Excuse my vaguery on the dates now: back in 1988 – I believe – the --- group bought all of the plant & merged them altogether to form --- (present company). It was then called the Specialist Print Division. That went on for a couple of years until the packaging industry went into massive decline back in the early '90s & they looked to sell the company off, at which point we had a management buy-out & --- (the company) as is came through with Julian, Roger --- who's no longer with us, & John --- who's no longer with us, being the key directors who invested and bought the company. So an MBO – in 1992 it was completed & hence we have --- as is now, which is --- Totnes, --- London, --- Belgium.

1998 saw the acquisition of a previous distributor of ours in South Africa, '--- Printing', & that is now --- Pty – which is very much a warehouse & sells – distributor business that's all. All the product we manufacture here or in London or Belgium & shipped overseas. Now the business itself being industrial charts & pens is in world-wide decline. Technology has been advancing for a number of years. Data loggers, TDS systems, filibus (?) type systems, data acquisition onto thermal image paper or going through integrators has led to the demise of a lot of the traditional areas where charts & pens were used. So that's led us to look further afield than just Europe & our current target market – large target market – is the USA, the homeland of our previous parent company. We currently have a turnover in that market approaching £2 million & yet the market is valued – at somewhere between $48m & $60m. So we're still looking at about £40-45million & we've only got £2m of it, so it's a massive target market as far as we're concerned. Hence my move to export to head up the push into the States. Which I did 3 or 4 years ago. I was looking after OEMs – I was actually selling to those in the States. I then moved to take over South Africa prior to buying the company there. They were our distributor & then we bought it, & I've been running the UK as a Sales Manager & then as a Director since '96.

Other global markets we are active in – Australia. We have a very strong relationship with a company called --- Graphic in Australia, which is all but (our company name) Australia. Although there is no shareholding there is a long family ties between the --- family there and the --- family here. So Australia's very sound for us. And the same can be said for Canada – we've got strong representation in Canada through distribution agents. The Middle East – we've just been represented by agents for a number of years and we're just beginning to develop the Far East, because Japan & China's beginning to
open up for us now, & South America is another emerging market – particularly Brazil. All these markets are in decline in their own right because technology is advancing into every single one of them. What that means is that a lot of our global competitors are looking to diversify out of the chart & pen core business & they're moving either into the medical area or their moving into ink jet or thermal transfer or specialist art pads. This type of similar product line but not process control. (Main competitor) themselves have been through a couple of acquisitions recently & are very focused now on the medical market. Very focused. They actually call themselves a medical supplies company. We took the opposite tack a year ago. We sold our medical division – a company called ---- that we’d bought back in the early or mid 90’s and developed. We were coming under increasing pressure on our medical range of products through Europe & the UK by ---- (MNE competitor), who own numerous companies as you know. But they own a company called ---- in France & they were looking to launch into the UK, so the 2 companies got together & we decided to sell them our data base, our stock, our sales force in return for a 3 year supply agreement. So we focus on being the manufacturer of medical charts – foetal monitoring charts, ECG charts, EEG charts – we manufacture greater volume than we ever did before but we no longer supply direct to the end-users or the hospital trusts its only to ---- Medical in the UK.

There’s nothing to stop us doing it in the US, South Africa. In fact we have a sales team doing just that in S Africa, but it’s more short term. We are not a long term medical supplies company. We simply haven’t got the logistical ability or the clout to compete with the likes of --- (ME) or indeed ---- who are the American owners of (main competitor) now. So that brings us back to the core business which is industrial charts & pens. That’s what we do well, it’s what we’ve done for years, it’s what we’re renowned for, & in fairness it’s our business. We’re going to stick to the knitting & focus on that core business & keep going at it until we reach our mission statement – Julian’s mission statement – to be the last chart & pen manufacturer in the world.........

I’ve just come across another company in California whose mission statement is to be the last chart & pen distributor in the world.

Maybe we can get together, although the Americans want all the profit & none of the hard work so we have to educate them a little. A bit of profit sharing would be nice.

SO THIS COMPANY REALLY STARTED....? 

Oh, Lord, as (present name) itself was 1988. As a wholly owned company as in Julian Roger etc & the guys that bought it with the backing of ---- that was 1992. That’s when we bought out from the ---- Group. Having said that, this particular operation ---- which was the holding company anyway, has been in business for 35, 37 years, and the plant in Forest Hill has been producing charts since the 1940s, late '30s, '40s, through various name changes........But the Group itself has only been in existence since '92 as a private limited company.

HOW BIG IS IT NOW – IN TERMS OF NUMBER OF EMPLOYEES?
Across the group it’s about 160 – including Belgium & South Africa. In Totnes – here – 58-60 here; 70-ish in London, it’s down to about 30 in Belgium (used to be a lot higher) and we have 10-15 people in S Africa. It used to be 50 Totnes, 50 Belgium, 70-80 Forest Hill & then 20-30 in S Africa but we’ve gradually retrenched as we’ve brought the companies into line. Slimmed them down a little bit. So I would say now we’re probably in the region of 170-180.

YOU SAID YOU DON’T PRODUCE IN ANY OF YOUR OVERSEAS SUBSIDIARIES EXCEPT BELGIUM?

We finish goods, rather than produce. In S Africa we closed all production initially & shipped all the machinery across here or sold it, with the exception of something called a minehoist chart which is a long piece of paper that goes up & down in a mineshaft. We print it here but send it across there for finishing. It’s then created into a continuous loop of paper and packaged. We are currently weighing up the options of shipping some more machines back to S Africa because the labour rate is so advantageous & also it gives us a help on import duty. So we are currently considering putting a couple of the machines back over. Again, it won’t be printing machines it’ll be finishing machines, re-wind machines or packaging machines or folding machines. We won’t put large printing presses down there. The man management is too expensive.

HAVE YOU SOLD TO OVERSEAS MARKETS USING OTHER THAN EXPORTING? IN OTHER WORDS WITHOUT HAVING MADE MOST OF THE PRODUCT IN THE UK?

Not that I can think of. We have a section of bought out product but it really is only a range filler. So basically the products we make & sell are wholly own manufacture with just a few range fillers of odd products here & there. We don’t actually go out and sub-contract manufacture in a different environment & ship it to our customers.....it all comes out of the UK or Belgium. I’m not saying it hasn’t been considered because some of the labour rates in some of the other countries you think there’s no way we should be making this product in London. We should be making this product in Thailand or Malaysia & shipping it over. You can get it that much cheaper. But it’s such a speciality product. The accuracy is very important. These bits of paper they don’t look anything in fairness, they’re just printed circles and printed rolls, but they go onto highly calibrated measuring equipment to monitor processes such as nuclear fusion, right down to waste disposal, effluent, whatever. And obviously pasteurising processes, steaming, pressure, these types of things. So the machines themselves have to be calibrated on an annual basis & have to be very accurate. If you put the wrong grade of paper which reacts with the wrong relative humidity or expands & shrinks it makes a nonsense of the calibration of the material.

It’s generally – this contradicts what I said about going to the States but – its generally seen to be more accurate if you produce the paper product in the home market in which you’re going to use it. That’s why we’ve had such a hold on the UK. Because the RH factor swings so greatly because of the water, the heat, the temperature & our products are made in the UK, our products don’t cause a problem. When they import stuff from the
hotter parts of the US or from hot European countries, by the time it arrives here it’s generally expanded so much it’s not calibrated any more. So we’ve generally used that to our advantage. So in answer to your question – no, we don’t!

YOU WENT INITIALLY THROUGH SOME MARKETS OF THE WORLD. ARE THEY YOUR KEY MARKETS? AND HAVE YOU ALWAYS BEEN AN EXPORTING COMPANY? OR DID YOU START OFF BY SERVING THE UK & THEN....?

No, we were servicing the home market. We had some export business but that tended to be where we were supplying OEMs in the UK & doing a good job of it or OEMs elsewhere or daughter companies of those OEMs or whatever, who were having trouble sourcing reliable product elsewhere - they would come to us. And we began to naturally place product around the globe but on a fairly small basis. And that’s why - looking at the sales in the UK – of being maybe £8 million – they’re not that now but compared to when I ran it back in ’95, at that time into the US we had maybe half a million though the market in the US was 20 times larger. So it’s always been it came to us. We didn’t proactively go looking for export sales on chart paper. However, the pen plant, this plant here, & its predecessors under Julian & previous managers has always been an export company. Its never been....They had an agent in the UK & around the rest of the world. And they were to manufacture for OEMs, but the product quality was such that OEMs wouldn’t approve it in the early days because it was very much a cheap copy material. So it was really ideally suited for the Far East, Middle East, African type of arrangement whereby they just wanted something that worked & weren’t necessarily worried about quality.

Over the years obviously we’ve developed our quality & become ISO accredited & now our quality standards compare to any other manufacturer in the world. But originally this was an export house. That’s why now exporting has always been handled from Totnes. The people here are familiar with things like letters of credit, with all the invoicing problems that go with exporting. The necessity to be a bit creative in paperwork to get it through. Where in London – because we were traditionally dealing with the home market – it was all systemised. Computer invoiced, computer generated. This is new to me, doing so many things in words, shall we say, and not letting the system do it for you.

BECAUSE THIS PARTICULAR COMPANY IS ONLY 10-12 YEARS OLD – DOES THAT IMPLY THAT EXPORTING...?

Yes, (the previous company) have been exporting the pens, they were know as --- Pens, they’ve been exporting since the early ‘60s. So this company’s a thread all the way through, & then (present company) was created, this still stayed as exporting because this is where the expertise was based.

SO YOU’VE GOT YOUR SUBSIDIARIES IN BELGIUM – WHERE YOU PRODUCE AS WELL - & IN SOUTH AFRICA WHERE YOU ‘TWEAK’ THE PRODUCT – FINISH IT. OTHER THAN THAT YOU SAY YOU USE AGENTS, YOU USED THE PHRASE ‘DISTRIBUTOR AGENTS’. WHAT’S THE RELATIONSHIP? ARE THEY
AGENTS IN THE SENSE THAT THEY ARE SELF-EMPLOYED & YOU HAVE TO FIGHT FOR A SHARE OF THE PRODUCT THAT THEY REPRESENT, OR ARE THEY DISTRIBUTORS? DO YOU HAND TITLE OVER TO THEM?

It's a mixture. My own philosophy and strategy with this is to develop – particularly looking at the USA – some networked distributors. I'm looking to appoint (company) distributors in the USA who are networked together with a computer system, where we have a maximum of 4 drop points into the States, & it then peters down through the pyramid type of network operation so it gets to the user with the least possible hands touching it but with the correct person dealing with it.

...INTERRUPTED .......

WE WERE TALKING ABOUT DISTRIBUTORS?

Yes. I wish to develop the distributor that's tied into (company name). My own impression from setting up some early distributorships in different places – S Africa was one of mine, and S Ireland was one of mine – was where we give them some form of geographical exclusivity. We carry on doing some marketing activity, some networking activity, and we feed the leads into these distributors. So in return for 100% loyalty we'll all be getting a share of the cake. Up until now that hasn't been happening with regard to exports. I get the impression – and this is fairly early on – that a lot of these agents have just discovered us. There hasn't been any discernible form of pro-activity in how to search out these agents, how to qualify these agents, how to decide if we've got the best guy there, how to set down the way that he works. It's almost to me as if they are introduction agents. They introduce us into certain countries. And this is particularly relevant in the Middle East where you need an introduction agent to get into some of those countries. But otherwise they are companies that get tenders for a vast majority of electrical suppliers; charts may be part of it, along with any other. There's no loyalty as far as we can see. I've just started a - quote – 'follow-up programme' whereby where we have issued out prices to these people we begin to contact them and find out why they didn't get the business & why we didn't get the business. And in that way will help classify whether or not they had the business in the 1st place or whether they were just fishing. At the moment there's no loyalty as far as I can see, and they are very much using us to take a commission.

SO DO THEY HUNT YOU OUT, OR DO YOU MAKE APPROACHES TO PARTICULAR PEOPLE IN PARTICULAR MARKETS?

Up to now I think it's been a case of they've been hunting us out. We have – I'll give Cliff a little bit of credit – about 6 weeks ago he did send out some mail shots to certain agents that we became aware of and those agents are agents of known OEMs, so where we pick up a global catalogue of some of the big players in the market – the (large OEM name) type of companies – on the back invariably they will have a global distribution chain. We started to contact the names on the back of those through unsolicited faxes or mail-shots, however, to try & stimulate some interest through the OEM channels. But
they are dedicated agents. They already carry an agency for the OEM. That’s not the like of the trading house that we normally deal with. They have effectively found us. We had a couple of years ago, an export sales guy here who was – the intention being for him to look out new trading houses to quantify, to qualify these people and decide the best ones we wanted to deal with, and then set a pricing policy to encourage the ones we were trading with in a partnership arrangement against those who were coming on the ‘spot market’ shall we say. It never really happened. There was no true analysis done. He didn’t last that long & therefore we sort of meandered through. And now it’s all up to me to try & do something about it. I’d like to change it overnight but in reality I won’t be changing the rest of the world activity just yet because we have focused on the US & I will look to use the US as a model, & then have a look around the rest of the world as & when time permits or resource permits or something pops out of the woodwork.

WHICH COUNTRY WAS YOUR 1ST EXPORT MARKET?

Germany. With regard to the pens & traditional exports it would have been Germany. Closely followed by Australia, and then closely followed by the West Coast of the USA. There was an agent of the West Coast who had exclusivity for the whole of the USA. One guy in California who used to send over £200th worth of sales a year, limitless contract. We had to break it legally in the end. That was fingers getting burned doing something rather naively many years ago. But it won’t stop me. You only have to put targets in place or agreements in place that are made to break if necessary. But you don’t go into them if you want to break them anyway.

SO WHICH IS YOUR BIGGEST EXPORT MARKET CURRENTLY?

The States, as one country in its own right. The States at the moment is probably about £2m. The closest market to that would be Australia –about £400th. And not counting S Africa of course

(P) Yes. I don’t act have sight of European exports now because that’s handled through a Belgian office so I don’t know the amount of stuff that goes into France. I can only see what we trade to Belgium., so that I tend to discount because that could be going to Scandinavia, Central Europe, all over the place. So I don’t know the individual sales into Germany, France. I can obtain it all for you but I haven’t got it to hand because my area’s the US, very much everything outside of Central Europe & the UK itself. But as for one single market, the USA is a massive geographic area anyway, that’s the largest market we currently have & yet we’ve only really dipped our toe in the water. My own feeling is with other markets we’ve never really fulfilled our potential in markets like Australia, because in some cases we’re selling product so damned cheaply that you’re never going to get a massive sales turnover because you’re virtually giving the stuff away. In your desperation for building volume. Somewhere along the line we’ve lost sight of the fact that you build it and than you begin to take your profit up with it.

LITERALLY SHIPPING FROM HERE TO THERE?
We ship globally, yes. If it’s just pens it goes directly from here, otherwise shipments are sent from London on a weekly basis consolidated, and then we use a few different air freighters but predominantly (freight company name) at the moment & they do most of our global shipping. They actually run the US warehouse for us. So we don’t only have the US warehouse though we have a facility in Atlanta whereby the warehouse stock, label & distribution is all done by a 3rd party for us & we just pick up the tab each month. And they ship it on.

WHAT WOULD THE PROPORTION OF UK TO OVERSEAS SALES BE?

At the moment, taking into account Belgian sales as well, the UK is probably about 40%. I would guess about 35% is still end-user business in the UK.

THE PROPORTION OF OVERSEAS SALES HAS INCREASED AS YOU’VE DIVERSIFIED GEOGRAPHICALLY?

Absolutely. The UK share, UK demand has declined fairly rapidly over the last 5 years. It’s now down to a figure of just under £3m (turnover), & that is from a figure of £6m back in ’94. So it’s declined fairly rapidly in the UK. Other markets have picked up the slack created by that, though it has tended to level out over the last year, year and a half. And we are looking now to recover some of that, because that decline outstrips the trend of the industry, that is purely through other competitive activities, aborted deals that we’ve tried to do. We can be our own worst enemy at times. So we will recover some ground in the UK – it really should be about £4m I think. I may have to take some responsibility for that, unfortunately.

ARE THERE MARKETS IN THE WORLD THAT YOU’RE NOT INVOLVED IN?

China is a market in which we have very little dealing yet it’s an enormous market as far as we can tell. It’s got the same manufacturers based over there as has Japan. Japan was pretty much closed to us; that’s now beginning to open up. We’re now receiving enquiries from Japanese companies. There are lots of manufacturers in Japan. Eastern Europe is an area that we’re purposely not chasing at the moment because it’s crumbling around us, but there’s a lot of volume in there, there’s a lot of cheap product floating round as well. So we’re purposely trying not to get dragged into that at the moment, but it is a volume market for the future. At the moment I would say S America & the Far East are probably markets that would probably give us a benefit if we began to really push ourselves in those markets. We don’t at the moment. We’re very limited on resources, to be perfectly frank.

HOW WOULD YOU FIND OUT ABOUT THE VIABILITY OF A MARKET THAT WAS RELATIVELY NEW TO YOU? AND WHERE WOULD YOU GO TO PUT THE BITS (OF INFORMATION) TOGETHER?

I think in the past we’ve used the DTI, said we’re looking to get involved in this market can they give us any information? And they have provided figures.
ARE THOSE MARKET REPORTS THAT THEY DO?

Yes. You can actually buy these reports if you want to invest in an overseas market you can buy a detailed report on e.g. Brazil within a process control.

ANYTHING ELSE THAT YOU WOULD GET FROM THE DTI?

No. I think the last time we bought a list from the DTI was back in the early ‘90s. A lot of these new markets appear to us. We’re all so tied up in what we’re doing, and then we’ll attend an exhibition – InterKarma (?) exhibition in Germany. Or the last major one we did as an exhibitor was ISA – Instrumentation Society of America in ‘96 but that attracted a global audience, a very big exhibition & that really generated a S American interest. There were a lot of people coming to our site saying ‘Jesus, we didn’t know you existed. We’d like to talk to you’. And we shelved off until we were ready, and then went back and contacted a few, looked at what they were into. Bought some list from that country, CD lists or Internet lists, did it by SIC code, or it’s basic sales technique. When you’re talking to the guy on the ‘phone. Trying to find out who are your main competitors in a country. Using the ruse that we would like to support you against them but logging it down as information for the market because they should also have a usage. So it’s fairly simple techniques, there’s no real in-depth data analysis. If I’m perfectly honest we tend to stumble across them these people. They always contact us. We have a very high quality & respected Technical Director based in Belgium, a guy called Guido -- -- , who’s been in the business 40+ years & really is one of the leading lights within paper technology & chart manufacture & he’s known in most countries. People who manufacture charts will know of Guido or he will have spoken to them at some point in time. And they tend to be attracted to him. If he goes around if he’s global trotting they all make the time to go and see him. And he’s a very good source of international leads for us. Because he’s predominantly talking to the OEMs or to other manufacturers, but obviously things come out during those conversations, and the big Brazilian lead, a company called --- that we became aware of last year, was an approach through Guido; they actually contacted him.

And we have another one going on in Mexico at the moment, again, generated through somebody contacting us, that’s with paper specifications. Because as the global market shrinks the paper mills themselves are less inclined to manufacture highly technical paper because the volume’s just not there. Most papers do not require the same clay or ash fill or have the same technical strengths, mechanically. Strengths our paper requires, because most of our product is made on a paper that’s only 45 grams a square metre, which is really light & yet its got to have a high mechanical strength, the ability of taking ink without bleeding. It mustn’t shine through the other side. It must dry very quickly. It’s a very technical paper & therefore it’s very expensive. Now when there’s a large volume the mills are keen to do it because they see it as an added value product. As that volume begins to decline & they start tying up expensive machines making a small quantity. They either push the price in which case they price themselves out of it or they say ‘We’re just no longer willing to make this any more’. There’s a lot of chemicals used to go into it as well to get the drying effect within the paper. Some of those chemicals, especially the specialist thermal coated electro-sensitive paper is just too hazardous to
make some of them there. Some of the mills are specialist mills equipped to do it, but other mills have dropped out. A big one in Cardiff — (company name) in Cardiff — recently closed their coating mill. So we've got to buy back from Europe again. The supply is getting smaller. So the people involved in that are mixing in smaller groups. That's where a lot of the leads come from. Ultimately when we get to the stage where we have saturated Brazil & Mexico & the other markets that we're currently involved in, or if we had the resource to do it now, then we really want to approach Indonesia or Malaysia then the DTI will probably be one of our routes to say 'we want to set up in this country can you give us a study on this?' And take it from there.

SO WHAT SORT OF INFORMATION COULD THEY PROVIDE YOU WITH?

I've only ever seen one list if I'm perfectly frank, because this was back in the days before I got involved in it. Having said to you that all the exports went through here, we did have an export chart guy based in London for a couple of years who worked along side me for a while, & he was the person who called up the DTI list, I can't remember the market he was looking at. I think it was a Middle Eastern market. He went to them saying what we as a company do, and had to provide a profile of the type of businesses that we deal with in the UK, and they cross-matched the profile of us as a supplier & the market we operate in against some profiling reports they had for the foreign country, & they came back with a series of matches. In a lot of cases the matches were companies that have multi-national locations, & we did highlight at the time that there were people like (multi-national name) who've got Dubai ----, Canadian --- etc & we were therefore able to operate by sending them introductory material, as being a supplier of their British company, looking to supply to Dubai. That's pretty much how we started off with it. I don't know what other information came from the list. Unfortunately I didn't see it.

BY LIST YOU'RE TALKING ABOUT A LIST OF POTENTIAL PROSPECTS. THEY'VE DONE A MATCHING EXERCISE FOR?

Yes.

AND WOULD THAT COVER ALL SEGMENTS OF YOUR MARKET — OEMs, DIFFERENT KINDS OF END-USER?

We would naturally when we give out information segment anyway into OEM users and re-sell type category, and then highlight the user within an SIC profile so people can see where. We've just had another exercise done now on KPA in the UK to re-profile it for us over here so we can take a view of it. We would take that kind of profile, say this is our strength, this is the industry that would use our type of product in the UK, and the UK & Europe is fairly technologically advanced. If we're still using it over here the chances are they will still be using this type of controlling information in the foreign country, so that's what we look for. I think ultimately if we had a lot more resource to do it then we would find business all over the globe. But at the moment our business is still being satisfied. We can't create new markets for this product so we're interested in finding markets that are still there & tapping into those markets. And the information I would like then from export data is 'This is where the market is. This is the type they're using, and
this is why they buy it. So that I can make a strategy decision on how we approach the market. In the past everything has always gone in on price. Every single thing, information we've sent out, has been a price offer. And I'd like a little bit more in-depth into the market, into the culture. What actually makes people change in these countries. What is the buying culture? What is the need over there? We've never really done that. I don't know if that's even possible. As a sales person I work in a very ideological world.

(P) Even things like simple bits of information along the lines of – I'm using Malaysia I don't know why I've latched onto that but the Malaysian perceptions of a British product. If Malaysians still perceive British to be quality product. Then that can often change the way you make your first pitch as a salesman & the information you send out. Whereby if British is Best no longer exists in that country then as a commodity item you may have to pitch it slightly differently. I've not got sufficient experience in export markets like that to say how we would do it. In a lot of cases, as is our whim, it's pitched on the run.

.....SO IF YOU WANTED THAT INFORMATION – 'HOW ARE WE PERCEIVED IN TERMS OF PRODUCT QUALITY, EXPECTATIONS ETC.'– WHERE WOULD YOU BE ABLE TO GET IT, DO YOU THINK?

If we wanted it we'd test it ourselves. It would simply be a case of drawing up the target list within that country, either from leads already generated, through quotations we issued. The one big strength of (our company) – apart from the quality of its salespeople obviously! – is the depth of data that we keep on our computer system & the fact that the computer system itself is self-written, if you like. We have the guys on-site here that create those programmes. It holds everything. It really is a sales & marketing dream, the sort of data that's available, so therefore I can go back to quotations by country that were issued as far back as '92, & generate out even by sector. If we change a sector today it back-dates everything on the system, so I can then drag that information out & then regenerate it. And that's either regenerated through a questionnaire type fax that we would look to send out, or an e-mail, or a good old-fashioned 'phone call to see if we can ask the questions and open up the customer that way. Obviously language barriers.

DIRECT TO THE INDIVIDUAL CUSTOMERS RATHER THAN THROUGH AN INTERMEDIARY?

Yes, on that particular occasion. It would depend on what we were trying to achieve out of it. I would like quality partnership-type distributors. What I've found in the past is you only get to that stage if you're pitching from a position of strength & very often that additional strength is enhanced by having a market awareness, or the market already being aware of us in the form of having a marketing activity going on for a few months whereby we saturate certain key customers with '(our company) are the best' or whatever. They may not buy. But by the time we talk to the dealer the dealer's already heard of us & sees us as a potential threat to his market. Without that stick hanging there somewhere, history so far shows that — maybe I'm being assumptive here — they always seem to hit you with the 'We want stock, we want brand, we want better prices and we want it tomorrow', as opposed to 'What about if I give you something to keep you sweet? I'd like to work with you rather than against you'. And in some cases my own policy is to
try & flex a bit of muscle to start with, or at least create an awareness of us, & then try. That’s what we’re doing in the States at the moment. Cliff’s philosophy was to saturate certain dealer networks, certain industry dealers, and then we gradually picked one or two to work with. Whether it works or not I don’t know. We haven’t done any yet.

WHAT ABOUT COMPETITORS? HOW DO YOU FIND OUT ABOUT THEM?

I don’t know to be honest. We are the only manufacturer that deals with a user, therefore the likes of --- in Germany & ---- they’re always going through dealer networks. The dealer network is publicised. So we can obtain that. So we know where their dealers are, & they’ve obviously become a target for us over the last couple of years. With regard to our European competitors & our Asian competitors & Eastern European competitors I don’t know. I’m not sure where their markets are. Most of them, particularly the Germans, seem to be home-based. They seem to be quite happy to settle within Central Europe & then do pretty much what we used to do over the years, pick up the odd export visit if it came looking but not necessarily that proactive. As a UK salesperson since the early 90’s and now as Sales Manager I was never aware of any predatory attack by some of the other manufacturers. It always seemed to be a passive, they were very much manufacturers, whereas we see ourselves as a manufacturer/distributor, stockist and end-user supply company. They were very much the manufacturer & their lead times and their prices reflected that. Different operation. I can’t really answer how we come across them. I dare say from what Cliff’s done in the past, he’s tried to open up the people through questioning techniques trying to find out who their suppliers currently are. In some cases as you’re aware an open question will receive an open honest response. If you ask them who their currently supplied by. At the exhibition, certainly the ISA exhibition in Chicago they were only too willing to tell us who they were currently buying from. Almost because it was a novelty to find another manufacturer. But there again you’re talking about the States. As far as the States were concerned it was all ---- , & they were only too willing for another manufacturer suddenly to appear on the horizon, if only as a potential stick to beat their current suppliers with. They were very keen to tell us. How that would apply to Malaysia I don’t know. I think we won’t go down there as our British company - we’ll go down as a S. African company. Maybe try it that way.

HAVE YOU USED S. AFRICA AS A JUMPING-OFF POINT BEFORE?

We use it already for sub-Saharan Africa, and we are currently looking at the feasibility of using it as a drop-off point for the whole of the Australian/New Zealand area on to the Southern Hemisphere. We’ve got a big warehouse facility there, and we’re conscious that freight is a major part of our overhead. So we are looking to sea freight on a weekly basis. And hold the stock in S Africa & use that for a distribution point & then use that to promote into these other markets. At the moment we haven’t.......

[TAPE CHANGE]

Certain countries will always resent S. Africa but the Western societies I think seem to be getting behind the place. They’re certainly giving it a lot of support, it’s getting a lot of coverage through its sporting activities so I don’t see it as being a negative. That may
change when we start something. There again it is already responsible for sub-Saharan
Africa and it was most of Africa which resented it, so what its perception would be. Its
position in Australia, New Zealand, the States, its more positive in the UK actually. I
think time will tell with that; it really does just need to be tested, and it’s having time to
actually test it. But we’ve recruited a new manager over there recently who may be able
to do something for.

WHAT ABOUT THE BROADER ASPECTS OF RISK? PARTICULARLY WHEN
YOU’RE MOVING INTO A COUNTRY MARKET THAT YOU’RE NOT THAT
FAMILIAR WITH? POLITICAL, ECONOMIC? WHERE DO YOU LOOK TO GO TO
LOOK FOR INFORMATION ON THE BROADER ELEMENTS OF RISK?

I think with regard to the States it was a foregone conclusion that we would go there
anyway because of the parentage – the (ex-company) connection & the knowledge that
it’s such a vast market. So there was no perception of a wider element of risk in the
States, it was almost a given that the market was there. We speak a similar language
although obviously they bastardise our lovely tongue. I think the wider element of risk
when in got to that stage, we didn’t ever even consider. We protect as far as is possible
trading either in unknown countries or with unknown people from new countries who
come to us, very simply with a pro forma and a letter of credit type application to build
up, because the only risk as far as we’re concerned is one of finance. It’s either the fact
that we’re making goods that aren’t going to be paid for or ship goods that aren’t going to
be paid for. As long as we can get the money up front then we will manufacture those
goods. Where it’s going into a market where we already have contacts – if somebody
from Australia was to call us and what to buy from us we wouldn’t take it we’d refer to
the guy in Australia & let him do it & take a cut out of it because again that puts the risk
back into the home market. The same would be said for Canada, Ireland or for S Africa.
And I dare say in a few months possibly the same for Brazil.

If somebody from China was to come on board I think our haste to get into a new market
would limit the amount of risk assessment that we did, providing of course we were
financially secure in that transaction. I think we would view – what real risk could there
be to us? In a market which is new to us & previously closed. So I don’t know what we
would do. I think we would simply look at the order from whether it was profitable, and
we were getting paid for it, and it wasn’t contravening any other agreement that we had
from the point of view of geographic dependency of any of our other customers. We
would just do it.

WHAT ABOUT VETTING A COMPANY THAT MIGHT COME TO YOU & SAY
‘WE’RE INTERESTED IN REPRESENTING --- IN OUTER MONGOLIA OR
WHEREVER’ – HOW WOULD YOU VET THEM IN TERMS OF THEIR ABILITY
TO PAY, AS MUCH AS ANYTHING ELSE?

Generally speaking if a company wishes to be a representative of (our company) or we
wish to put our name to their operation or they wish to put their name to our operation -
& there are a few of them that we actually print on the back of our catalogues as
‘distribution in this country is handled by - ’ or ‘our agent in this country is ’. If anyone
new comes along we're very traditional & trade references and a bank reference or a
finance reference, a few transactions paid up front to make them build up a credit history
but ultimately if it were a company which were offering a good return in a new market
that we were sure of offering good volume what we as a company have generally done is
eye-ball. Somebody will actually go & visit them. Myself, in the past it’s been Julian,
Cliff has possibly done some in the States but someone will actually go & meet the
people. We’re big on meeting people & getting to know who we’re dealing with & a
shake of the hand, eye-balling, looking at the operation. And not always announced that
far in advance. We tend to ‘We’ll be over next week’ or whatever, just to see what the
operations are like, and get a feel for it. But ultimately I have to say, looking at the way
exports right up until now, if a guy was operating out of his garden shed & was willing to
buy our product at a fair price as far as we were concerned & paid for it up-front, that’s
fair enough. In a lot of cases, unfortunately, in countries where we are unknown, that’s
good enough. Where we begin to develop our own strategy, such as the States now, we
will become ultimately far more selective in the way that we deal with these people, &
that will be done on the basis of somebody will, I mean I intend to be over there every 2
months, & then I will be visiting these people, assessing them, credit rating, credit
scoring them. A big thing we’re trying to do is run the whole company on the back of the
Internet site, open up an e-commerce facility. That will have a credit application form
attached to it, if people are willing to pay by credit card it would have a credit
application. Then, the global boundaries disappear, because we can operate it in hyper-
space. We’ve got a demonstration of that tomorrow, but realistically it’s a good 3 or 4
months before it’s available to everybody.

(P) That’s the market we’re really going to promote is going to be the US because it gives
us a notable advantage over the competition who are already there & because the Internet
is free in the US as you know so subsequently e-commerce was attract. They seem to surf
the web as a pastime. I mean our Internet site is not brilliant. It’s very good & it seemed a
lot better years ago; it’s dated very quickly, over the last 12 months, and we’re currently
re-vamping it but that has generated a lot of enquiries, particularly from the States, and
that’s because they all seem to have, every office you go into they have Internet
connections, it doesn’t cost them anything & it’s becoming almost a matter of course that
a purchasing department will occasionally scan the web for new suppliers. That’s
becoming part of their culture. So if we can introduce into that an e-commerce
availability we may get in ahead of our other competitors who are also looking to do it.
There is a risk involved in doing that but obviously we will try & credit score & protect
as best we can. Our bad debts are very good. We don’t get caught that often, I have to
say. It has happened. But our drive for increased volume on a global basis tends to
blinker most other things. We tend to be looking for the business. And again providing its
on a pro forma & we’re happy with it then we’ll generally run with it till we get to a stage
where we want to develop, & its far too early for me to say how we’re going to develop
elsewhere. I think the scope & the possibilities are endless, it’s resources not effort, its
resources are limited hence getting involved with the TCS in the 1st place. We recognise
our limitations. That hasn’t really changed. Fred coming in has helped, but it hasn’t really
changed the fact that we’re still limited with hands to the wheel when it comes to
 crunching through data or analysing previous performance or creating target lists & then
getting those target lists out, following them up & making the thing happen. We’re very
limited. The export department here is 4 people, myself included & 3 of those are administrative sales people. So half the day they’re administering orders, progresses, despatch notes & this sort of thing.

AND ABOUT 50 HERE ALTOGETHER?

50 yes, but the vast majority are production people you see. The office staff itself is about 15, 4 of which are export, 4 of which are UK sales, and the rest are a genuine engine room. Because of course the UK is then supplied by a field sales force which is down to 3 now, wrapping the country. So there’s a much higher overhead proportionally to the UK than there is to export.

AND THE OVERSEAS PEOPLE HAVE TO LIAISE WITH THE NATIONAL DISTRIBUTORS/AGENTS?

Yes.

WITH THE MARKET VISITS YOU MENTIONED, GOING OUT & VETTING BEFORE REALLY GETTING INVOLVED WITH THEM, WHEN YOU DO THOSE VISITS DO YOU USE THE FACT THAT YOU’RE IN A MARKET TO TAKE THE OPPORTUNITY TO GET OTHER INFORMATION? DO YOU LOOK, SNIFF OUT ANY COMPETITION, SEE IF YOU CAN IDENTIFY KEY ACCOUNTS DIRECTLY?

We wouldn’t look to go to one call. As far as the prospect is concerned we’re going to do 1 call, but hopefully prior to going we will have ascertained from that prospect his competitors, his previous supplier. So it gives us an idea of who’s in the market & then we would try & open up various avenues into that market, explore them when we're over there, either by using a mole in one of our competitors to find out if they’re currently over there or by identifying the market this new prospect is operating within & then looking for leads within that. Primarily I have to say at the moment through Internet access. The net is used, we’ve all got Internet access on the desk it’s there all the time. I mean we have to pay for it, it’s a local call as you know. But I think at least 80% if not all of the sales desks have got Internet access now.

IS IT USED AS A WAY OF HELPING IDENTIFY POTENTIAL NEW OVERSEAS.....?

Yes.

SO YOU USE THE NET, OVERSEAS VISITS FROM TIME TO TIME, YOU HAVE IN THE PAST BOUGHT DTI LISTS?

We also have overseas, export catalogues. We have the Kelly’s & the Kompass overseas books if we want to look at them. What we do in Ireland, I know it’s close to home, but to us it was an export market, then we would have Kompass for S. Ireland, we would go through & identify leads from there.
WHAT, LIST THROUGH APPROPRIATE SIC CODES?

Yes. As you know it's broken down by code, by SIC & by alphabetical list if you know the companies & that gives you a good profile of the company as well. We have those on CD as well as in hard copy. So if we really are going to target a market a book like that can be fairly invaluable, & they're available for most countries. If not a Kompass, a Reed publication would be available or they would point you in the direction where you could get it & very often we've in the past had nice sample disks come, got some information from sample disks that have been quite good. And there's a lot of information like that avail on the Internet, Shareware. You'd be surprised what information can be downloaded, certainly for the States. There's an industry classification in the States called a Thomas Register, which we subscribe to now, we get downloaded up-dates & that's got some 2 million business addresses fully coded, downloadable into mail-merge facilities. Very useful. We are making a lot of use out of the Internet, it is one way to search, and it's almost becoming the primary search engine is to say we want to look in this, what do we do? Even to the point now of searching with Malay.com & getting every available Malay.com domain name printed out, that's a start again, which ones do we want to look at? It's not as focused as it could be.

(P) At the moment it's fairly customer focused. I would like it to be saturated each market but it hasn't been able, it hasn't happened till now. As a company we need to look at some of the agreements we have with some of these people to find out if we're excluded. Because I've had that...authorisations on commission cheques...coming in...for agents I didn't know we had. Whereby there's some agreement going back years that they're an interim agent they get 5% of everything we do in Dubai, or UAE. And we have to keep paying these guys, otherwise the doors get shut. That means his best mate gets the business. With exploring these possibilities, there's a lot we could be doing, but from my own point of view the vast majority of the business is going to be in the States. I've got a limited resource, we already understand business in the States, we're already having a degree of success and acquiring information there is relatively easy. So I'm very much on the point of saying - to the people that are handling the rest of the world, maybe a little bit proactively, let them react on their half-day and bring them as pro-actors into the States. That's the key market. We've already got a warehouse over there. That's where we're focused. I think that should get all our attention, and get as much out of that as we possibly can. And then if necessary pay for additional resource to look elsewhere, off the back of the success of the US. Its almost a case of - it's not wasting time, but why make harder work of what we do. We know this has got the opportunity. So we go ahead & do it. We've already got a bit of success over there, and it's identified as the key market. In which case why waste time or resource looking at Dubai, Middle East, Far East, when that is the key area at the moment.

Saturate it. Get it running, get the network established. Get it generating profit then pull the team off, and get the team focused on the next one, because then the team will learn how it works. That's how I'm pretty much coming to that conclusion. But as far as the group board is concerned, exporting is America. There isn't anything else. There isn't any other country. Just America. So it's pretty obvious what I have to do. That's why I've been brought in to do it.
WHAT SORT OF INFORMATION WOULD YOU LIKE TO HAVE ABOUT – LET’S TAKE THE STATES NOW, BECAUSE THAT’S A KEY AREA OF INTEREST. WHAT WOULD YOU LIKE TO FIND OUT BEFORE GETTING ANY MORE INVOLVED?

At the moment I would like almost a demographic split of the country. Because I’m not looking for the end-users in the States. Nevertheless I’d like to see the key industrial areas of process control within the States. Because if there’s key areas of process control activity in – say – Chicago, (we know there are); Chicago, Philadelphia, Georgia, these type of areas, then the resellers that service the market aren’t going to be very far away. Therefore you can begin to highlight the geographic areas that you want to concentrate on. Then within each geographic area, have a report or list of agents who deal with – obviously it could be just charts and pens but they won’t – instrumentation control is the key business over there. People that operate within that business sector, with obviously addresses, phone numbers, fax numbers and e-mail addresses. Preferably with some sort of turnover and employee size. That would allow us to create some sort of target list and then we’ll go after them.

HOW DO YOU ENVISAGE THAT THIS INFORMATION COULD BE GATHERED? OR – IN A PERFECT WORLD - HOW WOULD YOU SET ABOUT IT?

At the moment it tends to come from, either the Thomas Register, or some data disks that we’ve purchased. One is called ‘2 million fax numbers’, and one is called ‘2 and a half - or 3 - million business ‘phone numbers’. It’s similar to Kompass. It comes with a search engine. An exercise we did last week. One area which is very big in potential for us is the gas patch. It’s a Texas/Alabama gas patch operation. So on the disk we searched by using the word measurement: so anyone with measurement within their name in Texas. That generated 24 companies. That was it. We sat one of the girls down and she phoned all 24 over one night to find out whether that measurement related to the gas patch. And did they use these types of products? Out of 24, 12 did. So we followed that with a fax & we will now ‘phone up to close or send more information. There was a 50% hit by using that technique. We then did the same thing for Alabama & we’ll then do the same thing in the geographical area that has the gas patch. And that’s only through experience. That’s because Cliff’s done it so many times before, and made so many mistakes that this is how he found it works. And to my way of thinking if you get a 50% hit that’s not bad. I would prefer 75/80% but its not bad for such a coarse instrument as the word ‘measurement’. We need to refine that. Because there must be other people with different names in their titles; and that would be a case of using the SIC search that doesn’t appear on these disks. That would be taking it back to the Thomas Register. Nevertheless, searching that 12, faxing them, phoning up. That takes them 2-3 days of that 1 person’s time, so there’s no point me generating 250 live enquiries because by the time we get around to them they’ll be so fed up they’ll have forgotten about us. So to me a 12 hit, close – hit – go away, in a 2/3 day period is more effective than generating 50-odd and never getting round to doing the follow up. So that’s pretty much how we do it at the moment. But I would like a team of 6 people doing it. Or finding a more accurate way of doing it.
YOU'RE USING SECONDARY SOURCES, AND YOU'VE MENTIONED OTHER WAYS THAT YOU COLLECT INFORMATION USING THE NET. YOU'VE GOT A LARGE IN-HOUSE DATA BASE. HAVE YOU EVER DONE ANY PRIMARY MARKET RESEARCH? EITHER USING SOMEONE INSIDE THE COMPANY OR HIRING IN SOMEBODY TO DO RESEARCH?

Not so far as I'm aware. US no. UK yes. I commissioned a customer survey last year when we had one of our staff in here who was called a telesales girl at the time. She would come in here and we would randomly select 50 players in the market & then phone with a customer questionnaire direct to users to get some specific information back. Unfortunately I think it was fairly biased by the fact that it was us phoning because she announced that it was (our company) phoning....I s'pose you could say that the way that Carol was operating last week in phoning the 24 is a primary method of research to find out whether or not they're using the product. But then she's going straight into a sales pitch thereafter if they are using the product, and following it up so it's not pure market research. It's market research and 'Oh you do, oh great, would you like...?' So its not 'Great thank you very much for your time' and away. It's qualifying the prospect & then moving forward to see if you can close the prospect, or eliciting more information from the sales angle, so I don't know whether that qualifies or not. I don't think it does really. It's more of a sales call.

SO IS THERE ANY DIFFERENCE IN THE KIND OF INFORMATION YOU MOST WANT ABOUT AN OVERSEAS MARKET DEPENDING ON WHETHER YOU'RE OPERATING QUITE HEAVILY IN THAT MARKET ALREADY OR WHETHER YOU ARE IN THE EARLY STAGES OF ITS DEVELOPMENT?

That's going back to the UK if you like. I think it's important that we don't lose sight of why we're in that market and why those customers are dealing with us because we need to constantly adapt our strategy to meet the moving needs of those customers. But also, to meet the moving needs of (the company). Our needs are to make a profit. I'm pretty sure at this point in time that there are many customers we are involved with particularly on the export side who are dealing with us purely because we offer them increased profit rather than anybody else. I think regular contact with those people to find our how their business is going, what other opportunities exist for us within that. How are we perceived by these people, would allow us maybe to adapt what we offer them to make it more profitable as far as we're concerned, make it a more holistic package and make us more secure as a supplier. That type of information with regard to perceptions, quality, value as a supplier, cost of ownership versus cost of supply. This type of thing. We have perceptions of ourselves. We've all got perceptions of (the company) particularly myself & Julian & that needs to be tested because otherwise you get very blinkered in your approach to the market and we're giving out a 1-market message. I was listening on Radio 4 this morning talking about marketers for Coca Cola and how they are adapting their message depending on the different teenage groups. Teenagers of this generation - the last 2 years - are far different from teenagers of only 5 years ago in what they're expecting. And it's adapting the message that you put into the market, or adapting your message depending on geographic region where you go. We tend to give one message to everybody. That loses definition.
So there definitely is a different source. As far as new markets are concerned what we want to know is ‘Where is the market? How big is it? And what have we got to do to get our foot in the door?’ With regard to markets we’re already in it’s ‘We’ve got our foot in the door & we’re expanding. What else can we do to make ourselves more secure. What else would people like us to do? How can we develop these relationships into a partnership, supply-chain relationship, and not simply a supplier to the buyer who will go to anyone else?’ If we can adapt supply chain to some of these dealers and drag them in we’ll all become more secure. So that’s a different technique and methodology. And we adapt our offering to announce this.

SO GETTING BACK TO PRIMARY MARKET RESEARCH.....?

We haven’t really done any! OK MR would be for an independent body researching the market, compiling information to tell the size of a market, geographic location, trends within markets, potential life-cycle of that market. Who, what, where and why? I suppose. Who they are, where they are, what they want and why do they buy what they currently buy? Bring that into the company and we will adopt a philosophy – or adopt a strategy – to try & take that business. The other side of that is who’s in the market, what other suppliers have you heard of? Can you grade us against these people? Because I’m quite happy to tell people supplier’s – our competitor’s – names. So few of us are out there we all know each other anyway. How do you judge us based on these various criteria from 1 to 5 service, price, against these people so we can look at our profile how we’re perceived in some of these markets. So I think there’s 2 sides to that. MR as to what the market is against MR as in who is currently there, and how does (company) fit into that.

DOES --- (COMPANY) HAVE A MR BUDGET? A MARKETING BUDGET?

Oh, Jesus! I found out yesterday that we have a promotions & advertising budget of £3500!

WORLDWIDE?

Way-heigh! World-wide, yes! I have to say in the UK I haven’t utilised it over the last few years hence it’s all been whittled away. It used to be in the region of 20-30 grand a year but I haven’t used it advertising apart from mailers. As far as exporting is concerned no I haven’t got a budget. If I want it, I Cap Ex it, it’s as simple as that...capital expense. We will not hold back the growth of the company. If we need something we get it. Recently Fred identified that we needed a data-base profile by KP; our SIC codes were up-dated to 4 or 5 digits, we wanted employee size, DG all these various things. Yes we need it. Oh it’s 8 grand. There’s not a budget anywhere. But it was necessary to keep the company on track. Similarly if I genuinely believed or it could be shown to me that by spending ‘x’ number of dollars on MR in Georgia, or Alabama, or States-side in general would focus our activities that much quicker then I would justify it on the basis that it saves my time. I’m one of the most expensive people out there. And to have me trawling through the Internet I think is a bloody waste of money half the time. I get leads out of it,
but there's much more cost-effective ways of doing it, better utilisation of my time. So though we are not cash-rich, I don't want to give the impression we've got money to burn because we haven't but we recognise the fact that we have to speculate to accumulate & as long as the directors, myself included, are happy that this represents good value for money as far as the company is concerned then we would authorise it.

IS IT IMPORTANT THAT ANY WORK THAT'S DONE, ANY TELEPHONE INTERVIEWING OR DIRECT CONTACT THAT'S MADE IN ORDER TO GET RESEARCH INFORMATION BACK AS OPPOSED TO TRYING TO SELL, IS DONE BY SOMEONE WHO DOES NOT HAVE A COMPANY LABEL TO THEM?

It depends on the market. I think within the UK I would have preferred for it not to have had a company label. Because we have, as some of my competitors say, market saturation already. I don't believe that as much as I used to but nevertheless I think using the (company) name would give an unfair bias to the answers. As far as the States are concerned I don't think it would make an awful lot of difference because although we've put money into the US & we've got some business there it is so insignificant I don't think it would make any difference. And in fairness even if it got back to some of the dealers we've already got set up, that gets back to my earlier comment about it strengthens our own position...At the moment I'm very keen on branding. We haven't decided to do it yet but I'm very keen to brand...to push our name forward even branding on the product or corporate branding to gain some strength in some of these end-user markets. And strengthen our position with regard to the dealers because at the moment there's no strength it's just a white-boxed generic product so I'd like to change that. So with regard to somebody from the university or somebody from Manpower doing some MR for us I don't think it would be a negative.

(P) No. And in fairness you could say if they use the company name it has the effect of linking the company name with the product that's being researched so...Now whether the recipient of that call then sees it as a sales call I don't know. Whether they would then say hang on that was a rather subtle way of selling me a product I'm not sure

FINAL QUESTION, SOMETHING ABOUT YOU. CAN YOU GIVE ME A BRIEF RUN-DOWN OF WHERE YOU'VE COME FROM AND WHAT YOU'VE DONE, BOTH BEFORE (THIS COMPANY) & SINCE YOU'VE BEEN HERE?

OK. Well, I joined --- in 1990. Well, to start off I was schooled in the Bristol area, born & bred in Bristol, went to the local grammar school, went from there direct into a tech., apprenticeship in engineering, and served my technical apprenticeship including a City & Guilds & HND in Mechanical Engineering. At what is now Brunel University. It was good old Brunel Technical College when I went there. Finished my engineering days & decided that it was not for me, effectively. Went into sales selling double-glazing door to door, knocking on doors with a clip-board around the Bristol area. Moved up into sales management within a window company & then effectively took the decision to get out of direct sales as the window business – it just had a bad reputation so I wanted to get out of it. And I moved into selling industrial consumables as a sales rep for a chemical company called ----. From there I moved into selling fuel oil. I moved into the oil business in about 1984. I
started to sell heavy fuel oil into heavy industry. I did that for a year then I moved into retail fuel. I did the contract petrol stations throughout the South West and moved up to retail sales manager for a company called ---- Ltd contracting small independent petrol sites & I stayed there through various name changes until 1989. I left at the end of '89 and joined (this company) in 1990 as an area sales manager working from Bristol for the South West. In 1992 I took up a position as Major Accounts Manager working out of London with the OEMs and the large distributors. Then in '93 I took up the position of UK Sales & Marketing Manager. Stayed in that role until 1996 when the position changed, well, I was then asked to become a director. I became UK Sales Director. Which then got re-named Home Sales Director because it was the home sales market, and I’ve now become Export Sales Director & I’ve also got a directorship with S Africa. So I started off as an engineer. Moved from engineering. So my sales & marketing qualifications are through experience not through academic qualifications. Variety of sectors from the public to industrial sales.............and allied to that I’ve also had my own car business for 5 years, renovating & selling cars in the background.

Fred will now be doing the marketing side. The information gathering, collation reporting he will be doing from now on. He’s already looked at some information on the US for me. Most of the information we look at seems to come from Reed. Everywhere I look it’s Reed. We’ve already been looking at lists. We’ve already got involved with a company called CorpData who are a very effective & efficient faxing service so we’re trying to create lists for our own data base so we can fax out lots of information.
MANUFACTURING COMPANIES
Transcript 11: Marketing Manager

...The company makes electronic measuring equipment. All kinds of electronic measurement equipment. Our machines will weigh and measure anything. There's the rub!

COULD WE START BY YOUR TELLING ME SOMETHING ABOUT YOUR OWN HISTORY WITH THE COMPANY?

First of all I should say there are two directors - not one. I started in May 1991. Originally I had a technical support role. I was basically taken on as a manual writer. There were 2 other sales/marketers at the time. The old marketing director managed to distinguish himself by having no knowledge of marketing at all - it was all the old boy network with him. The Sales Manager - his was a fairly undefined role - he went with '91 recession. That's when I stepped in. Then the old director retired 3 years ago; and I go the whole show - technical - sales - marketing. Originally it was not conceived that I should 'do marketing'. I perceived it as a way of creating business; I got into it for no other reason than that.....

AND WHAT ABOUT THE COMPANY’S HISTORY?

--- was formed 23 years ago by the younger director - in his 20s then. He did subcontract design. Our core product came along in '89. He was asked to design a product for a company. They only put this into their traditional markets - he took it and found he could sell it into other sectors. It happened by accident rather than design.

The product no doubt found its way into markets abroad, but (the company) wasn't active in this. One of our customers had overseas subsidiaries. In the second year I was in the company - I worked out 2% of our product went abroad as direct sales, with some going through agents. Now I had come from a company which had spent most of its time developing its export potential. And I was directly involved in that, in a technical sense; by supporting our overseas distributors - I just carried on (at this new company) doing what I knew best - what we're doing now.

SO TELL ME SOMETHING ABOUT YOUR BACKGROUND – BEFORE YOU CAME HERE?

Ex military. It was a life-long thing. I always travelled with my father who was in the army. Then I joined at 15 as an apprentice. I was in Germany at 17. I spent most of my military service travelling: Germany, Europe, Far East – I became an international person. I was never phased by international travel, by nationality or culture. I could see lots of opportunities for developing business in countries we were not operating in here. It was not a conscious decision. I suppose I still do to an extent. I fly by the seat of my pants, and I do the things nature tells me to do. - I try to do that old thing about marketing is 90% common sense ant 10% knowledge.. I firmly believe that. I think when you’ve got
the skill base, the marketing techniques under your belt, the rest is just hard work - go out there and flog what ever you can. Of flog in a sales sense, flog the market, to develop business. That’s what I do best.... Most of it’s about communication, selling yourself. If you’ve got a great product & you believe in it, you as a person sell. That’s what I do best.

We as a company are applying marketing now - mailshots, data-bases, looking into Croner’s. Finding out what people in the market wanted. Going to market with ‘This is what we do. Is it what you want? If it isn’t tell us what you want & we’ll see whether it fits’. Most new contacts are by mailshot and ‘phone.

SO HOW HAS EXPORTING CHANGED SINCE YOU’VE BEEN HERE?

Bob – that’s the old director – he had his old friends as customers. I moved into markets I and the company didn’t know. I had to draw knowledge of them out of my customers.

I believed the world was there to be exploited, and if your product is only going into 1 part of it then you’re a fool. Every race, culture, country has a need for something we have at home. It may not be recognised by that country. But if you want to grow your business, and have a marketable product you’re honour bound almost to go out and sell it wherever you can. I adopted this philosophy.

There was only me in Marketing, and all the technical things of course. We’ve got Dan now, as well. Like most small companies you’re left to your own devices, and you try to create the best situation you can. We’re still learning. Most of the practicalities of export are still being learnt - how to distribute, get the money in, setting the right price for that country etc. Extra knowledge in the company is not really there. We’ve got a girl – an export co-ordinator, who does the shipping and invoicing etc., and a lady who looks after the accounts who chases the money from abroad, works with an international firm of insurers to make sure credit limits are right & we cover our outgoings. But a lot of this is simply to support the sales opportunities I’ve created. We get the sales and worry about the sticks and stones of making it work afterwards. There is no section within the company which is going to ‘promote’ sales overseas – it’s very much down to myself.

SO HOW MUCH OF YOUR TIME IS SPENT ON EXPORTING?

About 1/3 of my time’s on export activities - sales/marketing/general enquiries/technical support for new customers. Dan spends 85% of his time on exporting, I’d say. We’re very focussed on Germany, and we have a Brazilian contact we’re working on at the moment – he knows the procedures, currencies etc. I suppose he’s a sales co-ordinator – it’s all sales process. He doesn’t have a specific export role. He treats everyone in same way. It’s just that procedures are different for other countries. We have a local accounts lady - 1/10 of her time is spent chasing export bills. Most export customers are on slightly longer terms than UK customers - we have to do that.

Because resource is so limited – to Dan & me – we need to ensure we don’t spiral out of control I’m sometimes frightened we’ll over-commit ourselves. I want to take it a piece at
a time and concentrate on those markets we think will produce the best results. But we’re always looking over horizon - hence the tiger economy project we’re working on at the moment. We haven’t done anything positive about that yet, but we’re aware of its potential. We’ll tap into that in a gentle way.

TELL ME SOME MORE ABOUT THE COMPANY? HOW BIG IS IT? WHERE DO YOU OPERATE?

We’ve got 33 employees overall – including the production staff who come and go. 20% of our product is now accounted for by exports. I’ve brought on more direct distributors. The original Belgian & Dutch contacts have gone but I’ve replaced them. Now we’re into little markets as well - Spain, Greece. Some bigger - South Africa, Australia - 15 countries we export to at the moment (I checked before you arrived). Some in a small way.

(P) Our distributors tend to be fickle – they’re distracted by other products they see as more commerical etc. We’ve got no real control over the distributors – it’s all very much done on a project by project basis. To find a true distributor is difficult, particularly one with a market plan that fits in with what you want to do. So it’s a bit ad hoc – we sell as we can rather than to a client. So the % of sales per country per year oscillates fairly wildly because of this.

In 1991 when I arrived there was a simple product family; now – we’re still in the process area, we address similar problems but in much broader way. We have 3 or four different types of variant products which suit particular niche markets and applications. We’ve grown from 1 to 18 manuals since I came.

You get to know what instruments go into countries. The Finns take one particular type of product – it fits with the range of applications they do. Distributors’ confidence with different products - and their familiarity with them - is also an issue.

(P) Using distributors is the norm because we have such a small sales resource. My job is solely to support a range of distributors and OEM’s. I very rarely talk to export end-use customers, and I don’t want to - that creates a loop which precludes the distributor, and gets me into a situation where I can’t handle it anyway because I’m too far away. UK distributors are very quick to pass their customers back down to us to handle; overseas distributors and OEM’s are self-sufficient.

Everybody’s doing today’s thing, so its very difficult to get together and form strategic alliances or develop joint ventures, we have warm feelings towards a couple of companies in a couple of markets but nothing’s come of it.

WHAT KINDS OF MR WOULD YOU FIND MOST USEFUL FOR EXPORTING?

Finding out where the markets are for the products we’ve got. Are they the right products for that market? It’s like the rubic cube – a combination of geographical application, the product ‘where’? Our products fit into markets which can be used anywhere

536
geographically. We ought to be looking at industrial sectors, and researching the sectors to find out what goes on, then find distributors who's active in that sector, instead of doing it the other way i.e. at the moment we go to the distributors first.

(P) I tend to be a bit perplexed by market research sometimes. I'm not quite sure. I keep constantly looking for this new fresh way of finding out things, and I don't seem to find it. I seem to find myself treading over the same old ground again. Looking through applications our product may have gone into to see if there's a market there. I find it incredibly difficult to be concise and clear as to what research we need to develop our market. You go back to the old string of things to do to make it happen. I really wish I'd been able to find something new and innovative but I haven't been able to.

I keep referring back to my very sketchy introduction to market research in terms of seminars - 2 or 3. Dan treads the same path. At the end of the day it's just foot-slogging. Reading about new applications and processes and exploring opportunities for us. I don't have an overall clear picture of where we should be going. If I were selling something like wellington boots I think it would be much much easier to identify - wherever you go with a wellington boot it's going to be muddy or wet. So you can follow a logical process, and your MR will tell you very quickly where you should be selling your wellington boots, but because our industry is so diverse, you can spend all your time running down little avenues to explore things which you don't get any overall feel for where the product should go.

WHAT ABOUT THE MARKET RESEARCH YOU'VE ALREADY DONE?

The MD thinks Dan should be quantifying more the markets and what things we should be putting into them, and where the competition lies. Firm conclusions have not been reached about these issues. There's not enough quantifying. Whilst we're applying basic principles of marketing we don't seem to be focused down tight enough on the issues inside our own industrial sector.

We're still identifying distributors not sketching market profiles - we should be identifying sectors and quantifying them, not just finding 1 distributor who will take it and sell it. Our industry is not constructed in a way that the same distributor can take up a whole gammet of processes. We are our own worst enemy in reality. If we decided to build one instrument to a clearly defined sector and really identified the applications in that sector - clearly defined them like the wellington boot.... But because we have such a diverse range it tends to be taken in many directions, and we're not able to clearly identify which directoins, applications, product types are the ones to concentrate on. It's like a flock of pigeons flying over and you try to shoot all of them and you can't. We should pick the one we really want and shoot that one.

SO TELL ME SOME MORE ABOUT THE PRODUCTS.

We do weighing as 80% of production and the other 20% could be just about anything. This is the distraction. We can't seem to find a large enough sector to concentrate on, or
know – it could be food/pharmaceuticals, whatever. We seem to be eternally chasing
down sales rather than stepping back and concentrating on several market sectors and
investigating these in more detail.

IS THIS IN PARTICULAR MARKETS?

Not country specific. The same problem occurs wherever we go. What we need to do
maybe is take each country and dissect its market and decide where to go and then find
the man to do that but that’s a very long arduous time-consuming expensive way to do it.
We take the short route and find someone who’s willing to take our product having seen
it at face value and thinks he can market it. Having done that we have to take a chance on
what sectors he puts it in. We aren’t masters of our own destiny, and our research is not
helping that either. We’re looking for customers rather than places to put our product.

HOW DO YOU IDENTIFY THESE DISTRIBUTORS?

Croners, Kompass, the research lists up in London, the Net. We find a company operating
in our sphere of business. Look at the background of that company, its credit worthiness,
experience. If it looks good - give it a try. We’re doing that in Germany & Brazil at the
moment - we found the new German distributor a year ago. We don’t have anything
stronger than that to go on.

HAVE YOU EVER DONE ANY PRIMARY MR?

Other than secondary research, no. The company tends to live from day to day. We have
got an overall company plan, but no specific objectives - other than to make it work.

In a way you could say today was an e.g of some MR. Brett, Patrick & I went to a
company exhibition, looked at what they were doing, talked at some length to their sales
guy - learnt quite a lot about what they do, how, why? I suppose that in itself is MR
because Patrick & Brett can now go back and apply some of those ideas to a new product
range – it may move us into an area of which we might otherwise not have been aware.
But it was not planned.

Exhibition visits are all research in themselves, aren’t they? The waste management show
- we did some on applications, to strengthen our thoughts on what we were doing. The
company’s always done that. But we’ve not done it because its MR as such but because
it’s one of the ways we need to survive. A way of making sure the products we design are
the right ones. An on-going MR exercise.

It would be nice to investigate individual activities. I may direct Dan into - more
application specific research, pharmaceuticals or food. Is there room for our products in
those sectors? They are low cost items – we’d need to sell a lot to make a good turnover. I
don’t know if we did that the claw-back from these sectors would be worth doing it,
which drives us back to this scatter-gun again – we have to keep in all the markets we can
to keep turnover up.
A number of specialist suppliers have been commissioned, approached from time to time, but there's always the inbuilt fear they would not achieve very much. It may have to do with the traditional way the company's grown, and the reserve companies in this part of the world have, our scepticism. It's not worthy but it's understandable. You can invest 'x' thousands of pounds. If you feel in your heart of hearts it's not going to achieve anything, don't do it. With the number of sectors and product range we have, we don't have market knowledge to identify good market areas. So what chance are they going to have with no knowledge of the industry? They're going to spend most of their time finding out about the industry before finding out what they can get out of it. The learning curve's so steep for people coming in. I suppose what we expect are experienced people with marketing skills. I'm reluctant to believe in the pure marketing element as being capable of doing what we want.

We're looking at the pharmaceutical industry in the world with a view to putting our existing products into that market - what we could do if we had time. The use of information Dan has collated. We're sitting looking at a massive idea - we've allegedly got a database, but we've not sucked out of it the truth of the market & where we need to go.

(P) I don't know how the market for the new products we're developing will be investigated. The product being developed in tandem with R & D should be ahead of MR. We manufacture & design instrumentation processes for industrial applications, and sectors need to be found - the geographic work is too general. The whole of the market could all be in Sweden!

WHAT WOULD YOU LIKE MR TO DO FOR YOU?

MR should tell us what to major on - to specialise. To drop inactive lines. There is an inborn fear in small companies that you can't afford to let any business go. Because turnover is so important. We've got 30-odd people to keep going, and no money sloshing round, we need to see immediate returns. Big companies can afford to throw money into MR - & they do. They soak up support & subsidies, then come back & say - in 2 years time we should be doing this. That team spends its whole time on that job, unaffected by the day to day business of the company, and can therefore be very effective. But when your telling Joe Bloggs at ten to nine where to put the green wire & at 10 past nine you're talking about developing the market in Brazil; and the pound is dropping & should I send it express post? We're crowded in by day to day activities which don't give us a fair and uncluttered view of marketing.

(P) I would have to have faith in a dedicated MR person working for the company. We need to divorce our MR activities - fragmented as they are - from the day to day minutae.

HAVE YOU EVER USED MR OR MARKETING SPECIALISTS?
We’re as ignorant as they are – they don’t know our sector; we don’t know what MR can achieve. Perhaps unbiased judgements are better than cluttered ones. There is a fear of letting things go – these things can take a lot of money - will it give tangible results?

(P) What has been useful are the databases – the numbers of companies we’ve got things in common with or could sell to.

HOW DO YOU FIND OUT ABOUT YOUR COMPETITORS?

Telephone and book research. Telephone work is better than the Net, it’s more precise. Ring them directly, ring other customers.

I was surprised when we did the work through the University that there was such an emphasis on cement! It’s logical really - everything has to be built. What MR has done for me is make me realise how logical some things are, that you would otherwise tend not to think about.

WHAT ELSE WOULD YOU LIKE TO KNOW?

A list of priorities for marketing to the sector, advertising our product, would be best. Cement gave me food for thought – maybe we should look at some technical strategic alliances. We’d like to do some tiger economies research – we know they’re not going to find out specifically about bag-filling machines per country. I would like to find out that in Indonesia there are 3 bagging companies and this is what they do with them - e.g. bag cement. In Korea they haven’t got any bagging companies, they make them in-house. These thing are hard to find.

HOW WILL YOU DO THAT?

Use Dan, to follow up sources - government seminars, information from the DTI, maybe bought reports.

MIE’s standard DTI stuff to find people who will sell our product. It doesn’t always give a good insight into market sectors or industrial applications. (P) Commissioning primary research is all that is left to us. We could use it for - picking active markets and focusing down on the sectors we should be working in. With the UK first. Industry measures 20-40 functions, 6 sectors. It’s frustrating. We are trying to grow the company by 20% a year. To do that we need hard work and luck! We’re pushing like mad against a brick wall. We should be buying a set of chisels and taking the mortar out from between the bricks. It would be nice to have pool of specialists in industrial sectors you could contact – perhaps the government rather than marketers. A pool of consultants to research specialised market areas for potential. People who know the ground work, with a theorist – a market analyst/researcher, as back-up, to guide people into what the market needs rather than what the company thinks the market needs.
MANUFACTURING COMPANIES
Transcript 12: Sales Director

The company makes semiconductors. We are basically a value-added resaler aimed at niche users of semi-conductors, primarily the hybrid market but there are other areas as well. Volumes traditionally have always been very low, anything from 10 to probably a few hundred maybe a couple of thousand pieces of most parts per order. Not necessarily per year. Some of these orders are made, and it’s a 1-off and you don’t see it again ever, or it’s anything up to 5 and 10 years later. Now – that doesn’t make forecasting particularly easy, and creates its own problems because we’re basically running on fairly large purchases from the semiconductor manufacturers and then having to work out how they are going to companies that are maybe far larger than us but actually individual orders are much smaller. And when you consider that we have 10 or 12 manufacturers we’re dealing with, each one of them will produce comfortably a couple of hundred devices, so you are literally looking at thousands of devices that we could be asked for. It produces a logistical nightmare. And basically that’s the market we operate in. It is changing, there are now some high volume users coming in. Applications primarily are automotive, there are some telecoms, a few computer related, but not that many. The difference then of course is you’re dealing in – without any exaggeration – potentially millions of dollars of product. For 1 customer. Then of course it’s interesting enough for the original manufacturer to want to do it. Therefore you have to organise in such a way that you actually add something to the value, rather than just bringing it in and selling it on to justify your keep. So that’s the sort of market we’re in. The type of product we handle: it’s a strange business, there’s no two ways about it. The market we are in is – with the exception of the very high volume users is stagnant. So anything that is done is basically trying to steal market share. There is no real growth. Certainly not in the last 2 years.

HOW WOULD YOU FIND OUT IF THIS IS A SHORT TERM THING OR LIKELY TO CONTINUE AS PART OF A LONG TERM TREND?

(Company) has been in business for the last 16 years, and for the last 11 of them the forecast has been that the market is on a downward spiral. Having said that, it hasn’t been. It’s been static or growing slowly. There is forecast growth between now and the end of the decade, but whether that will happen I don’t know.

WHY DO YOU SAY THAT?

Because that’s the way people see the market. That is the market we traditionally operate in. The semi-conductor industry generally is growing at a phenomenal rate. What is happening is that a part that has been a side-line is being sidelined still further as technology changes. It makes it difficult to operate in. It makes fairly pessimistic – the industry has been restructured over the last 5 years and every single part of the restructuring has effectively been downsizing, with people pulling out of the business. So what you’re dealing with is a number of larger players who still have a market & can get some economies of scale out of it, but it’s limited. Now that doesn’t mean that we just sit here and wring our hands and say ‘Oh dear how sad’. What you have to do is look at it
and say 'OK what do we do because the business we're in is not growing at the rate that the semi-conductor industry is, the electronic industry is looking to grow at. (The company) has actually seen 6 solid years of growth – significant growth. – in the past 6 years. So despite the fact that I can sit here and say the market has not been that bouyant we’ve more than doubled our sales in the past 6 years. So we haven’t done too badly. But we’ve done it by stealing business from other people, going into different markets & generally finding other ways of operating.

HOW HAVE YOU LOOKED AT EXPLORING NEW MARKETS OR NEW APPLICATIONS?

Wouldn’t it be nice to say it was all done to a nice carefully conceived plan?! And it wouldn’t be true either! I don’t actually think it is for most people a very carefully conceived plan – not for a company this size. We’ve traditionally been very strong in Northern Europe. That is where we’ve had our home base. We set up a subsidiary last year in Southern Europe. – enhanced our presence there. We are looking to sell an increasing amount of product – and remember our product is primarily American – we are looking to sell more of it back into the USA than ever before. And that’s something we’ve got to work quite hard at. That’s basically going to be through probably some form of distribution deal.

SO NEW MARKETS FOR YOU HAS MEANT NEW OVERSEAS MARKETS AS OPPOSED TO NEW APPLICATIONS OR NEW SECTORS?

Conventional wisdom says yes, because that’s what we’ve been. We’re limited on what we can offer. Up until really this week that’s been the situation. We are in the process of changing that. We have a joint deal with another company that is at the point of signature. It’s not quite there but its very very close and that will give us a new market to work in. We will effectively – we deal and sell on behalf of semiconductor manufacturers - the larger ones, the well know names. Texas Instruments etc. We’re just in the process of purchasing a shareholding in a small start up semi-conductor manufacturer. Now that secures our source of supply. It also gives us a completely new market to work in & it’s the sales volume that we have - & you can multiply it by almost any figure you like to think of, certainly any rational figure you can think of, you can apply that to our business.

SO DOES THIS NEW COMPANY OPERATE OVERSEAS?

They buy in the former Soviet Union & Eastern Europe, currently selling into the Far East, into Europe, limited quantities into the USA. Our involvement will primarily be as a qualification source. There will be other areas of expertise we provide. But we also can provide inroads into the USA for the rest of the product line that they don’t have anyone operating in at the moment.

YOU’VE BEEN OPERATING FOR 16 YEARS. HAVE YOU BEEN INVOLVED IN INTERNATIONAL MARKETS – SELLING INTO INTERNATIONAL MARKETS – FOR THE WHOLE OF THAT TIME? OR IS THAT SOMETHING THAT CAME ALONG LATER?
It was deliberate. From day 1 this company had American backers. So from 1981 till 1988 we actually had American shareholders, so we’ve always been a company that recognises the international market place. That’s the only way you can survive. You can’t operate in the UK because the UK a) has too many competitors & b) has too small a market. None of us could survive on our own in the UK. Just one company would not survive. So we have always had to look at international. It’s always been the case. The difficulty was with this company we had restrictions imposed by our other shareholders. They said ‘You will not sell back into the USA’. Fortunately when that shareholding was purchased, that changed. But it didn’t change instantly, there were still clauses attached to the contract giving time-scales before we could start selling it elsewhere. And that took time to work through. So we’ve been actively selling really since 1991 overseas & outside of Northern Europe.

YOU CATEGORISED WHAT I ASSUMED WERE YOUR MAIN OVERSEAS MARKETS A FEW MINUTES AGO. AM I RIGHT IN THAT? YOU WERE TALKING ABOUT THE FAR EAST AND SO ON?

That is the company we’re acquiring an interest in. That is their main market, is the Far East. They are currently selling 70-80% of everything they produce into that market.

SO - UP TO THIS WEEK, WHERE HAVE YOUR MAIN MARKETS BEEN GEOGRAPHICALLY?

60% of it’s export. If it you look at it geographically. Of that 60% the vast majority will be Northern Europe & Scandinavia. (P) Oh, we’ve been selling into the Far East but not large amounts. Far Eastern manufacturers tend to take very large numbers. Again that’s price related and volume related, which we couldn’t compete on. Now we can. We can actually sit & look at where we are today compared to where we were a few months ago & be very very optimistic about the future. It’s quite nice for me, it’s going back into mainstream. This is a very pleasant company to work for, but I never planned to be here as long as I was. The agreement with the MD was that I would come down for 6 months. The assignment was very precisely phased & at the end of the 6 months it was made abundantly clear that I would be asked to go. It was fine by me. It was a very adequately set up contract. I’ll have been here 9 years on 1 November!

I WAS GOING TO ASK YOU ABOUT YOUR BACKGROUND.....

I was asked to do a very specific job of working out what was wrong with the company’s selling technique. Well, I obviously did what was asked of me, & stayed. And things have got progressively better.

HOW HAS YOUR ROLE CHANGED SINCE THEN?

I started out as .... manager. That was purely a marketing research type role. Then I had export sales responsibility then the UK sales manager left so I took over global responsibility for sales & marketing. Last year it reached the point where I needed a sales
manager to report to me, so we appointed somebody internally to that place. The theory was that was an internal role, I would still do most of the external work. That has changed over the last 5 or 6 months, & at this moment I'm probably doing more of a business development role than a pure marketing role. Looking at the future, looking at the different things that should be done. This joint venture is basically my idea, though I guess my future stands or falls by how successful it is. But I feel very comfortable with it. It was a thing that we desperately needed to do here. It’s going to give us new horizons, markets & hopefully a different perspective on life. It’s nice to be in a position to go & work with mainstream companies, who’ve got real needs & expectations. Especially when you’re operating with companies who are probably 20-30 times your size. It can be quite an interesting experience. (P) Oh, this one’s got huge potential. If we tackled 1% of the available market to us, it would be enough to keep everybody extremely happy. Now that is far better than trying to take 20 or 30 or 40% of a market because that is extremely difficult. But 1% doesn’t actually attract attention. When we go for 4 or 5% that’s going to attract attention, no question of that, but how quickly we reach that point I don’t know.

SO GOING BACK TO THE ORGANISATION OF THE COMPANY, THE SALES MANAGER WHO WAS TAKEN ON...LAST YEAR....WHAT WAS HIS/HER BACKGROUND IN THE COMPANY BEFORE THEY MADE THE SWITCH?

Well, he started as a production operator, moved through production control, moved into sales I guess 5 years ago now & was promoted to Sales Manager after 4 years effectively, last year. So after 4 years internal sales experience. And that’s very important because he understands all the processes that go on.

HOW MANY PEOPLE WORK FOR (THE COMPANY)?

35.

AND HOW MANY OF THOSE WOULD BE INVOLVED IN THE SALES/EXPORTING SIDE?

5. Sometimes its difficult isn’t it? Because people wear different hats & they’re off doing other things as well, so basically 5 people.

(P) We don’t segregate by geographic location. We segregate by customer requirement. Mainly what happens is – because some of our customers in the UK are extremely undemanding, just drift along, don’t ask an awful lot & that’s fine. Others have much stronger needs & expectations & you obviously have to find someone who can look after & meet those expectations. That applies also to the international customers. Some of them are very laid-back, they just send in the order & don’t really ask very much. Then you have the others who want you to do everything for them you possibly can, & that’s fine. It includes finding alternatives & knowing their costs if you possibly can. You name it, they will ask us to do it. And that’s fine. But it means a different type of person. So we tend to do it more by personality & customer requirement than geographic location.
HOW DO YOU ORGANISE THE OVERSEAS SELLING? DO YOU USE AN AGENT OR DISTRIBUTION NETWORK?

We have a number of accounts that are direct from here, mainly in Scandinavia. We have a rep network who act as a rep or sub-distributor depending on the type of customer. Certain customers will say 'We are Siemens, we deal direct'. That's OK, it's fine by me I don't mind. Others will say 'Well, we don't actually want to have the bother of going down to the PO to collect the box, or worrying about FedEx delivering it. So we are more than happy to have somebody act as a distributor & they will make the going to FedEx & collecting the box & paying the customs duty & paying - because we're going to expect to be paid in dollars or sterling, whichever the rep agrees. So it would depend absolutely on the customer. Now for the USA that's different. We have - we have some business which is handled effectively on a buy-resale basis by a couple of companies. They have pet customers & that's fine. They're generally not particularly large but it's a diverse range of requirements. To be honest, we can't handle that, never could in a million years. We need somebody on ...to handle it, that's fine. The larger accounts then we handle direct. I handle them at the moment & that situation will probably last for another year I suspect. And at that time we will have to come to terms with the fact that my role will change again. It has to. I cannot spend my entire life travelling round the USA. At some point that business is going to be handed over to someone else within --- or a new company, or it will be handled by a locally appointed rep.

HOW DO YOU ENVISAGE YOUR ROLE CHANGING AT THAT STAGE?

I don't know. It changes. A smaller company has a great deal of flexibility built in. Ironically it sometimes has a much more rigid structure. I know that sounds contradictory, but if you take us, we have not had any management changes in this company since 1989 except that we brought in a new manager but that was in a new department created. Other than that there have been no changes. Now a larger company that would not happen. People would leave, be promoted, moved around, purely because of the way it is. So any changes that occur here have to be done slowly in one sense, because it means I've just got to go & feel my way & do something different. But that's inevitable. There has to be some form of change because if it doesn't then we all go quietly mad.

(P) Partly it's intuitive. There is a point at which I have to say 'I have done what I can in this part arena. Does it require something I can't provide? If it reaches that point then a decision has to be made. Its been made fairly regularly for the last 9 years & it will continue to be made. It has to be. Nothing - despite the suggestions about the lack of movement in the company - nothing & no-one can remain exactly static, so things have to change one way or another, they have to.

SO WHEN YOU TALK ABOUT REPS, YOU'RE NOT NECESSARILY USING THAT IN THE NARROWEST SENSE. IN OTHER WORDS THEY'RE NOT ALL FULL-TIME & PAID BY THE COMPANY?
No, most of them are self-employed; most of them work for – probably half a dozen companies & therefore we have to also fight for a share of their time. We recognise that as a rep they are self-employed they will do what is best for them & their customer. It means you can’t exercise quite the level of control. On the other hand I can’t afford to put a full-time employee in Sweden where the actual market is minute. I ought to be able to in Germany. I probably will have to at some point in Germany but that will only happen when I have the automotive manufacturers. The basic market there is not big enough it needs something like one of the larger automotive manufacturers to want to work with us. Franc is different. We have 3 full-time staff looking after France & Southern Europe – based in France down in Bordeaux, they’ve got their own offices and limited equipment & technical facilities but that operation has certainly got too much weight in terms of staff versus order book. That’s because the French market is useful for Southern Europe. It’s important strategically to be there, but the business level in France over the past few years have dropped over the edge of the world. It was very very profitable but it isn’t any more. French labour costs are outrageous & social security costs are even worse. They’re not as a country competitive. Any business they have the 1st thing they turn their attention to is material costs. It’s not ideal. But strategically important.

HOW LARGE IS THE REP NETWORK? I’M TRYING TO GET A FEEL OF NUMBERS.

We have a rep network – a rep company – in Sweden, a rep in Germany, in Israel, we have sub-reps in Italy who are based off our French subsidiary & as & when we will appoint additional reps. The business in the USA will change. It will be half a dozen, maybe 10 major accounts & that will be it. The rest of them will be handled through smaller value added distributors. We’ve got 2 we’re working with there. One I expect to see grow significantly & they may well end up being the only one we use. They’re going to be looking after a different part of the market so we have to adjust the way we sell & bring product to market to the away the local customers want to deal. Some of them have refused point blank to deal in the way we wanted them to or expected them to. Norway is an exception. E.g. Before I joined we had Norway handled by our Swedish rep & they did nothing. I went to Norway & talked to a few customers & said ‘What’s the problem?’ & they said ‘Hasn’t anyone bothered to tell you?’ I said ‘Well what is the problem?’ He said ‘Well the Swedes just let the Germans march straight through on the railways during the war. They led the invasion, straight through Sweden. The comment was perfectly serious. They will not deal with Sweden. These were otherwise perfectly rational people. Once it was explained I could see their point. But nobody had ever asked what the problem was. They just said ‘Oh there’s no bus in Norway. Well if you’re Swedish it’s probably true!....This was ’89! Most of the people we were dealing with weren’t born then either.

CAN I MOVE ONTO YOUR BACKGROUND AGAIN? I WONDERED WHAT YOU DID BEFORE YOU CAME HERE?

I have to say I ask that question of myself. How did I end up doing this? I left university – I had basically a Life Science degree. I knew a reasonable amount of electronics & I worked for 5 years in small companies in the Gloucester area mainly. As a service
engineer, repairing systems & equipment then I moved up to London I worked for --- Electronics & I was the semi-conductor specialist up there. It’s amazing what bluff can do! From there I moved to --- Electrical, then to one of the companies we actually represent down here. That’s how I got to meet the people down here. So I’ve worked for 3 semi-conductor manufacturers. One was a happy pleasant experience. The other 2 less so & then I ended up redundant from the 3rd. They changed the way they wanted to sell in the UK. It was a fairly new company & found out that this company had just lost its sales director. So I phoned up Graeme & said......’You need me’. And after 3 months fairly hard persuasion on my part he gave in & I had a 6 month contract. After 3 or 4 months of it I was asked if I would be willing to consider staying & I hadn’t got anything better to do. What I planned to do, after 6 months the bonus that I was due to be paid was sufficient for me to do something I’d always wanted to do which was trek off round the world. I hadn’t got round to planning it. So I basically just didn’t go & I know it sounds ridiculous but that’s how it was.

SO WHEN DID THE CHANGE HAPPEN? TO SALES & MARKETING? & HOW DID THAT COME ABOUT?

At the end of ’84 I went to --- & that was as an applications engineer. That is not really a marketing or sales role. And I was there about a year & I was getting frightfully bored. I wasn’t used to being stuck in an office. I was bored, bored out of my mind. And the suggestion from the Sales Manager was ‘We’ve got this distributor that nobody really knows what to do with. They’re not very big but they’re nice people. Would you like to look after it?’ So I thought ‘Well this is interesting. It’s different, I haven’t done it before’. I got to know them & the business grew & grew & basically we ended up – in the last year I was there something like 15% of turnover went through this 1 distributor. I was actually responsible for more sales than several of the field sales people. And I began to enjoy that. It was fun. It was different. It was sorting out the issues relating to the pricing & when the customer really was going to place his orders & working with the distributor. And I suppose it was at that point that I started to move over. I began to be much more interested in the money. By that quite simply it wasn’t ‘Oh this is the latest technology wizardry & isn’t it wonderful?’ It was ‘Well, how much is it worth? How much will somebody pay for it? How much gross profit is there in it?’ Now when I moved down here – 19911 was talking to somebody who worked in a recruitment agency who funnily enough had ... been 1 of the other distributors when I was at ---. And I was at the point where I was about to get married. My wife was in Kent & I was down here & we couldn’t quite work out where we were going to end up living.............And I was talking to him 1 day & he said when you’re coming past on the M3 pop in. And I popped in for a chat & he said ‘Why don’t you do the psychometric analysis? I know the result because I’ve known you for years. You have a very strong engineering bias. And I did the full test & then he analysed the results & was most put off because it basically said that I was totally sales & marketing oriented, very focussed on major projects & how to make money. He was most surprised because it wasn’t what he expected. So I suppose in that period of about 3 or 4 years my outlook had changed. And it’s interesting that I can actually document the start to the finish of that process. Not precisely, but certainly in that time frame.
HOW DO YOU FIND OUT - WHAT'S GOING ON IN THE MARKET IN A PARTICULAR COUNTRY?

We endeavour to visit the end-users on a regular basis. It's the only way you can do it after all. And sometimes you find there are end-users who have particular problems with the rep. If you're actually visiting you find that out. My basic belief is that marketing - most business is on relationships. It's not fashionable any more...it may be swinging back but the last few years it's been 'Oh if you work on relationships & visiting people & trying to get to know them' it was regarded with a certain degree of scepticism. It was almost an unnecessary way of working, way of spending money visiting people for the sheer heck of it. Our best results as a company has always been on the basis of our relationships. We don't have a huge amount that we can add by way of value added against our competitors. At the end of the day we will do a pretty good job. We like to think there are small things that differentiate us but in terms of product to be perfectly honest there aren't. So you have to do something else & relationships are the thing. If we know we can - & in Norway we had it right up to a few months ago, and it worked incredibly well. We knew all our customers on the basis that they trusted that what we were trying to do was the right thing by them. If there was a problem - say our quotation was out - we'd get a 'phone call unofficially saying 'Mike or Phil your pricing's slightly out here'...and it worked the other way. Sometimes they'd come back & say 'I can't afford to pay that for this part but I can afford to pay a bit more for that. So can we put the 2 together & move the money around?' But it was all relationship based. It was based on the fact that if we actually did a good job together they looked good, we looked good as a supplier, and as long as the product was the right quality product it worked.

HOW DO YOU FIND OUT ABOUT THEM AS POTENTIAL PURCHASERS?

We have to rely a lot on the major semi-conductor manufacturers. They will often refer customers to us. So it's primarily word-of-mouth, we do a limited range of advertising, we generally do 2 shows a year - both this month. I is up in London - the electronics components show & I shall attend the one in Napper Valley. A good place - some of our suppliers will be there & this year there will be several very large potential customers. I need to go & meet them & that's a good place to do it. You can always meet them over dinner & start to find out what they need. In some cases find out why, as an international company, one part of the organisation is saying that they want material in one form, and the other part of the organisation is saying 'No no no, that's not acceptable!' So it's a case of getting down to discuss very specific issues. We will have 1 of our suppliers there, to sit down with 2 or 3 customers particularly, to thrash out what the problem is. It's not a problem with (our company) we know that, it's a problem with maybe the media we were using to supply the product but there's a big question over it, so we need to find out what that is, find out where the problems have arisen in the past or if they've ever arisen. It cold just be that the engineer in charge has looked at it & said 'I don't think I like this'. And he's never actually received any product from anybody, he's just got a concern in his mind. At that needs to be addressed. It's a good place to.

(P - relationships) Orders do not happen on a repeat basis. The problem is that most of them are not repeat orders. The trick is to hook your potential customer & keep him
happy because the range of product will change. This is the difficulty. You don’t have a
repeat order for a widget coming in every 3 months & with most of your customers
they’re going to buy 25 thousand widgets a year & they’re going to order in January &
April. It doesn’t work that way. With a few customers it does, they are unfortunately very
few & far between. Most of them have not got a clue what they’re going to be ordering
tomorrow, so you need to cultivate a relationship with the individual buyer & keep a
watching brief on his particular company to forecast with any degree of precision what
they’re going to buy. You just have a feeling that because the company is a particular size
they will buy product to a certain value each year but what that product is – it could be
anything. There’s no way of telling. If their sales people go off & sell something different
or a particular project dies there’s no demand, and the buyer half the time hasn’t got a
clue. Even the more organised customers with kanban & MRP you say ‘Well what’s
happening next week Martin?’ ‘Oh, dunno’. ‘You seen anything?’ ‘Oh, bit quiet at the
moment, don’t know what’s happening really’. And so it goes on.

WHY IS THAT?

Because it’s all short-term business. It’s all turns business right the way down the chain.
These people are now expected to supply a finished product in 6-8 weeks which is
wonderful except that most of the raw material they want is on 10-12. So they take the
order saying ‘We’ll deliver in 6-8’, it takes them 4 weeks to cycle through it & it takes us
12 to get the material to them. It doesn’t add up somewhere does it?

SO HOW DO YOU FIND OUT WHAT KINDS OF APPLICATIONS YOUR
PRODUCTS ARE USED EVENTUALLY FOR IN THOSE COUNTRIES?

Ye-e-s. The answer is of course that I have a strong interest in my customers & what they
do. The difficulty is that purchasing most of the time don’t have the slightest interest in
what it is they’re buying for or what they’re doing. All they know is that its another
blasted nuisance because they can’t get it in the time-scale that the company has been
committed to. Don’t forget this is generally small batch production. It might be – an
extreme – a particular programme – 30-40 units, then they won’t see another order for
that for 2 or 3 years, or they might see 1 next month but it’s unlikely. So there’s very
little regular repeat ongoing business. There’s some. 1 or 2 of our Scandinavian
customers particularly know what their budget is for the next 3 years. It’s wonderful to
work with them. You can plan & work with them when product is obsolete you can
notify them in advance & they’ll say ‘Great, we’ll re-design or we’ll buy in last-time-
buy’. They tend to be the customers who are effectively in-house. They are not sub-
contractors. They are building for their own production, and they are the end-user. That’s
easy.

[tape change]

THE DECISIONS THAT YOU HAVE TO MAKE, TO KNOW MORE ABOUT
WHERE THE PRODUCTS END UP GOING?
Not really no. It does only help if it’s an on-going programme. Particularly if it’s high volume. Because that way you can influence the decision. But for the most part I’m afraid no, it doesn’t matter.

HOW DO YOU FIND OUT ABOUT POTENTIAL NEW COUNTRY MARKETS....?

Oh yes we’ve done that. There are 2 ways of doing it. 1st of all you either get a market research programme done for you which is relatively expensive & for niche markets somewhat difficult or – what we tend to do is – we have a network. It’s quite a good network. We’ve been in the industry a long time. My external sales rep for the UK has been in the industry 30 years. Between us we know an awful lot of people & those people we know an awful lot of people. It’s very easy to ‘phone up & ask ‘What do you know about country/company x?’ Individuals as well. You can always find out at least limited information about what you need. And at that point you can start filling in some of the gaps. So you decide well, we want to do something in Germany, well we had a rep, he was a nice guy but, oh dear, did he win the business? No. So we started looking, talked to various people, found a number of reps. The difficulty with rep firms is they have a habit of coming & going. The one we have today has been around 5 years - I guess he’s more stable than most - happened to know Norman our sales rep from a previous incarnation so when he started up we said to Norm ‘Hey Norm, what do you know about Peter?’ Norman filled in all the background. Peter had the expertise we needed & then things happened that made Peter want to talk to us. It was great. We actually had synergy. That’s the best way of doing it. It’s haphazard isn’t it? At least it sounds it. But it does seem to work. And if you know, recognise the limitations in the hand you’ve got then that’s what you’ve got to live with. That situation will change now. But the new opportunities they’re far more broadly based & the value of revenue for any individual one are larger. We’ve not contemplated customers who are $1million + before, we’ve got several who’ve come close but not that go past what I consider the magic million number. And I have 3 in the USA today who I budget will go past $1million a year fairly quickly. And then we can go & find another half dozen without a fair amount of effort once we’ve got the first three sorted. We’ve got them working. We’ve overcome all the initial problems and engineering quality work & when that’s up & running we can go & look for some more. Ironically enough, even talking to them, they’ve said ‘Well maybe we shouldn’t tell you but have you heard about our competitors down the road?’ ‘Why are you telling me this?’ ‘Well, they’re a competitor but they don’t compete head-on, a glancing blow occasionally, & I know from your portfolio I can’t sell that product but I’m quite sure they can’. And one of them referred me to an account which having done the initial valuations is probably worth $3-4 million. It seems to work that way. The reason being in this industry most people know each other. It’s a fact that you can be working for 1 guy. He’ll move he’ll often try to move a whole team with him. It’s just the way the semi-conductor industry has worked. You take people who set up 1 company in the USA & it was simple. The CEO said ‘I’m setting up my own company’ & took the entire management team with him. Not just senior managers but he took people down to applications level. A whole team just moved out lock stock & barrel. I think there was a certain amount of acrimony. Just the usual ‘I don’t think I’m very happy with that, I’ll slap a law suit on them’. Which went on for 5 years I have to say but that’s the way it was done. It’s the way it happens now. If people move they take people with them. Or the first
thing they do is they’re looking to assemble a team they’ll call on people they think might be interested. And it happens.

YOU TALKED ABOUT FILLING IN THE GAPS. TO WHAT EXTENT WOULD YOU USE CONVENTIONAL SECONDARY WRITTEN SOURCES OF INFORMATION TO FILL THOSE GAPS?

It would be nice to say you can do a lot from trade directories but you can’t. Probably the only 1 I’m quite keen on purchasing in the next few months is the basic SIC listings for US companies. Because I can pull off the full range of manufacturers we can target. I will then take each one in turn. And I’ll probably do it by geographic area. Its haphazard but it’s a way of doing it. If you don’t get a warm reception initially if you think it’s worthwhile you might go back, but otherwise it’s the case that there’ll be somebody else along & at some point people will talk to you. We’ve got 1 or 2 US customers that I’ve been talking to them for 5 years on & off. Management’s changed, the people have changed. Last week the penny dropped & they suddenly thought this is a good idea. We can do something. But I spent 5 years cultivating those people because I thought something would happen that will be useful. Not necessarily the most productive use of time but if you happen to be there spending an extra day in the US to go & visit a couple of people is no bad thing. If you’ve flown out there in all honesty what does a day matter. That will work. But obviously you need a certain range of basic information before you can move through. Again, the industry is relatively small, in a geographic area I can always find somebody who knows somebody within that organisation. And that is the best way. If you can ring up & say ‘Tom says I should talk to you, is that right?’ They’ll say ‘yes’ or ‘no’ but if its ‘no’ they’ll always refer you to the right person. You get to know, start on that, that particular individual. Although the industry is vast, the number of customers that we have access to are generally fairly small, & the size of the organisation on an industry basis may be low so you may only have a couple of hundred people of whom 4 or 5 will be the people who make decisions. If you can find those people then that’s the way tot do it. But you don’t find that sort of information sitting reading through a trade directory. You’ll get the basic company but at the end of the day finding the name of the individual to talk to or at least start with is the most important aspect.

WHAT’S THE BEST WAY OF KEEPING YOUR EAR TO THE GROUND ABOUT CHANGES IN OVERSEAS MARKETS?

It’s generally contacts. Finding out what is actually happening. Where are people moving, what’s the latest information. The trade press is tending to be interested only in the larger companies. Siemens is a large company, but the bit of Siemens we deal with is a tiny bit in the corner. They may do $5-10million of business but at the end of the day they’re not doing $5-10 million of business with us because the part of the product range we’re dealing with is possibly $ half a million. So our involvement is small. You don’t get that in the trade press. You get that from the people who are actually there, the people who are going to influence the decisions that are made, whether its new products being designed, or something far more prosaic like ‘We’re going to kill that product off because its no longer viable’ or - heaven help the Germans - in the last couple of years its been ‘Well of course we’re moving the whole plant to Hungary. We’re not moving the people,
you understand, we’re just moving the plant because that way we reduce our labour content by something like 40%, & the Germans are finding that difficult to deal with. We’ve been used to it in the UK for a long time but the Germans haven’t.

SO YOUR USE OF CONVENTIONAL SECONDARY SOURCES THEN....

Is very very limited.

WHAT ABOUT PRIMARY MR. HAVE YOU EVER COMMISSIONED, OR CONDUCTED INTERNALLY, ANY MR PROJECTS ON OVERSEAS MARKETS AT ALL?

Well we’ve just finished one relating to the potential market for the company we’ve managed to work with. Nobody launches into bed with somebody without at least doing a little bit of research. It may be very cursory but we always check something out. That was basically for a market survey relating to the size of the market, the product that was available to us, where we thought we could sell it, what the level of interest was, pricing etc. & that we did a couple of months ago. It was a useful exercise but its very limited in what is immediately on hand so we’ve had to interpret what was available. But it was there.

WHAT KIND OF SOURCES WERE AVAILABLE TO YOU?

Well we used a number of web-sites. It’s amazing what you can pick up off the web these days in a couple of hours playing. You can go & talk to other semi-conductor manufacturers who are very willing to share information. There are various specialist publications you can access that will give you the market summaries in specific areas & you can interpret from there.

IS THIS A SECTOR WHERE MARKET REPORTS ON A SYNDICATED BASIS ARE OFFERED TO OP COMPANIES OR IS THERE A SCARCITY OF THAT KIND OF INFORMATION?

The information is there. But reports can cost anything between $5-15 thousand. Let’s just say people are not to keen on spending that money here. Again if you know the right people, the right contact, those reports can be made available, if it’s only the 20 pages relating to the bit you want. Of a publication of 1000 pages you probably only need 20 or 30 which is a continuing source of irritation because you can’t just buy that particular chapter. You are supposed to pay for the entire report. So we tend not to use those. But it’s amazing what you can access by − again − relationships & networks.

SO THE INFORMATION CAN BE MADE AVAILABLE TO YOU ON AN INFORMAL BASIS?

Very informal! Even if it’s a case of ‘It will arrive off the fax machine. If you ever admit you’ve received it from me & I could be fired’, but we do get help periodically like that & some of it’s very important.
SO IT'S USEFUL, BUT IT'S NOT THAT USEFUL? IT'S NOT $5^{TH}$ OR $15^{TH}$ USEFUL?

No. The difficulty is the reports are aimed at companies doing £50-100 million + business. In which case a report of $5^{th}$ is nothing just disappears on the marketing sundries budget. A good junket will cost you £5^{th} so a report's really good value for that. It's just the way it hits the SMEs. We can't justify paying that kind of money..... Oh no, because strictly speaking its not a report that the SME needs. Well, that's the way it's interpreted. It is very debatable.

WHAT IS THE RATIONALE FOR THAT?

An in-depth analysis of the market will cover technological trends, what my competitors - if I am an Intel or a Texas Instruments - are doing. And that is what they target. So you will have the top 10-20 names in the industry they will be there. They will be ranked by sales, by particular product & then a whole plethora of other information attached. They're looking at the main companies. To put it in perspective the market we could address is a tiny fraction of 1% of the total market like probably .01% of total market. We disappear in the noise! That is the whole market of companies like ourselves that is not what we can address. So if you allow for the fact that's divided between 10-12 companies we are an irritation factor to the semi-conductor manufacturers we aren't an important sales outlet, we are just noise in the background. They deal with us partly because they don't like to get rid of any market, partly because they get much higher prices selling to us than they do anywhere else because they rip our customers and us off & most of them would quite freely admit it. 'Of course we charge you more. You're .01% of our business. We are not going to treat you the way we treat IBM' which is self-evident. That is the philosophy. So none of these reports get down that far. They might get down to 1% - maybe - but that's still 100 times the size of our market for certain manufactures.

WHERE DO YOU GET THE INFORMATION ON THOSE PEOPLE THAT YOU CONSIDER COMPETITORS?

Mainly our customers who will on occasion ring up & say 'Have you heard what so-and-so is doing?' An awful lot of it is filtered information back that route. We would also hear it from our suppliers who would say 'Did you know that a particular company is doing something?' & I suspect the information sloshes backwards & forwards that way, most of it, because we are too small to figure in the statistics. It's frustrating but that is a fact we have to live with it we are not of any significance. Very significant to the 35 people who work here; 1 or 2 of our customers might notice it if we disappeared but in real terms that is the harsh fact of life. We are vanishingly unimportant.

YOU SAID YOU'D DONE SOME RESEARCH IN THE RUN-UP TO YOUR LINKS WITH THE FAR EASTERN COMPANY. WHEN YOU LOOKED AT THAT WHOLE AREA DID YOU LOOK IN TERMS OF WHAT THEIR POTENTIAL MARKETS WERE, WHAT THEIR FINANCIAL SITUATION/STABILITY WAS OR DID YOU INCORPORATE A WIDER SET OF ISSUES?
We are dealing in one of the potentially more unstable regions of the world. Russia is not stable. That was obviously a major concern. Ironically enough each 1 of us involved in the decision making process here had different concerns. Graeme was very concerned about Russia. I was very concerned about the Taiwanese angle because ...I wasn’t concerned about Russia the reason being I visited there a couple of years ago. Saw a few people & thought – at that time – ‘This is a place to do business in’. I came back & said if anyone can do this properly with the Russians they will make a killing & to put it bluntly – we were busy at the time – I got well – ignored. Because its not something we felt we could do as a company. Now we find there are people who are actually doing it but they need our expertise. The Russian side is quite complex but they can handle that. So there is a synergy there. But obviously the political considerations were really quite serious. We can’t just launch in & say ‘Well we’ll ignore politics’, you can’t do that. You can’t ignore the implications of any action you take, personal or business, because there are always implications. There will always be consequences if you do something. Sometimes they’ll be positive, most of the time they’re benign, occasionally they’re absolutely awful and it’s a case of for the most part steering towards the benign, the occasionally good one & trying to miss the horrendous implications & that’s what we did, that’s what we looked at. We had to, you can’t just ignore the real world it’s unfortunately there.

WERE THERE ANY AGENCIES LIKE THE DTI TO ADVISE ON THIS, OR TO WHAT EXTENT DID YOU GO BENEATH THE SURFACE?

We used various agencies. In all honesty most of them were not much help. The problem being if you say Russia most people still panic. (P) Some independent agencies, & got some information from the DTI & none of it was very positive. The reason being that most of the Russian semi-conductor industry is very poorly placed. It will collapse. There are probably 30 companies left; of those 10-15 will collapse. The trick is to choose 3 or 4 or maybe 5 that will be able to provide you with what you need, will actually be there in a couple of years time. That’s partly down to my colleague, that’s his job, he’s the one who has to select them. I just have to be convinced he’s chosen the right ones. The fact that I’ve been to Russia...met the people...that gave me a tremendous advantage. I could see the frustrations he has, & with a very brief introduction get some feel for it. At the end of the day it’s a judgement, a risk, it could all go horribly wrong but it’s unlikely. Unlikely that they will slide back into communism within the next 6 months or a year. It’s possible. Graeme said to me ‘It’s unstable’. I said ‘Of course it is’, but the whole essence of this is that when an opportunity presents itself you have to make a judgement. Are you prepared to take a risk, are you prepared to back people who believe they can make it work, & if you are you’ve got to do it. You can’t just sit there on the fence saying well maybe later because later never comes. Someone somewhere comes along & says ‘Thank you very much. I’ll move before you & it’s my opportunity now, you get nothing’. In the 2 years that I was there Motorola moved in, most of the major manufacturers are there, they are not trading but they are using the expertise that’s in Russia, design expertise. Russia has a brilliant engineering capability. Manufacture is behind, but that isn’t important to us - their manufacturing capability is perfectly adequate for what we want, and their engineering brilliance is probably unsurpassed. In terms of price engineers are grossly underpaid. It’s improved over the last couple of years but its nowhere near the
levels of anywhere else. Software is always a good example. In India software engineers are very highly paid. IT design people in India are pretty highly paid now compared with a few years ago. They are paid much more than their Russian counterparts. So you get an engineer of at least as high a calibre & you probably get him for half the cost. And he’s grateful for the job. A brutal market it certainly is but if you work with the Russians....if they learn to trust you & you don’t shaft them then they will work quite happily with you........And we have the advantage that they hate Asians!............

..........................ARE THERE ANY RESEARCH METHODS OR PROCESSES YOU UNDERTAKE THAT WE HAVEN’T COVERED?

No, most of what we do is fairly ad hoc. We have an on-going range of research programmes that are effectively EU research programmes but that is obviously a separate issue & is basic engineering research, some market development work but it is not marketing. A good example is the Good Dye programme which is there to exploit bare dye. It’s there to generate interest from potential users and make it easier to use. It happens to be our business to sell dyes, it’s a very good one for us, but very much a research project, EU funded, very much with ‘Wouldn’t it be a good idea if people could find out about this product?’ We are one of the founding partners & do a lot of the work but nevertheless backed by companies like Siemens, GPS. That database will be a global product. It is a saleable item. It will go onto the WWW by subscription......

IS THERE ANY MR INFORMATION THAT YOU WOULD REALLY LIKE, BUT HAVEN’T GOT? CAN’T GET?

For us because of the way we are positioned MR has a very limited role. The market – inherently – does not change fast. It’s a plodding industry. It’s a very slow market. The rest of the electronics industry is extremely vibrant & it wants to get on with things & MR there is rather important because it’s the next generation of products. It’s driving the market. The market is not driving electronics. If you look at Intel & the microprocessor & the personal computer Intel is driving that market. It’s ‘Look, here’s the next generation, it’s a super faster chip. It does this that & the other & isn’t that good?’ Whereas I’m afraid we sit here & we have to be very reactive to what the market asks. So we’ve got the opposite extreme, so there’s not a lot we can do except through the channels I’ve mentioned. Sitting down & going through the various reports will not help us. It might identify a long term trend suggesting the market is going to grow by .1% over the next 5 years well that’s fine & dandy but it’s effectively saying it’s a shrinking market.

AND YOUR DEFINITION OF WHERE POTENTIAL NEW COUNTRY MARKETS MAY BE TENDS TO BE RELATIONSHIPS LED RATHER THAN BY RESEARCH?

Yes.
MANUFACTURING COMPANIES
Transcript 13: Marketing Director

....YOUR BACKGROUND., HOW YOU STARTED, WHEN YOU STARTED & WHAT YOU DID?

A short potted history! We started because when David finished his degree from Plymouth Uni. he came across PCs for the 1st time during the course, which was Marine Technology, with its angle on navigation rather than commerce, and he realised that computers, PCs, could help people to learn about navigation. And after his degree he wrote the 1st training programme we produced, which was designed purely for yachtsmen. And after that he went on & found another person to assist on the programming, & designed a full navigational training simulator, which we still actually have today, but only just, actually, because its DOS. And we started to sell that by means of going to boat shows. And I was at the time working elsewhere to fund us jointly (NOTE: the Marketing Director is the Managing Director – David’s – wife) but I played a role in PR, and interestingly PR is coming out now after all this time as being an important factor in our way to market, but at that time it was really our only route. And because I knew about PR and how it worked and how to get hold of journalists I was able to write press releases and we got – because it was an innovative product – quite a lot of coverage. And that’s how it started really, in the UK. So it was a combination of boat shows & PR. We couldn’t really afford advertising, so we didn’t do very much in the early days. That developed – again this is purely leisure market at that stage – that developed overseas in the same way, in that we met at these boat shows people from overseas who represented companies who had an interest in our kind of product. And from there we went to the company in their own country. The notable success area then was Germany. We found a major distributor who has only very recently fallen by the wayside but for a number of years was selling our product – well, the training simulator he bought in 300 at a time which at that time – well even now – would be a very very good quantity. We’ve never again found a distributor of that size in fact. So after the 1st training simulator was launched we thought ‘What next?’ And there was another idea for a training simulator which was collision avoidance which is another issue that people need to deal with at sea, but partway through the development of that David changed the target customer from the leisure user to the commercial user, and it was that product which then took us into a completely different arena of the commercial or professional mariner. The first product was released 1987, that was a minor product really. The 2nd one, which was the first training simulator was released in 1989. & then for the collision avoidance simulator for the 1st time we got the DTI SMART funding for the project, which helped considerably on the development cost. And that one was released I think in 1993. I moved into the company full-time in November 1989. And before that we acquired another technical person who became our technical director & a partner in the company but we parted company later on. So our exporting – the launch-pad for it – was not researched in any structured way. It was coming out of our own sales/marketing activities in the UK.

WAS IT FAIRLY SIMULTANEOUS? OR WERE YOU FOCUSING ON UK PURCHASERS AT FIRST?
I think it was fairly simultaneous because I remember when we were at the London Boat Show – by this time on our own stand – I think it was 1991. In addition to our own development we had started to acquire other products, to also sell as part of the marine software if you like in the early days, because this was a new item. And we published the 1st electronic chart system that we know of in this country, possibly in Europe, but we hadn’t written it: we had found it again by means of boat shows etc. And I remember that the quantity of overseas buyers & potential dealers in those days was very high. I have never again experienced that crush on the stand that we did in those early – in the early ‘90s. I can’t explain why really. It was obviously brand new & highly innovative & people were amazed by it. That must have been a part of it. It wasn’t difficult to find – people would leave there cards & say ‘I want to talk about can I sell it in my country?’ That was really how it started. I was assisted I think by the fact that I speak languages. I’m more conscious of travelling overseas is not a barrier. And I remember visiting the Paris Boat Show, for instance, to simply explore who was doing what and why. I can speak German so in the early days we used to speak in German in meetings; but then later on when David came along we had to have meetings in English. So I think the linguistic side must have been a factor which enabled us to develop those contacts. But we also had contacts in Scandinavia & of course language is not a barrier there. And Holland too, We had a dealer in Holland. Apart from the German company which is a very substantial company they were mostly enthusiastic individuals who had seen something as we had really. And had decided to sell it much in the same way as us. They weren’t structured organised dealerships or anything. They were doing what we were doing. PR and going to boat shows & having a stand and selling it.

BUT THEY WERE WANTING TO ACT ON YOUR BEHALF IN THEIR MARKETS?

Yes. In the early days, apart from the PR Directory, I don’t remember using any external directory for finding people, except the really obvious ones – boat shows have catalogue lists, BMIF, which is the marine leisure association in this country, has a list of membership. Yes, we would have had those. But not uni-type research, not library research.

SO YOU DIDN’T REALLY NEED TO GET LISTS OF DISTRIBUTORS BECAUSE THEY WERE COMING TO YOU. DID YOU DO ANYTHING TO CHECK THEM OUT, AS IT WERE?

In terms of credit control, yes. Once you’ve met somebody in their own environment you can pretty well gauge what size of company they are, that sort of thing. We didn’t do official company searches on them, but financial calibre yes, we always looked at that.

DID YOU EVER GET INVOLVED IN ‘WHAT SIZE IS THIS MARKET?’ OR DID YOU THINK AT THE TIME ‘WE’LL JUST PROSPECT WHEREVER WE CAN’?

We were just really pleased to get orders! We didn’t care where they came from! It was our only means of income so the order was everything. And then we would try & service that market. We translated our products into German completely for the German distributor which was quite a big project – software & manuals. So we actually ended up
with 3 products completely in German. And we realised that to be successful in France we’d have to do the same thing. But with the benefit of the experience we knew there was no point doing that until such time as we’d found a distributor. We’ve never actually done it for France. And I guess we learned that was from the fact that the only reason Germany worked was because we’d found a distributor who worked. But it was chicken & egg in France because if you don’t have them in French you can’t sell to them, and so on. So it’s never gone anywhere, for that reason.

IS IT STILL THE KEY OVERSEAS MARKET, GERMANY?

No. Again it’s quite difficult to pinpoint the reasons but in fact the company in question is in fact a publishing organisation. They publish a complete list of books, hobby magazines in several different sectors, sailing is 1 of them. They have the 2 largest selling marine magazines in Germany. And they just added on software – mail order & boat shows – to their existing range of products. They already had some videos. And it seemed to us that that was the ideal operation. They were very substantial, they had distribution. They sold to a lot of dealers, it wasn’t just direct selling, the dealers then sold on, and that worked very well for the 1st training product & subsequently the chart system & the weather fax, but over the years we have moved away from training & gone much more towards charting. We’re now really focused on charting. They – because of the make-up of their company - do not have expertise in navigation & systems & so on, actual live systems if you like, in the way that we do or an electronics dealer does. They’ve got sales girls on the telephone selling, selling to bookshops, high street stores that have sections for books & videos & software & so on. At the same time they started to take in CD ROMs, rather like ----- in this country & I think found that they didn’t pay nearly as much as they thought, because everybody’s found that CD titles are all under-performing madly. Very few of them are covering the investment cost. And they started to commission work & everything else. So we diverged in direction I think. Our products no longer fitted what they wanted. They found also they weren’t making a lot of money on the CD ROM titles that they’d banked on, & prices were falling in that area. They eventually got rid of the manager of the section & haven’t replaced him, & our business with them now is very small. They would love us to do a new version in windows of the original training product – ‘Give that to us & we’ll sell 300 a year falling off a log’. Maybe 600 a year – it’s a permanent thing. But we can’t do that because we haven’t got the resources to do that product. And we recognise that it is still unique & that there’s a big potential market for it world wide especially if we could fit it to leisure training services. But you simply can’t do that & the charting. So we’ve said ‘Sorry, can’t do’. And they’ve effectively said ‘Sorry, we can’t handle the chart side’. And we’ve never found another company that mirrors their type. And it is clear that they were a 1-off really, I think, at the time. We looked then for replica companies. We looked for a replica in France – a publishing-type thing. We were specifically trying to find that match of distributor, because we thought that was what we needed but we never found one.

SO WHICH WOULD YOU SAY IS THE KEY EXPORT MARKET NOW? WHERE ARE YOU SELLING MOST PRODUCT INTO APART FROM UK?
I'm trying to think – there's the leisure product & then there's the commercial products. Which are quite different. In the leisure market at the moment in terms of exports we have quite an active distributor in S Africa. And he's a 1-off. He's an individual. He's enthusiastic, understands computers, and he's just going out there, getting PR, getting to customers & selling it. Nowhere near the volume the German company had, but compared with our other dealers, who are quite hopeless really, he's actually achieving some sales. In this country we've tried terribly hard over the last year to get dealerships going, and it has failed. So it simply hasn't repaid the effort. So we haven't really found the right distribution outlet for our chart system yet in the leisure area. In the commercial area sales are very patchy really world-wide. I suppose Europe broadly but I couldn't pick 1 country.

WHAT % OF TURNOVER WOULD BE SALES TO OVERSEAS?

We don't split it that way. I can't give you much idea. It would be such a guess that it might be completely inaccurate. We would have to analyse the data in a different way.

WELL, LOOKING AT IT IN A DIFFERENT WAY. 1 THING I DON'T KNOW IS HOW MANY PEOPLE YOU HAVE WORKING HERE?

18.

ARE ANY OF THOSE DEDICATED TO OVERSEAS CLIENTS OR SALES?

Not as such, no. We split it into leisure & commercial market rather than export & home. Because that's the user. And within those they could deal with either export or home, equally.

....WHAT KIND OF INFORMATION WOULD YOU LIKE ON THE OVERSEAS MARKETS?

For the chart business what I would really like is a complete list of all the electronic dealers & installers in every country with a ranking. I do know, for instance, that in Holland there is just 1 really & if you're not in with him you can forget it. That sort of information for the chart side, which is the key to getting into the market would be very valuable. We used to think that PC ownership & so on was a thing that we ought to know more about & tried to find information on PC ownership, but it was such an overall indicator that it didn't act directly impact on us. In the early days of course PC ownership was relatively much much smaller that it is now, and there must have been a limit to the people who could run our products. But now I don't think that's terribly useful. We used to worry about what kind of PC it was, too e.g. the Apple versus I don't know. But all of that's disappeared. PCs are predicted to be – by the end of this year – selling more than TVs. So that requirement I think has probably gone away in research information terms. It's the route to market which we still don't have mapped out clearly for our type of product, which is a new type of product. There aren't established supply lines, I suppose. Marine software only came into being roughly when we came into being I guess. And in the leisure arena we've never actually cracked the High Street shop because our products
are too specialist. They do carry flight simulator & accounts – do your own tax return &
those sorts of things – Dixons, Virgin etc. And we’ve actually tried to sell games to them
but with no success. And the margin isn’t sufficient anyway because there doesn’t appear
to be the volume yet, in any of those products – CD ROMs etc. And all of those may be
factors associated with the fact that it’s a new area. We have been over the years to an
awful lot of conferences & exhibitions & I haven’t really mentioned that in the
commercial arena, but that is where we’ve got quite a lot of our leads & sales. From PR
& exhibitions. David’s been all over the world to commercial exhibitions, given papers at
conferences. Our Sales Manager gave a talk in Singapore, to Hong Kong, Manila, we
have had a presence, so the name (of the company) is therefore I think quite well known.
More well known than is proportionate to the size of the company perhaps. But the
distribution is still a problem in both sectors – leisure & commercial.

I PRESUME THAT THE CONFERENCES WOULD BE INTERNATIONAL?

Very much so.

SO THE LOCATION OF THE CONFERENCE WOULDN’T NECESSARILY HAVE
ANY BEARING ON THE NATIONALITY OF THE LEADS THAT YOU MIGHT
GET?

Absolutely, yes.

SO HAVE YOU BEEN MORE LED THEN BY INDIVIDUALS & INTERACTIONS
AT CONFERENCES & EXHIBITIONS THAN YOU HAVE IN TERMS OF
CONVENTIONAL SECONDARY DATA COLLECTION, SHALL WE SAY?

We’re only doing that sort of data collection now! Better late than never! We did not start
from a structured point, you know. We started as a kitchen table operation. Typical small
business start-up I guess. And wherever we could see we were going to make a living I
guess, roughly is where we started. And then learned from that. And tried to apply the
same principles that we’d found somewhere to another sector, and then found that it
wouldn’t. It hasn’t been easy to replicate what we’ve done. We’re still innovating all the
time I suppose, struggling to find an established way of doing business. And our reason
for having this marketing strategy is really that. Is to try and get near it as far as we can,
& then forget the areas that aren’t playing ball, if you like. To try & do away with that.

HAD YOU DONE ANY PRIMARY RESEARCH YOURSELVES OR GOT ANYONE
FROM OUTSIDE TO DO ANY PRIMARY RESEARCH BEFORE KAY CAME?
TELEPHONE, SENDING OUT QUESTIONNAIRES WHATEVER?

David went on a MR project a long time ago. I can’t remember the name of it but it was
part DTI funded & I think it might have been one of the Innovation schemes. No, I don’t
think it was an innovation scheme, actually. Something to do with Manchester Business
School. And we have employed 2 consultants. A long time ago we employed a consultant
with a marketing bent, & he was with us for probably a year – bit longer – to try to
identify a route to market I guess, sales & distribution. And more recently – 8-9 months
ago, we employed a consultant for about 18 months I think & he was more of a management business consultant than specifically marketing to try to bring in expertise to the company that we felt we didn’t have. We don’t have a Board of Directors. We’ve looked intermittently for non-executive directors but never found them either, in order to widen the level of expertise.

DID THE MARKETING GUY DO ANY TRADE RESEARCH AS PART OF THIS IDENTIFYING ROUTES INTO THE MARKET PLACE?

Difficult to remember what other people were doing several years ago, but I don’t think....

HE DIDN’T PRODUCE ANY REPORTS OR ANYTHING?

No, I think it was more a trigger to get us to formulate what needed to be done. I don’t remember him going out & collecting data for us, but it was like a management team to try & formalise what we were doing, put structures on it, then task me to do this, and them to do that. I think it was more like that.

CAN YOU REMEMBER WHEN YOU DECIDED YOU NEEDED TO DEVELOP A MARKETING STRATEGY & HOW TO DO IT?

Well we’d been approaching the same problem in different ways for a long time, I think. These attempts at getting a consultant has all been part of the same issue that we wanted to clarify really who we were & what our product range was & where we were going. And felt that we couldn’t do that on our own. But mainly, or partly, because we’re so bogged down in running the company on a day-to-day basis that we’re clearly glad of extra manpower. But also because we’re not professionally qualified, either of us, strictly in marketing as such, and felt that we need to increase our expertise in that area. So don’t think it was a sudden flash! It has been the best and last stage in the process of trying to give us a clear direction which is something we have found lacking for a long time & it is very difficult to work successfully when you’re not sure what you should be doing any more. And this whole area we’ve developed has become so potentially large, but in practice so difficult to make sales out of, that clearly something had to be done. We have felt for a long time that we were doing far too much business on the cuff. We were addressing far too many markets simultaneously & we could just fall flat on our faces....

SO WHAT IS YOUR BACKGROUND?

When I graduated I went to work for Hamish Hamilton Publishers as a trainee editor. And my training year was the 1st year & then I was taken on as a sub-editor & then became a junior editor so I was there 4 years. Hamish Hamilton are hard-back publishers of history, biography, novels, they have a children’s book-list, a cookery list, it’s a well-known publishing imprint, still going today actually. And my degree was languages. So I’ve always been arts oriented, not tech-oriented at all. You see I was involved in the manual writing, I was involved in editing the software etc. so in fact the accrual of skills has been fundamental I guess to the way things have gone. And then I left that and
dropped out for a bit & went sailing. And when I came back I went to work here in what was then the dockyard as an information officer working on the staff newspaper. And then I became the PR person. I was taken on by the private company --- when they were privatised as the head of their PR. So that laid on top of the literary background, PR & more immediate newspaper type activity.

SO YOU WEREN'T DOING PR AT THE PUBLISHING COMPANY, THOUGH?

No, not at all. I was dealing with authors & looking at books for their potential or not. Talking about money. Beginning to negotiate with literary agents but nothing specific. Although there was a PR Manager for the publishing house, so she was responsible for the detail of the PR planning. It was just an aspect of the process.

SO YOU HAD THAT INTERFACE WHEN YOU MOVED INTO PR & CAME HERE.

Yes, I was 2 years the PR Manager for --. During which time they went from 11 thousand down to now 6 thousand people so my time was spent sending redundancy notices! But also in the defence arena I worked for the Admiralty for a while with emergencies etc. And I dealt with all the local press, knew them quite well. They used to 'phone me up every time something happened. So it was quite good training. And I went on 1 or 2 courses when I was there to further specific skills about a release etc.....

....IF YOU COULD HAVE 1 PIECE OF OVERSEAS MARKET INFORMATION WHICH WOULD YOU LIKE?

I have to treat leisure & commercial separately. I can't think across them because they're quite different markets. I come back to the same point -- our continual problem is finding distribution. We can't sell directly ourselves all over the world. With some notable exceptions we have mostly sold direct, especially in the commercial market a large number of our sales of relatively high value training systems have actually been via fax & 'phone. But that is certainly not the way that chart systems are sold in quantity at any rate. It is arguably only a small part of the potential to sell like that. So that is the most valuable piece of information -- what is the route to the market? What is the best way of reaching the customers. Now after our leisure survey we've come full circle, if the questionnaire responses are giving us the right info from the 35 people that we've had information back from & that is that they know of us & have bought from us because of PR & Boat Shows. And what that says is that there isn't a distribution channel that they're expecting to find our stuff, & if you apply the small research that I've done in the work-based sector I found the decision to buy is not the distributor or the installer if you like to call him that, the boatbulider, but is the end-user. So perhaps there isn't yet in all countries & all areas of where we are perhaps there is not a very defined route to market for a PC based system. For full-blown ECTIS integrated bridges I think it is the shipyards who'll have 3 brand names on their list & they'll make a choice between the 3. But in the smaller more independent markets people are making up their own minds & we have to then find those individuals somehow & make sure that they're aware of us & our product.
YOU'VE NEVER USED THE DTI OR ROUTED THROUGH THE LOCAL BUSINESS LINK TO GET LISTS?

Not really. I mean the DTI support for development has been substantial through the SMART awards & SPUR subsequent to that. We've had 2 SMART awards & 1 SPUR which is still running so in terms of funding our development as a small company it's been crucial. We couldn't have done it without it. But in terms of market information, no. They don't have data, any more than we do, or any more than any research company does, on who wants electronic chart systems. It is such a specialist & relatively new area that the data doesn't exist in a convenient pool anywhere, as far as we can determine. I would like to know how many competitors are selling, and where? I suppose that would give me some pointers also. So if I could have a bird's eye view of the competition's sales, where those sales were made & through who, that would be very useful because that would be concrete information & I know that does exist. I just can't get to it! So I guess yes that would help.

AND THERE ARE 18 OF YOU HERE. IN THE MARKETING FUNCTION YOU ARE MORE OR LESS FULL-TIME MARKETING?... AS IS KAY?

Yes.

YOU'VE GOT A SALES MANAGER, ALSO SPENDING THE BULK OF HIS TIME. IS THAT IT IN TERMS OF MARKETING PEOPLE?

Well David is also of course a key commercial salesman so all the main defence type contracts, contacts & so on, he deals with. So his role is not just general management it's quite hands on in that arena.

SO QUITE A HIGH PROPORTION OF PERSONNEL ARE INVOLVED IN INTERFACING WITH THE MARKET?

Yes. And we have a Technical Support Manager who deals directly with any after-sales support & sorting out things. The only people who aren't are the development people, who've never talked to market, & probably should do. Well, they do seem to think they know it all sometimes. So there is a communications issue simply because they have no conception of what it's like to be on a boat.

DO YOU HAVE A MARKETING BUDGET OR DO YOU JUST SPEND AS YOU NEED TO SPEND?

Well, at the moment no. I have done in the past, when I've had annual business plans etc. I've had money allocated. But currently we haven't got a properly formulated business plan because of the current project running so it's ad hoc at the moment. Which is not at all a good situation in that we would put forward as ideal or to be recommended but pending knowing where we're going it is quite hard – well, you can't really justify sitting there spending the time devising plans which turn out to be completely off the mark. And since time is quite short we scrapped it. We're living within our means & David has the
ultimate authority on expenditure so we examine issues carefully like the Southampton
Boat Show & all the other overseas exhibitions & weigh up whether or not we think it
will result in sufficient business. And we have got quite a lot of recorded information on
that to be able to make a judgement. Ads - I'm very very wary. I'm placing no
advertising currently in the commercial arena because I don't know what to say! I don't
know what I'm saying either. I know it sounds silly but it's a fact, that we haven't yet
targeted the sectors. I think it must be a waste. We have periodically placed ads & now I
that the reason it's been a waste is that the message was just going out in a diffused sort
of way, or those people aren't the ones buying at the moment. They're all just gathering
information. In the leisure sector yes we are, because we have sold off the page, & we're
selling off the page now, we're in the process, and we're getting enquiries & narrowing
down now to which is worthwhile. But clearly advertising – from the research – is not
necessarily the most fruitful way to spend our money. That we might be better off –
which is what we're in fact doing – going to another Boat Show, and me spending more
of my time on PR than I have done as a specific objective. It's not that I haven't done it.
We've got a number of things bubbling along but I haven't had it in my mind as a very
high priority. It's been 1 of the things that I do.

WHAT ABOUT MR? HAVE YOU EVER ALLOCATED A SUM OF MONEY TO
COLLECTION OF RESEARCH INFORMATION? BE IT A DIRECTORY, OR
GETTING SOMEONE TO MAKE 'PHONE CALLS?

Yes, we've bought FairPlay Directory over several years. In the past it wasn't in CD
ROM form. We belong to trade associations which give you annual reports but we've
never found them terribly useful – too generalist. I don't think on the whole – we've
never commissioned any specific MR but we have bought in existing directories etc.
where we've found them.

HOW WOULD YOU DEFINE MR IN TERMS OF ITS USEFULNESS TO YOUR
MARKETING DECISIONS IN YOUR COMPANY?

I suppose it's the business of gathering information about customer needs in relation to a
product that you may be able to offer them. Gathering that information and analysing it
on a regular basis. If we had the resources, we would do it now, I think. We would try to
do it regularly.

IS THERE ANY DIFFERENCE BETWEEN THAT INFORMATION OR THE
GATHERING OF IT DEPENDING ON WHETHER THE MARKET IS UK OR
OVERSEAS?

Differences will be in the customer in that issues like language & culture would be
factors which wouldn't appear in your home market. But allowing for those differences
the information is probably going to be broadly the same. We've been making decisions
on the hoof, when I look back. We are only now starting to really use information from
research when we make decisions.........
MANUFACTURING COMPANIES
Transcript 14: Company Director/General Manager

We manufacture thin film coatings, and we use those for a whole range of different applications. At one end of the scale we put simple metal coatings purely for decorative purposes. At the other end of the scale we make navigation components which need a very special coating, and that’ll be a multi-layer of different types of material and by doing that you can...... put different refractive indices on, and that changes the way the light passes through – different wavelengths, and so you can select different wavelengths, reflect them, transmit them...and we do that through a number of techniques. The one that is most prevalent is called Physical Vapour Deposition, so basically you have a big metal chamber, suck out all the atmosphere from it, and then you have 2 heat sources – electron beam guns, and you fire electrons at a material, the material gets hit by these electrons and evaporates, and because there’s no atmosphere it just coats everything in the chamber. And we put sub-straits which sit at the top; pieces of glass, plastic, whatever. Those are then coated. And we have to use quite precise control of the evaporation characteristics and so on in order to make sure that we’re producing the type of coating that we want to see. We have some quite sophisticated design software that looks at how these layers are formed. They’re very thin – essentially a few tens of atoms in each layer; and then we put – we can put several thousand of these layers on in different sequences in order to achieve different characteristics. So that’s basically our business.

Now the products that we manufacture – or that it goes into - would be head up display systems, inertial navigation component mirrors, lots of ARs which go on lenses which you’ll get in cameras of all different types. We’re getting more into filters, now, particularly for the telecoms market. There’s, as you probably know, a trend towards fibre optic communications. Lots of different channels having to be fed down the same piece of fibre. And the way you do that is you put different wavelengths of light in, not very different – not like red, green and blue. They’re within one nanometre of each other, and you need a very tight precision filter in order to filter out the light before it goes in, so once it’s in it doesn’t do anything with any other wavelengths, it doesn’t interfere, and when it comes out again. So essentially, you can put all the red component in, code that, that television programme you put a blue component in with telephone – normal voice calls and you might have computer data on green channel. The number of channels is increasing. It’s currently at standard about 4 going to 8, 16, 32, 64 as band width requirements, and also requirement for people wanting fibre optic cables coming into their house, they’ll want two channels at least. So all these require filters. There are a number of different technologies but coated filter technologies are passive, they don’t need any power in order to make them work, they’re very temperature stable. There’s a lot of advantages to those, and you can sell a 1 millimetre square filter currently for about $100. So if you consider you could put one of these filters into one of ours, you could probably produce 1million filters in a coating run...it’s a very lucrative business but it’s very difficult to manufacture individual components so your yield will be very low. There might be half a % or something.

HAVE YOU BEEN OPERATING LONG?
The company's 33 years old - '76 it was started, in Reigate, and it moved to Totnes, and we moved here 1994. We had a fairly big expansion in '94 and moved here. We've just completed another one. We've spent £1.5 on this factory, putting new equipment in and extending it, and we've got budgeted another £3-4 million of capital investment planned for the next 2-3 years or so.

SO YOU'RE GROWING FAST?

Growing in terms of turnover. Not growing in terms of people. It's peculiar really because we had an RSE grant when we moved here and that's all based on the number of people you employ. But it's a hi-tech manufacturing industry & productivity is key. And productivity means doing more with less people and that's exactly what we're doing. We have very highly skilled people. But not very many of them. It has to be that way. Probably in the country there might be 75, 80 people who could do - coating technicians of the type that we've got here, and we've got 25 of them. So it's a very niche business. And we're, probably, in our chosen market areas, in the top 5 throughout the world, top 3 in 3 out of 4 areas. In terms of precision and the markets we're in.

MARKET LEADERS?

Yes, in certain areas we're the only people manufacturing. In inertia navigation we're the only European manufacturer. In a particular product - calct combiner (?) we are the only world manufacturer and we're just about to be chosen for the F18 Hornet, which is the largest overseas selling aircraft that the US manufacture. And they're looking at something like 20,000 of these things. Potentially sales to us, over a period of years could be £200 million, so it's very significant business for a company this size.

HOW MANY PEOPLE DO YOU HAVE HERE?

Here? Currently 56.

AND A COUPLE OF DOZEN ON THE TECH SIDE?

Right. In the technical we've got 4; marketing 4, quality engineers 4, there are about 4 in accounts, everybody else is production.....We tended in the past to employ people who weren't 'educated' and then train them, purely because there was a set technique to doing things. You followed. Now we're finding as the precision grows you need to have more understanding of what the process is doing in order to make a better decision. We're training the people that we've got to the level that they're able to achieve. Other than that we're recruiting now more graduates, more people with higher qualifications. 5 years ago there were 1 or 2 graduates in the company. There's about 10 now. That's made a big difference purely because there are more of them about.

IS THIS THE ONLY SITE, THEN?

We are part of a group and that group bought it in 1997. Previously it was part of the --- group and that group was a bit strapped for cash so decided to sell it. Now we are solely
in optics manufacture. It employs about 250 people, of which 50 are here. In the UK there’s --- in Taunton, --- in Prestatyn and --- in Kent. In-group we have the ability to manufacture very small components for things like endoscopes at one end. And the other end is we’re making periscopes for tanks, which is like 20 kilo blocks of glass, so there’s a whole range of products. --- itself is about £200 million company turnover-wise.

SO HERE YOU’VE GOT 4 PEOPLE ON THE MARKETING SIDE? DO YOU HAVE A CENTRAL MARKETING STRATEGY FROM HERE?

There isn’t any marketing strategy per se in the group. It’s really down to each individual company to decide what it’s going to do, put forward a business plan which is then approved by executive board meetings, and do it. We’ve got 3 business areas, and the way we’re structured is we have 3 production teams – a production manager, a process engineer & a quality engineer and they are responsible for all the products within that particular business area. So there’s ‘conventional’ – they deal with coatings to our group companies and also low-tech; precision filters which would be things like telecoms filters; and displays, which would be dealing with our displays and visor coating business. And in terms of turnover, it’s about £1million on conventional, £1million on displays & £2 million on precision. And the production managers report to a sales & marketing manager, and he and I agree what the market strategy is in each of the particular business areas. And then set a series of targets, customers we should approach, market entry methods etc. We might have some information, which will come down from group who’ll say ‘Do you think we ought to be in this business area?’ And we might do an analysis & say yes or no.

SO IN MARKETING TERMS HAVE YOU COMMISSIONED ANY MR SURVEYS?

No – we’re in a niche business. We tend to use business-to-business contacts more than anything else. We know who all our potential customers are in the geographic markets that we’ve historically been involved with, which primarily in the past few years have been UK & Europe, not so much Europe, mostly UK. Now we’re seeing more business coming from the States. There’s a particular marketing operation in the States & we get some information coming from them. Other than that it’s what we know & from who we know.

I WAS GOING TO ASK WHETHER YOU MAKE ANY DISTINCTION BETWEEN EXPORT & UK MARKETS OR WHETHER YOU TREAT ALL YOUR MARKETS AS THE SAME? DO YOU HAVE AN EXPORT SIDE, OR ANY DEDICATED STAFF?

No.

SO STUFF JUST GETS SHIPPED OUT TO WHEREVER...?

...Wherever it needs to go.
It depends on each individual product. Telecoms filters – OK we’ll go through the precision filter market. Bar codes, scanning filters all go to the US. We hold stock here & we have 2-day delivery into the States. Telecoms filters about 40% Europe, 60% the States. And it could change massively overnight. I mean the US market is at least 10 times the size of the European market & there are lots of players there but they seem to do a lot of business & what we tend to do is find out whether particular companies have a need for our technology, whether we can be price competitive, because the quality has to be under-written. I mean it’s a qualifier. You’ve got to be there & achieve that, and then it’s purely on price. Price & delivery. So you say ‘We can deliver’ & do business on short supply is ideal there.

**SO HOW DO YOU DECIDE WHICH NEW COUNTRY TO GO IN? OR DO YOU DECIDE WHICH NEW COUNTRY TO GO IN? DO THEY COME TO YOU WITH ORDERS?**

It could be a little bit of both. At them moment I have to say it’s probably picking up the phone or reading the e-mail. People will say can we make this kind of filter. And we’ll say ‘yes’ or ‘no’ or whatever. Others we’ll target specifically. Last week our sales & marketing manager & one of the production managers did a tour of Israel. We’ve got an agent in Israel. He’d set up meetings with all the companies that were interested in all the particular business areas we had & then that generates a lot of interest and then we’ll respond to those queries. We’ll do the same periodically – probably once or twice a year in the US. We don’t tend to do it very much in Europe. Essentially the French & German markets we think are closed. There’s nothing that we can offer that they can’t get internally & it’s very difficult to penetrate those markets so we don’t tend to bother very much. I mean if there’s something that someone specifically wants & they can’t get they’ll come & ask us about it. There’s just so much ... mfr in Germany. The rest of Europe isn’t really worth anything compared to the US market. And we speak the same language. Essentially we have a similar culture, so there aren’t any issues there as well. So we don’t have to do anything. So I think pretty much we’re not over-interested in what the European market is, so we tend not to do anything there. I mean we almost ignore it, and it’s kind of strange when you think of it like that but we’ve done a number of trips to France & they’ve got their own infrastructure & they spend a lot of time & money keeping it that way. They frown upon placing business outside France and Germany’s very competitive. Very competitive.

**SO WHAT OTHER FACTORS WOULD YOU TAKE INTO ACCOUNT WHEN YOU WERE THINKING OF WHICH MARKETS TO TARGET?**

Well, just go through the standard market entry methods analysis. A, what product have we got, who is the competitor in this market, if we were to go in, what kind of price level? Who would we approach? Is there some way that we could offer a package of products rather than just a service? We fall between 2 stools. We’re not a service company but we are a service company because you could probably describe us like photo processing I suppose. You know, people send us their lenses and we’ll put a coating on it and send it back to them. But it’s a manufacturing operation as well so it’s both of those things.
YOU MENTIONED AN AGENT. DO YOU ALWAYS SELL TO OVERSEAS MARKETS THROUGH AGENTS?

The US one is an agent. Well, he's not an agent really, he's part of the group now but we pay him an agency fee, & we've just taken on the Israeli agent. But the Israeli agent has been working for another group companies for a number of years.

HOW DO YOU FIND OUT WHO TO USE?

Well they both came through our company links.

DOES THAT ALWAYS HAPPEN? OR IF IT DIDN'T WHERE WOULD YOU GO TO FIND SOMEONE WHO COULD REPRESENT YOU?

Well we did have a representative in Germany - 5 years ago - an agent in Germany & we weren't able to respond to any of the things that he needed. It was invariably very very difficult work wanted at a very low price. And there was no way that we would be able to do it. We didn't believe that anybody would be doing it without subsidy. So really the German link kind of went. We attend German fairs but invariably they don't generate any business either. So we've done a market analysis. The States is the biggest market.........(INTERRUPTION)...So we wouldn't ordinarily pick up - we'd look at the size of our potential market & then decide whether or not we'd need an agent in that particular country.

HOW WOULD YOU ESTABLISH SIZE? YOU'RE LOOKING AT THE DIFFERENT SECTORS, THE END-USES THE PRODUCTS ARE GOING TO GO INTO?

Yes. And then identifying what companies there are that we could supply to.

HOW WOULD YOU GET THAT KIND OF INFORMATION?

There are very few in each of the industries, the particular market sectors. There's no more than 5 companies in each one. And they all have filter sub-contractors. So there might be other markets in other countries. But they're certainly nowhere near the size that we need to be going after. That's the view. Whether or not it's true is another matter. But it would probably cost us more money to go & look at the market say in S America for our particular products than it would the value of the business that we'd generate. Whereas in the States because we have a continuous presence we know that the market is huge, because as I said it's about 10 time the size, we should concentrate our efforts there. And we know that we can sell our military based technologies to Israeli companies - we can get export licences to do so. That's worthwhile pursuing as well, but everything else isn't. We can't sell to the Far East because we've got direct competition in Singapore doing that; and we don't tend to sell outside certain business areas in the States either so pretty much our business plan is focused on the States & just the UK & European business & just developing in Israel. Over the next 2 year perhaps. But then again we've had lots of enquiries coming recently from Japan who require telecoms filters. We don't
go & visit them or anything but we just really quote, "This is what we can make for you. Do you want some?" and they'll say 'Yes' and we ship them some filters.

SO YOU SHIP DIRECT TO JAPAN, YOU DON'T HAVE ANY REPRESENTATION THERE?

No.

WHEN YOU SAY YOU KNOW ABOUT RELATIVE MARKET SIZES IN THE STATES & IN ISRAEL, IS THAT INFORMATION THAT YOU GET THROUGH THE AGENTS, INFORMATION THAT YOU KNOW ABOUT THESE COMPANIES BECAUSE YOU MEET THEM AT INTERNATIONAL EXHIBITIONS? HOW DO YOU KNOW WHAT'S AROUND, ON A GLOBAL SCALE?

It's important to understand the different products that we manufacture & each 1 of those products has a separate market that it can be in, and there are even variations of those products as well. And in military markets there are very few buyers, their area about 5 or 6 people who are going to be wanting these things. There aren't that many new aircraft being built and it's good, you need to get onto specific programmes so you know what the size of those programmes are. You know what the likelihood is of you winning business in those programmes, you can make an assessment of the market. In commercial markets it's a bit more difficult but if we look at filters — although again what the size of the market is from market surveys that you can pick up anywhere. You'll pick up a magazine that'll say this market is going to be worth 5 billion in 5 years time. You know what it is currently, you know what the size of the enquiries are that you're currently getting & responding to or not; and from that you can say 'Well it looks like we've got a business potential here of 'x', & the market will be growing by 'y'. Therefore if we were in this area we could guarantee this level of business growing at this level'. And then make an assessment on that.

SO THESE ARE TRADE MAGAZINES?

Trade magazines.

SECTOR REPORTS?

Trade magazines but more often than not it's personal contact with individuals within companies. We'll go and visit and ask questions, exactly like you've just asked me. You know, how big do you see this market? And where do you use this product? And from that we'll get a view. We then decide whether or not we need to be there.

WHAT ABOUT COMPETITION? HOW DO YOU FIND OUT ABOUT THE STRUCTURE & THE NATURE OF THE COMPETITION IN A NEW COUNTRY YOU WERE GOING INTO?

Well essentially we would go & visit the potential customer. And say 'What is it that we would need to do for you to win business?' Maybe on the basis of a new product or it
could be on replacement. Perhaps they need a dual source or something. But that probably would have been established through us making a contact beforehand & if they're not interested they'd say that, you know ‘We're perfectly happy with our existing suppliers’. But then you need to ask about what the cost is & whether or not we can be competitive there. So it will be who are the major players in each of these areas as customers, go & visit those individual customers. Get a contact name & go & visit them. And see what they need. And then there'll be other work which will spin off from that as well. And it's not only us. It will be other companies that will have contacts and so they might come to us via that. Alternatively they might just pick our name out of a directory & say ‘You can do this. What do you charge for this? Or is it possible to manufacture that?’ The other area is that we'll do papers at conferences, trade conferences, and people will see those & come & ask us about that & pass information. But the name of (our company) is quite well known in the industry.

ARE THOSE INTERNATIONAL CONFERENCES?

Yes. We attended 1 last year in the States & 2 years ago in France. It's all the same people go to the same conferences. Moving around you know. And group companies will do that as well & they will have our literature too.

YOU SAY SOMETIMES THEY FIND YOUR NAME THROUGH A DIRECTORY. DOES THAT EVER HAPPEN IN REVERSE? DO YOU EVER USE TRADE DIRECTORIES TO TARGET POTENTIAL PURCHASERS?

Yes. I mean I had a student here. I've been talking about the French market - in the past 2 months looking at all the companies in Italy & Spain. Purely to see what they do, whether there is any point us trying to target any of those for some of the specific products. But all that information's available. You can go onto the Web – optics - & it will give you a list of all the companies & ‘This is what they do & these are the contact names’ & we make contact saying ‘This is the kind of prod we're interested in’.

SO THE STUDENT WAS USING?

Just the Web search really.

IN ITALY & SPAIN?

Yes.

IS THAT THE 1ST TIME YOU'VE TAKEN THAT PARTICULAR APPLROACH TO IDENTIFYING OR TRYING TO ESTABLISH WHAT GOES ON IN PARTICULAR COUNTRIES?

Yes. Those countries certainly. We've never done any business in those countries.

SO THAT WOULD EXPLAIN WHY YOU DIDN'T HAVE THE INFORMATION THAT YOU NEEDED?
Yes. I mean there is no company contacts there either, and no idea really what the size of the markets are in those countries.

HAVE YOU EVER USED THE SERVICES OF THE DEPT OF TRADE & INDUSTRY?

Yes. We did have a foray into India 5 or 6 years ago, with a particular product. And we did go to ministerial level to show them the product and I think in about 6 months after that they actually decided to make it themselves. They looked at what we’d made & decided ‘Well OK we’re going to do this’. And the only reason we found out about that is that the test equipment supplier to us would ‘Oh, we’ve just made a piece of equipment just like the one we sold you, and it’s going to India, to this particular company’. We thought ‘Right. OK. Thanks very much!’

HOW DID THE DTI HELP?

It’s not for me to say. I mean I wasn’t involved very much then. I just know that this ended up being a bit of a disaster from our point of view. (P) Well we do have very close links with the Defence Equipment Research Agency in Farnborough, well at Malvern, and we do a lot of our ‘blue sky’ work for them. And they’ll pay to use our equipment to do a specific thing. And they are talking to us about technology transfer to other countries where they’ve got links to other departments of defence or MODs in those countries but other than that we don’t specifically have any DTI funded movement & I’m not entirely sure – they’d be much help. Which is completely different in Singapore. I mean the level of support that the Singapore Government would give to Singapore operations. I mean half the capital funding will come out of the Singapore government. They will pay 50% of all the ex-pat people they have to bring in in order to set this up, & if it’s a consultant they pay 75%. They will give you something called pioneer status because you’re bringing in a new technology. I mean that kind of stuff just wouldn’t happen in the UK. But I think that’s just the way manufacturing industry’s treated. I think it’s just going to die in this country. Everybody else is going to be doing it.

We don’t want to make things. We think we can do services but we don’t want to make things. I think that’s a big mistake. But I don’t know that we’re very good at it, if we encourage it enough. People don’t want to leave university & become engineers any more, that’s for sure. They don’t seem to think that that’s important. They want to be a lawyer or an accountant or a computer software person, not an engineer. Certainly wouldn’t want to be in ‘industry’. ….(TAPE CHANGE) ………The productivity is so much higher. You go to any of the other industrial nations & they’ve got a solid manufacturing base. In fact the US have grown theirs. And the argument always here is that the service sector will take it over. Well OK it might but you just have to look to Germany & the States & see that they haven’t done that. They’ve actually supported their manufacturing base & that’s growing & their productivity has increased massively as well so they’re employing less people & getting more output & that hasn’t happened in the UK.
WHAT PROPORTION OF YOUR SALES WOULD BE DOWN TO OVERSEAS AS OPPOSED TO UK?

Currently about 30% overseas.

SO THERE'S A BIG UK MARKET STILL?

Yes. Companies we're hi-tech, we're niche, we're also 60/40, 50/50 depending, military as well & because of that we are supplying to the UK MOD. UK MOD requirements & those programmes just run for years The military business is getting more complex, more high value, less quantities. You can’t just buy a gun these days. You’ve got to buy a gun with a telescopic sight and a laser firer &all of those things are just repeated. The next thing will be head-up display systems for combat soldiers in the field, it’s part of the defence review. I can’t really say. All of those things need to be manufactured by somebody & they want to find local manufacturers they don’t want to be reliant on the States. They certainly don’t want to be buying it from Europe.

WHO WOULD ACTUALLY MAKE THE DECISION TO MOVE INTO ISRAEL OR INTO ANOTHER SECTOR?

Here I would. I’d make that decision. But it would be – the Sales & Marketing Manager & I would sit down & decide that this was what we wanted to do & develop a plan. I’d present that to my boss; he would have his input to it & then we’d get that signed off because it might mean some additional investment, people, whatever to do it, by the MD of the Group, then ultimately we’re both reporting to the Board.

SO CAN I ASK YOU A FEW QUESTIONS ABOUT YOU & YOUR GENERAL BACKGROUND? YOUR ROLE HERE?

I’m General Manager. A director of the company & General Manager.

SO HOW LONG HAVE YOU BEEN WITH THE COMPANY?

With this company – difficult to say, the company’s been taken over so many times. But I’ve been in this environment about 10 - 11 years.

ALWAYS IN VERY MUCH THE SAME CAPACITY?

No, when I started off as a test engineer in 1988, working for another I came here in 1991 as a project manager. I was made operations manager last year & General Manager 3 months ago.

SO YOUR INPUT INTO THE MARKETING END - IS THAT FAIRLY RECENT OR HAS THAT BEEN ON-GOING?

Very recent. I mean I put together the strategy – which is a 5-year strategy – July is a weird month. We have to do a 5 year strategy plan, a 1 year budget, a 3 month budget
taking us to our final year end which is the end of September, & a management report for
June so all of those have to be submitted within 2 weeks! So I've been into the company
strategy pretty much, fairly heavily certainly for the past month or so. What it needs to
do. And I’ve shaped it differently, tried to make it line up with the market areas that it
was in. Because previously that wasn’t the case. There was no – people just used to pick
up whatever came in & deal with it in a way. I’ve created the business teams & tried to
make them follow the product & take responsibility for the product but ally it to business
areas. And then I and the Sales & Marketing Manager can take an overview of what those
teams are doing, and we can set them tasks.

THE BUSINESS AREAS BEING RELATED TO THE PRODUCT END-USES?

Yes. It either segments as a product area or a customer, essentially.

SO PRIOR TO '88 WHAT WERE YOU DOING?

I was an optical designer with (MNC).

AND BEFORE THAT?

I was at university.

ENGINEERING?

A physics degree. Then I did a masters degree in optics in 1991 & I’m currently doing an
MBA through Plymouth Uni. I’ve got another year to go – dissertation. I want to do it as
a market survey on our telecoms filters, and what our market entry should be. Make sure
we don’t go down the wrong track. There’s lots of different things we could be doing.

WHEN IT COMES TO MAKING MARKETING DECISIONS – WHAT SORT OF
INFORMATION DO YOU REALLY NEED?

I’ve had limited experience at this level but from what I’ve seen & the way I’ve
interpreted the information we’ve had so far it’s a pointless activity us going & sitting
ourselves on a stand somewhere saying ‘This is what we do’. We have to be proactive.
We have to find out who the people are that might want our product. And even if they
don’t they may know somebody that does or they might want something else. And it’s
important to make that personal contact. So that’s what I think we have to do. Making the
product managers responsible for their business areas. Understanding the product that
they have & then putting them in front of a customer in such a way that they sell a
capability rather than a particular product. 'If you ever have this kind of application think
of us'. Or just by virtue of the fact that we will be named in particular collaboration with
---, we’ve got collaboration with them to put head-up displays on airliners. Now we’re
the sole supplier for that & that’s potentially several thousand aircraft. Potentially. We
live on the kudos from being involved in that kind of thing. Also looking for
collaborative ventures with larger companies, universities etc. in order to get our name
known & our reputation enhanced from that point of view. So I think it’s really just
having those people out in the market place bringing information in, having regular contact with other group companies, bringing information in. You know 'I was with such & such so many days ago & they said this' 'Oh that's interesting; you know, we'll make a visit with them'. And also using our agents in the 2 large market areas we're not servicing to the limit of our capabilities.

HAVE YOU EVER, OR WOULD YOU USE MARKETING/RESEARCH SPECIALISTS TO FIND OUT ABOUT MARKETS, NUANCES, PRODUCT SECTORS?

We're just about to throw the switch on a new business area & what we plan to do is recruit a completely new team to do that & to head that up would be a marketing/project management specialist in that particular market area. What we've done here is take people with the right aptitude & grow them into particular roles. So they have the capability of understanding the technology & the process, all that. They need to know more about how to do the marketing part, not selling, the marketing. And so we're thinking of it the other way round. We would actually employ a marketing specialist & then they would have the responsible of putting together the business plan. There are consultants that we use as well. We have a technical consultant that we call on from time to time. One for thin film design, another for specialist sub-strait manufacturing techniques & another for marketing as well. So we can say 'We're interested in this business segment. Who are the people? What is the size of the market? How attractive is it for us?' He'll go away. Come back in a few weeks and say broadly, this is what it is, and if we want to do more it's probably going to cost us this amount of money. And we make a decision from that point.

HAVE YOU EVER DONE THAT? USED HIM?

Yes. We did use him. He's done the preliminary work for this new business area. He's found out who the major players are, who our competition would be. What the technological alternatives are to the thing that we would be offering. Size of the market, market growth. So we have that information. But it's all written down on bits of paper. How real it is is another matter. It seems to be being backed up by other information coming in from elsewhere, conversations. I seem to have a lot of neighbours who work at Nortel. Nortel's a major telecoms manufacturer & we'll be sitting talking over a beer & they'll say 'Oh, I wish you could make this', 'Oh, that's interesting, because Mr 'x' in company 'y' wanted something similar a few weeks ago'. So it does tend to back up the information that he is bringing in.

WHERE WOULD HE GET HIS INFORMATION FROM THEN?

Probably almost exactly what I've said really. He'd probably do a web search. He would read trade magazines, try & put together some kind of chain where - there are only 4 or 5 big players in any particular market that we're involved in & they've all got a supply chain going somewhere. And it might be that he'll make a call you know 'Who do you get this from?' & then they'll ...............(end).
WHAT KIND OF PRODUCTS DO YOU MAKE?

3 different types of products. We mainly concentrate on making magnetisers & de-magnetisers which are made for particular customers who come along to us & say ‘We’ve got this magnetics problem. Can you solve it for us?’ And we design the things - just those to match their particular circumstances. We also have an instrument that reads actual magnetic densities & this is a hand-held instrument. It’s called a dous meter. And that’s fairly widely bought and is a standard item. We also make incubators for poultry which is a different section completely. The electronics is something we use & know of, originally took on board to give us another base product. And all those 3 go into export markets at various times.

HOW WOULD YOU DESCRIBE THIS INDUSTRY?

Leading edge in magnetics definitely. We have European projects under the 4th Framework which was the biggest given under the 4th Framework & we have European partners. It’s worth in fact about 5 million ECU over 3 and a half years, the whole project. So it is leading edge & large multinational companies come to us to sort out their problems on magnetics.

SO WHAT ARE THE APPLICATIONS?

Aircraft industry. Various parts of aircraft’s needs like if you have a military aircraft its bomb doors might be operated by magnets & they’ll be charged to certain strengths. A car wing mirror has about 14 magnets in it to adjust its position, and all those have to be charged. Various automatic power steering units use magnets. But you could have razor blades that get magnetised during the process & want to be de-magnetised to pack, or ball bearings that get magnetised in the process & the customers require them to be de-magnetised. So any industry/commercial application. And of course in the motor re-wind business is full of magnets, and involved in that, charging magnets.

HOW LONG HAS THE COMPANY BEEN GOING?

Established as it is in the present form since 1981, and it’s been based in Cornwall all that time.

IN FALMOUTH THE WHOLE TIME?

Yes.

SO HOW MANY PEOPLE DO YOU HAVE WORKING?

576
16.

DO YOU HAVE ANY OTHER SITES AT ALL?

No.

THAT'S?

Production, office, everything.

AND YOU'RE THE GENERAL MANAGER. HAVE YOU BEEN WITH THEM THE WHOLE TIME?

No. I've only been with them 18 months.

SO – IF YOU DON'T MIND MY ASKING – WHAT WAS YOUR BACKGROUND BEFORE YOU......

I was in food production in the milk industry for many years, and then bio-technology and then magnetics.

SOME EXPERIENCE OF THE SECTOR BEFORE?


IS IT A BRANCH OF ELECTRONICS?

You use electronics in it but magnetism is a field entirely on its own. Plymouth Uni. does teach some kinetics but very few centres around the country –very few companies are in it. And every washing machine has a motor so it uses magnets in that; tape drives etc. So it does affect your everyday life.

THERE'S NO SHORTAGE OF END-USES THEN, IN TERMS OF GETTING THE PRODUCT INTO DIFFERENT MARKETS?

No. there's a tremendous range of end-uses and it crops up in all sorts of strange places but very few people know about it. ....a kitchen door will very often have magnetic tracks that hold it tight and you pull against it to release it.

HOW MANY OF THE 16 WORKING THERE ARE INVOLVED IN ANY ASPECT OF THE MARKETING FUNCTION, EITHER ALL OR PART OF THE TIME?

We have MD who's mainly concerned with sales & technology. We have someone on the poultry incubating side who sales manages as such, and we drift in & out of what we call 'Sales & Marketing.' But no-one really involved in Marketing as such.

SO HOW WOULD YOU DESCRIBE YOUR MARKETING?
When the need arises, or when you’ve got the money to think it’s worthwhile going into some area.

**IS THAT THE CASE ALSO AS FAR AS THE EXPORTING YOU DO IS CONCERNED?**

Entirely, yes.

**IS THERE ANY DEMARKATION, BETWEEN DOMESTIC AND EXPORTING?**

No. Just — right we need that now, or who can do what when where? And who knows what we’re doing or how we’re doing it?

**HAS THE COMPANY BEEN EXPORTING SINCE ITS INCEPTION OR IS THAT SOMETHING THAT STARTED LATER?**

Yes, almost entirely. When you say exporting — say like you’d be making a machine for what is a UK-based company & that machine can be going to China or Indonesia e.g. We’ve got 2 machines which were technically sold in UK at the moment & they’ve actually gone out abroad & we’ve got an engineer who’s out & installs them on site. So you could say right, that’s technically exporting in many ways. No actual sales or market technology for that. You get other customers who ring up for instance — 2 years ago the Brazilian airforce rang up, they wanted a machine, and again the machine goes out there. So, and dous meters we sell to the States where an agent looks after them and takes them. We find that their biggest sales area is Singapore. We get direct enquiries from these places as well. People ring in & say ‘We’ve seen your machine — dous meters in trade press or something. Can we buy them direct?’ And a your later they want it re-calibrated, so they send it to us direct from Singapore. It’s all by luck in that sense. By pure chance they find you. Word of mouth. Some small trade press advertising.

**WHAT WOULD YOU SAY IS YOUR KEY OVERSEAS MARKET?**

Completely haphazard on the magnetics side. On the agricultural incubator side we’ve targeted Sri Lanka — that sort of area - & we’ve had 3 or 4 visits to Sri Lanka over the last 3 years and we had a ministerial visit from Sri Lanka. All sorts of politics got involved and we didn’t get the order we should have done, even though we had a letter from a government minister actually placing the order. So that’s an area we’ve targeted. We also have a memo of understanding with ---- in India which is 1 of the largest Indian companies on the agricultural side as well. Again we’re waiting to see how that’s going to turn out. And what do we have to do to ensure sales? And when dealing with these places it’s terribly complicated. Have they got money? What’s the import tax, all these sort of things. It’s extremely difficult to do. And how much can we afford to support? Constantly that is the question. They expect you to do an awful lot to get sales.

**DO YOU GO THERE?**
Be there, and often we’ve gone out there. We’ve scraped the barrel to go out there. You go out there, then there’s a slow burn then they expect you to show in their language. Do this, do that. And they’re the multinational. You’re the small company. And they try to suck as much out of you as possible. And you don’t know whether you’re doing right or not. You really have to take a judgement and hope it’s the best judgement.

COULD YOU PUT A % ON THAT PART OF YOUR BUSINESS WHICH IS AGRICULTURAL AS OPPOSED TO THAT WHICH IS MAGNETICS?

That’s difficult. I would look at something like 20% being agricultural but that does vary depending on being a capital good item on magnetics to that extent. That could be.

DOES IT VARY YEAR ON YEAR?

Yes.

SO WHAT SORT OF % OF SALES ARE EXPORTS?

I would say 10-15% exports & that does vary depending on whether you say direct exports or through a 3rd party.

THAT WOULD INCLUDE BOTH DIRECT, AND HOME SALES YOU KNOW ARE GOING OVERSEAS?

Yes, I think so. It does vary dramatically. Sell £100 thousand machine abroad & suddenly your exports are almost 33%. It goes dramatically.

SINCE THE COMPANY FORMED – I KNOW YOU HAVEN’T BEEN ROUND APART FROM THE LAST 18 MONTHS BUT - DOES IT SEEM TO YOU AS THOUGH THE EXPORTING ORIENTATION HAS INCREASED OR IS IT VERY MUCH ON A PAR TO WHAT IT WAS ORIGINALLY?

It’s stayed in proportion to the growth of the company & really is something that comes along. We targeted Sri Lanka for the agricultural side because there was a big opportunity. We spent an awful lot of money on that & because it hasn’t come on it’s created massive problems on the cash flow. People going out there for 4 weeks at a time. Travelling round, going to Bangla Desh, Sri Lanka, Pakistan. And what you have to do in these circumstances getting people over, looking after them, is a costly business, and when you don’t see a return on that, or a very small one, it really is a long slow burn & you don’t know how much good you’re doing for yourself or whether you’re just digging your grave. And the cut-off point is a very difficult decision. Your marketing & sales expenditure is not in advertising as such: it’s meeting people, and convincing them.

DO YOU GO OUT & FIND THESE PROSPECTS IN THE 1ST INSTANCE OR DO THEY TEND TO COME TO YOU?

I think they tend to come to us.
SO UNSOLICITED REALLY?

Yes.

DO YOU KNOW HOW THEY FIND OUT ABOUT YOU?

On the magnetics side it's definitely word of mouth. We have partners in this European project. Someone who worked for 1 of those partners went to work for a major company & part of that company is a research organisation in Sweden. And the bloke arrives on Thursday & says 'We've got this project; we've actually sold the concept to the customer. Now we need to build it. And you are the only people in the world who can build it. How about this order?' It's almost as simple as that. By Friday evening we'd got £65 thousand of order. And that is purely because from his knowledge of the world market he believes that we are the only people who can do it for him.

SO IS IT THE APPLICATION THAT'S MOST IMPORTANT OR WHAT THE BUSINESS IS - OF THE COMPANY THAT BUYS THE PRODUCT?

Half the time we don't know.

YOU DON'T CLASSIFY?

Yeah.

AND IF YOU'RE ROUTING TO MARKET THROUGH 3RD PARTIES, DO YOU SELL DIRECT AS WELL? DO YOU SELL DIRECT INTO OEMS? OR TO COMPANIES WHO ARE GOING TO USE YOUR PRODUCT?

Oh yes. We sell directly. Mostly a company has a problem, comes along & we talk to them & we sell direct to them & the machine goes into their production or research establishment. That's it. We know what it's going to be used for in that sense.

AND THE MD IS RESPONSIBLE FOR THE SELLING FUNCTION?

Yes.

SO IF HE IDENTIFIES A PROSPECT THEN YOU'LL GO AFTER IT?

Yes. Normally what happens is someone comes on the 'phone - probably I'll handle the initial enquiry so I'll know exactly what it's about & whether we can basically do it. Whether it's a straightforward application or 1 we've got to think about. If it's straightforward - yes, we'll quote for the standard machinery. If it's something that's some special tweak - it might be a special piece of software, it might be just something we have to make on the end, to make it adaptable, our machinery. Or else it could be complete system design. And I think 'Right. This 1 we need technological people to be involved in. And depending whose available technologically, usually the MD will then take over the enquiry. And in terms of designing something, putting down on paper what we're doing, a costing of what is roughly going to be, a price/quote. And then we wait.
From that point onwards we talk to the customer on a regular basis like every week I'd ring him up, talk to him, try to find out who we're in competition with, UK or European. We know probably 3 or 4 different companies that we probably could compete with. So we try to find out which of the 4 is actually on this project. A number of times we find we're not in competition with anybody. Having found out that we find out whether the price is acceptable. A lot of companies expect to solve their problem for a couple of thousand when in fact it's a £20 thousand problem. And then you begin to push them out - companies you know you're not going to get the business. They haven't got the money. They can't possibly find it. They'll get round it some other way. If they have got the money you work on them, you find out when their next budget is coming up - expenditure - what they have to do to get it through the process. Does it have to go through a purchasing department? What do the purchasing department want? In terms of guarantees, quality control etc. And then you go on from there to find out who actually signs the order & you try & get to them eventually. And then you try to get a visit. Where you go up to them, see them, find out what the problem is really or they come to you & you go on from there. If possibly you try & sell them a magnetic survey to really find out what their problem is. And send someone - one of our engineers for 3 days to find out what the survey says and write it up. And probably what their problem is is something completely different to what they think, and you can often lead them to a much better solution than they'd thought of themselves.

SO WOULD THAT BE TRUE OF MAGNETIC EQUIPMENT THAT WAS USED AS PART OF MANUFACTURING AS WELL AS MAGNETIC EQUIPMENT THAT WAS PART OF A FINISHED GOOD, LIKE A WASHING MACHINE? WOULD THE SAME KINDS OF BASIC ISSUES APPLY?

Yes.

AND THE SALES END, IS IT LED VERY MUCH AT A MANAGEMENT LEVEL, OR DO YOU HAVE SALESMEN, AGENTS, FOR EXAMPLE?

No. We don't have a sales team. We're technical people who sell and we can throw anybody at that. From non-technical people like myself to highly technical people or we might go as a team. It just depends on what we believe the customer needs & wants to hear. And you can do all that right, & if there's a recession going on say, you can actually have quotations which you know you'll get, sitting on your books for well over a year. And you find you have to re-quote the same thing 3 or 4 times. Very frustrating but it is business, the way it goes.

WHAT ABOUT EXPORT MARKETS, THOUGH? DO YOU USE AGENTS OR DISTRIBUTORS?

On the agricultural side we try to pick an agent in the countries we go to. Difficult choosing agents. Very very difficult to get a right 1.

HOW DO YOU FIND OUT WHAT THE POSSIBILITIES ARE?
Difficult question. Maybe you’ll get the British Consulate on it, help there. Word of mouth – you bump into someone! Very haphazard. The 1 we got in Sri Lanka happens to be 1 that 1 of my previous companies used & I think that was potluck. Agents in other countries – because we’ve got a web-site we get thousands of people wanting to be our agents. Oh, yes! I’ve got 4 on my desk at the present time, from different countries. But do you have the resource to go out & determine whether these people are going to be good?

HOW DO YOU CHECK THEM OUT?

Very difficult. Usually you write, you send your brochures, say ‘Right – if you’re going to be an agent you need to do this & that of sales per annum. Buy this & if you achieve targets we’ll give you a rebate’. This can be negotiated & most of those will fail, in all sorts of ways. A/ because you haven’t got the resource to really give them the support & B/ they’re probably not the right sort of company to handle your product. They may be a very very good company who know nothing about the product. They think it’s related to what they’re doing but... We’ve got a good French agent found in – who also sells magnetic equipment so. Previous to my joining the company I don’t know but again you don’t really spend enough time contacting them, seeing them. I’ve never met him. He’s never been over to see us.

IF SOMEONE DID COME TO YOU & SAY ‘WE WANT TO BE AN AGENT FOR YOU’ WOULD YOU TRY TO FIND OUT ABOUT THAT COMPANY - WHAT KIND OF MARKET & WHAT SIZE THE MARKET WAS FOR YOUR PRODUCT IN THEIR COUNTRY? & IF SO HOW WOULD YOU DO IT?

Really ‘no’ and ‘don’t know’, & that’s 1 of the things I’m beginning to look at now. Look at how you can take a company forward. And you look well, you’ve survived for years on what comes to you. And then how do you act get into the international market place? That’s what we believe we need to make the best of what’s available out there. The UK market can’t sustain massive growth so you’ve got to get into this & we’re just looking at how to find that & we really want to learn......(P) The UK market’s been very static for the last your & we’ve managed to survive that so far, mainly because of the European project. And if we weren’t getting funds for that we would be completely stuck. Having said that we’ve had some orders in the last couple of months. So the market suggests that it’s reviving somewhat, & people might actually spend some money. But we understand, and by contact & word of mouth that the international market is actually taking off in magnetics & we’re not in it. We’ve got to find out how possibly to get in it. And to find out what the size the market place is? Who’s in it & what’s happening, is a major part for us.

THAT WAS GOING TO BE THE NEXT QUESTON! DO YOU KNOW WHAT THE NATURE OF YOUR INDUSTRY IS? IS IT GLOBAL – DO YOU HAVE GLOBAL COMPETITORS?

Our competitors are basically very small. There’s probably 1 other UK company. There’s an Italian company, 2 German companies, there’s some in the States, maybe 1. Maybe 1 in Japan, we don’t know what’s in China. That’s about it. All we know is that the Italian
company is growing, it’s magnetics section is growing & I think the important thing to establish there is that those sort of companies can grow magnetics companies they’ve a strong base in something else which gives them the bread & butter business. They make something else which earns them enough money to fund the magnetic business over the period of time when you’re not getting orders. But the impression is that those companies are tapping into a global market, probably in the Far East & it’s beginning to buzz. On the other hand our feeling from the little MR we do is that these people don’t have the technical ability to really make the best use of this & maybe they’re looking towards the UK & us in particular to produce their technical ability. So that’s how we’re getting our MR. People again coming & telling us a lot more than we actually knew, thinking that we knew everything.

SO WHAT SORT OF MR DO YOU USE? DO YOU COMMISSION AN OUTSIDE COMPANY OR DO YOU DO IT INTERNALLY?

We really can’t afford to employ anybody to do anything for us. It’s really impossible!

SO IS IT THE PEOPLE WITHIN THE COMPANY?

Yes, that’s right, yes.

WHAT KINDS OF METHODS DO YOU USE TO GET INFORMATION? AND WHAT SORT OF INFORMATION ARE YOU INTERESTED IN? ...YOUR COMPETITORS?

We don’t do anything. You could say ‘Don’t worry about what the other team’s doing. Worry about us instead, how we play. If we worry enough about how we play we’re going to win the league’, is the general feeling! We pick up news on the grapevine the best we possibly can. We ring people who know us well. We talk to customers, potential customers & find out what’s the competition, who have you approached, have they quoted. And we know how these other people do in the market place. It’s -a small world in that sense.

IS IT SMALL ENOUGH THAT YOU CAN KEEP YOUR EAR TO THE GROUND, AND FIND OUT WHAT’S GOING ON, AT LEAST IN TERMS OF WHAT COMPETITORS ARE UP TO?

We think so, but we don’t know. Last month we put together some snippets of information. Whether that has been sufficient, whether we know really what we’re doing is another matter. We don’t know that. That’s something we’re really looking at at the moment. Can we determine the market place at all? Can we see what potential it has? We were talking yesterday. We have this European project that’s going to produce a new machine at the end of 3 years. Europe has backed it because it’s going to produce a new standard for magnets. We think magnet manufacturers will have to have 1 of these machines to ensure their magnets are of that standard to sell their product. Particularly in industries which require a high level of safety – aeroplanes, trains, cars. This is what we believe the opportunity is. We don’t know how many magnet manufacturers there are out there who require these machines. We don’t know how many magnets they’re producing
per annum & therefore how many machines they’re going to require to test their production. We don’t know whether they’re going to say we only need to test 1 in 100, or every one. And we were looking yesterday precisely at asking these questions. How do we go out there, in the world, & find out what the requirements will be for this machine in 3 years?

YOU WERE SAYING THAT YOU COLLECTED SNIPPETS OF INFORMATION & PUT THEM TOGETHER. HOW DID YOU COLLECT THIS INFORMATION?

Word of mouth, mostly.

SO WHAT WAS YOUR CONCLUSION YESTERDAY? DID YOU IDENTIFY THAT THERE MIGHT BE ANY PUBLICATIONS OR OTHER SOURCES THAT YOU MIGHT USE?

No. We didn’t conclude. The MD thinks there are some publications we can get hold of but we don’t know. We’ve got to delve into magnetics & find out. We’ve got to try & find enough bespoke business. Other people are visiting Japan on a regular basis. We’ve got to find out somehow if there are opportunities in these markets & how do we actually hit them?

ARE THERE ANY TRADE MAGAZINES OR JOURNALS EITHER PUBLISHED IN YOUR INDUSTRY OR THE INDUSTRIES OF PEOPLE WHO BUY OFF YOU, THAT YOU LOOK AT TO ESTIMATE MARKET SIZE SAY, WHO THE PLAYERS ARE ETC?

No. The Magnetics Society does meet & produce a small quarterly magazine – very small. Because we could go into any market – we could pick up engineering, we could be in pumps, we could be in car manufacture, audio tapes, razor blade manufacture, aircraft manufacture – because we hit so many industries it’s difficult to pick up what opportunities there are & what’s the total market place in each.

I DON’T WANT TO PUT WORDS IN YOUR MOUTH OBVIOUSLY BUT FROM WHAT YOU’VE SAID - ARE THERE ENOUGH PEOPLE WITHIN THE COMPANY AT THE MOMENT TO BE ABLE TO SYSTEMATICALLY RESEARCH ALL OF THOSE AREAS & GET AT THE INFORMATION THAT YOU NEED?

No. Correct. We’re thinking about allocating a person to spend 8 weeks & try & find out the market information, what’s possible. It’s difficult in certain places because a country like America will design a system, put a magnet charger into that system, & sell or place the whole system in Czechoslovakia or somewhere. And they might put 3 or 4 lines in there. But we wouldn’t see that Czechoslovakian – companies it’s all been States generated & shipped to there. So the market place can be movable as well, in that sense.

SO DOES INFORMATION STAY USEFUL? OR DOES IT GET OUT OF DATE QUICKLY?
Quickly, Yes. I think we have to look at particularly our new machine & try to identify that market place. It's specific, goes into 1 particular thing - that's magnet manufacturers. Now if we get hold of that information for a number of countries like Japan: how do we find out what magnet manufacturers in Japan there are, and how many magnets they're producing? What size is that? That’s something we really need to find out.

**HAVE YOU EVER USED ANY OF THE GOVERNMENT DEPARTMENTS – THE DTI FOR EXAMPLE – EITHER NATIONALLY OR THROUGH THE LOCAL BUSINESS LINK**

Business Link, yes. For instance a case. Our poultry incubator works off solar panels. It’s a small incubator & a large incubator that holds 60 eggs. So our whole aim of this is to create poverty alleviation & job creation in the 3rd World A/ because we can hand it to someone & they can get eggs, put it to incubate & 3 weeks later they get a number of day-old chicks out. One person can look after it. Maybe it’s the woman who sits at home; maybe it’s a man who has no employment. And it produces day old chicks & you can sell them. And you can do all this time after time, good supply of eggs. So it gives them employment. It also improves diet. They can eat the eggs. They can go to eventually produce chickens, have poultry, a better diet altogether. We can increase the whole activity of the country. That’s better than large 60 thousand egg incubators because you’re giving it to individual people. It can work off solar power so it doesn’t have to have generated electricity which a lot of these places don’t – Sri Lanka – 15% from national grid. So it can work anywhere. And we’ve had 20 incubators working up in Jaffa for the UN. So here we’ve got a situation where we’ve got a little incubator, we’ve had it tested out in Jaffa now, UNDP like it very much. Fine. Doing a good job. So we think ‘Oh, this is a massive opportunity. How do we sell this opportunity to various people?’ So 1st we go off & we get the Sri Lankan government coming over to see us & the local people from the DTI & council come out & welcome these people & give us good support – people on the ground support. But then you think ‘to really take this abroad & sell it you need some help’. Grant, to start it off. So you go to Business Link. Business Link & Cornwall County Council helped us over the years to get people out there. So we’ve used up their small fund. £1000 a year or something to go visiting these places. And they’ve been as fair as possible on that score. So you think ‘Well Clare Short speaks about 3rd World poverty alleviation’. So you get hold of Business Link. ‘Who do we actually get hold of, to go & talk about this?’ Department for International Development. Clare Short. So we start writing to them & talking to them. Either they are totally thick or they just don’t understand what you’re on about & eventually after 3 months of talking you get a form out from them to apply for this. So you do a huge paper about 10 pages long of your scheme, go out there, it sits on someone’s desk & they write back & say ‘Terribly sorry. You haven’t succeeded.’ We said ‘Why?’ They said ‘Well, this thing, it doesn’t really work, does it? It’s not really strong enough’. ‘Well, we’ve had it on trial in Jaffa for over a year now; it works very successfully, the UNDP’..... ‘Well really we’ve run out of money. We’ve allocated the money’. ‘Well how much did you have?’ ‘About £300 thousand’. And it’s gone!
Appendix A2

TRANSCRIPTS OF INTERVIEWS – MR SUPPLIERS/SUPPORT ORGANISATIONS
The company started about 11 years ago. It started as part of a company called --- which was owned by a marketing company or media buying company or something like that. Eamonn --- bought the business & is effectively the owner & manager of it. In the years since he bought the business it has grown dramatically so now we have a turnover of £2.1m & 21 staff & 2 telephone centres, 1 in London & 1 in Bristol, where we employ some permanent members of staff but mainly a telephone field-force employed on an hourly basis. We specialise in telephone research as a data collection method – we use CATI for that. We also do other types of research - face to face research though we would tend to sub-contract that, and qualitative though only if prior to quantitative. If qualitative per se tend to work with another agency of similar size called the ---- or ask somebody else to quote.

Type of work - a number of continuous studies, tend to be in the customer satisfaction field, also in ad tracking. A fair number of ad hoc. Quite a lot of what we do is customer satisfaction & it splits between consumer & business-to-business but customer satisfaction is sometimes difficult to define, whether it’s consumer or business-to-business - companies talking to customers, might be private individuals, or might be people who work for a company or have bought a company car or whatever. So it’s difficult to say what the split is but certainly we do quite a bit of research that involves talking to businesses.

WHAT SORTS OF COMPANIES (SECTORS) COME TO YOU WITH BUSINESS-TO-BUSINESS PROJECTS?

Our largest client is Intel, for them we do consumer work and B-2-B work. B-2-B research usually involves talking to their resellers, but it also involves talking to businesses, to IT Managers or MDs of some businesses about their corporate image or ad recall or whatever. Then we do a lot of work in the automotive sector where its mainly customer satisfaction but also other types of work like following up buyers of new cars. In the automotive sector we’ve got some dealership groups & also some manufacturers. We also do customer satisfaction work for the --- which is the largest ---- business operating group in the country. And we do some work for some government organisations like the Broadcasting Standards Commission Other clients include BAA, but also some smaller companies so it’s a mix of very large companies like Intel, BAA & at other end of spectrum for e.g. a small car dealership that sells BMWs that gets a customer satisfaction study from BMW but wants to do its own survey to get more detail and benchmark findings from BMW. So it runs the spectrum.

IN B-2-B INVOLVING CONTACTING BUYERS WITHIN OTHER SMALL BUSINESSES WOULD YOU USE TELEPHONE INTERVIEWS?

Yes, better geographic spread. Also a lot of business is conducted by ‘phone so it tend to be easier for companies to accept that an interview might take place on the telephone –
less time, easier done, set up etc. Depends on type of study but either we would receive names & addresses – usually of customers – from the client or if not that kind of job, if we have to pre-find the sample we would buy from e.g. the Business Data Base which is effectively the Yellow Pages, & call at random.

ANY ISSUES IN PLAY WHEN A SMALL OR MEDIUM SIZE – LESS THAN 50 EMPLOYEES – COMPANY COMES TO YOU? ANYTHING THAT RELATES TO THEM PARTICULARLY?

Not necessarily. This car dealership is an e.g. of where we’re doing a continuous study. The main feature is that they usually don’t have much money to do MR because if MR was a % of turnover & the turnover is relatively small they’re obviously not going to have that much cash compared to some of the big names. The other thing is that if its customer research the customer base is often much smaller, so for this car dealership for e.g., they might only sell 20-30 cars a month so that’s the number of people we try to reach.Obviously we’re not going to reach all of them because they might refuse or whatever. Another feature is that its more often the owner/manager who takes the initiative, rather than somebody who specialises in research or who specialises in marketing, customer satisfaction or whatever. So often very much a personal idea that this owner/manager, MD wants to know the market better, understand what goes on out there, rather than just believing what his sales force is telling him. And then we’re often used as an independent benchmark or ‘reality-check’ or whatever you want to call it. I think that’s where MR comes in quite useful because the fact is that you tend to hear from your customers only if they’re really really unhappy or really really delighted & it’s more the case the case if they’re very very unhappy & even then only something like – can’t remember what that famous % is but 40% of your unhappy customers who even bothered to call you. So if somebody who’s unhappy contacts you you have to realise that there are several other people out there who are also unhappy but can’t be bothered to call or are embarrassed about complaining, whatever. So that’s where MR tends to come in for smaller businesses.

Often the realisation by MD that he doesn’t necessarily know the market back to front & he should really go out & find out.

SO IS YOUR ROLE AS PROJECT LEADER DIFFERENT THAN WITH A CLIENT FROM A LARGE ORGANISATION?

Yes, I think partly because – client contacts in large organisations nowadays are quite junior. Might be researchers with only 1 or 2 years experience & they sit there presiding over a huge research budget & OK they’ve got some research training but you do still have to hold their hand. But I think the main difference is that if you’re working for a large client you tend to present your research findings some way – tables, presentations, report, whatever. Then it disappears, taken out of your hands, you don’t know what happens to it because the client’s marketing department or whatever it is then takes over, distils the findings and presents it on to the various internal clients. Whereas if you’re working for a smaller company the findings tend into go straight to the top, to the person
who's most concerned with finding out what the problem is, findings are, so that means you've got more direct contact with the direct user of the research & in many ways it's more satisfying because you can see what it's going to be used for.

DO YOU EVER GET FEEDBACK AFTERWARDS?

Well, no. I think we would go after go after that ourselves, try to keep in contact & say 'Hey, what happened with this?' or find out through the press or whatever but it really depends on the client. In some cases you do build up a relationship & you can help them over time, in other cases they just want the one hit and then they go off & do whatever they want with it. Often the case with smaller marketing organisations working on behalf of the Caravan Club or whatever. They want a 1-off study & they go & use that, run with it.

DO YOU DEVELOP RELATIONSHIPS WITH SMALL COMPANIES?

Depends. In some ways it's more difficult because the work tends to be much more 1-off so there's less opportunity for contact. Also there can be more - almost arrogance - in saying 'I know my market inside out, my customers inside out. OK now you've told me what my main customers are saying but really I don't need to know that much more. I certainly don't need you to tell me because I've been in this business for x number of years'. So it depends on the client. Some are like that, others are much more receptive to outside help. Depends on the industry as well.

(P) I think the thing is that behaviour & attitudes are similar whether somebody is in the market for the plastic bags inside wine-boxes, which I did some work on once, or whether they're in the market for advertising tracking or whatever. It doesn't matter what the widget is, I don't think. The excuses are always the same as well!! When you present the findings & the client says 'Oh that's because we had this or that problem. This respondent doesn't know what he's talking about & he's a pain in the neck etc. etc. So sometimes there is a barrier to accepting the findings. Even though they say they know the market well or their customers well.

YOU'RE THE B-2-B PERSON AREN'T YOU?

Yes.

RATHER THAN INTERNATIONAL?

No! Everybody does everything! I'm involved in international as well.

DOES MOST OF YOUR OVERSEAS WORK COME FROM THE LARGER COMPANIES OR SMALLER?

Yes (larger), partly because of the greater amounts of money involved.
IN YOUR EXPERIENCE WHEN YOU ARE ASKED BY AN SME TO LOOK AT OVERSEAS WHAT KIND OF STUDIES DO THEY WANT? WHAT INFORMATION DO THEY WANT? ARE THEY COMPANIES GOING INTO THAT MARKET FOR THE 1ST TIME? OR IS IT CUSTOMER SATISFACTION ETC. - STUDIES FOR COMPANIES ALREADY EMBEDDED IN A FOREIGN MARKET?

From my experience it's more the latter, customer satisfaction etc rather than trying to establish what market there might be. It is incredibly difficult to establish whether there is a gap in the market by using MR. You tend to have to work with larger sample sizes & things like that. It's not the kind of thing that smaller companies can usually afford to do because international research is more pricey. I don't know, It depends on the market as well, If you've got a very well-defined target market like the people buying the plastic bags inside wine boxes, that's a different matter. But if it's something like a fantastic new type of talcum powder or whatever it becomes more difficult. Even so there are ways of doing it at a reasonable cost which I think companies might not be aware of. You know, use an omnibus or whatever.

CAN YOU THINK OF ANY EXAMPLES OF SMES WHO HAVE BOUGHT INTERNATIONAL RESEARCH FROM YOU - NOT NAMES BUT THE SORTS OF SECTORS THEY ARE IN?

Yes. There's a computer games manufacturer, the people who did the plastic bags inside the wine boxes! - who also produced other plastics. I think they produced plastic traffic cones. You know, but a very specialised market. (THINKS) It tends to be in the more specialised hi-tech.

SPECIALISED NOT MASS CONSUMER WORK?

Yes.

YOU MENTIONED HI TECH COMPANIES. DO YOU HAVE ANY EXPERIENCE WORKING WITH ENGINEERING OR ELECTRONICS COMPANIES?

No, only IT companies - we work with ---- quite a lot. Also other IT companies but engineering & industrial I personally have done some work but not with this company.

YOU SAID RIGHT AT THE START THAT MOST OF YOUR EXPERIENCE WITH SMALL COMPANIES WAS THEM BEING PART OF THE SAMPLE BEING INVESTIGATED RATHER THAN THE CLIENT. ARE YOU EVER ABLE TO PICK UP ATTITUDES AS TO WHAT THEY THINK ABOUT MR?

You can look at the refusal rates, for e.g. It depends the kinds of company you're trying to approach. E.g. IT companies are incredibly difficult to talk to as respondents because they are grossly over-researched but sometimes it does get very irritating that you get a company -- sometimes a very large company -- that you know commissions research -- yet you get somebody on the 'phone who says it's company policy not to do MR interviews.
You think 'How stupid! How can you commission research yourself & have that policy?' And I suspect that that person’s just lying, that it’s just a way to get out of it but — no, I think generally speaking people are quite happy to talk if it’s a subject that interests them, so especially with SMEs the response rates we get are fairly good. Obviously we shouldn’t take liberties. Have to keep it short, not keep people on the ‘phone too long. If it is a long interview offer an incentive, though I find that can be counter-productive sometimes.

WHAT SORT OF INCENTIVE?

Generally offer a charity donation. I’m not sure how much of an incentive it is...................... The best incentive you can offer is a summary of the findings because if it’s something that interests them the best thing you can do is say ‘And as a thank you for your co-operation we will send you a summary report of the findings’. And very often that’s what they ask for as well, at the end of the interview they say ‘Would it be possible for me to get to look at the results?’ I think that really increases co-operation if you do that. Which is very often not possible because it’s commercially sensitive information. (P) You can try to do something, yes.

DO YOU THINK ATTITUDES TO RESEARCH, USING INFORMATION, TO MARKETING REALLY, ON THE PART OF SMALL BUSINESS, HAS CHANGED IN RECENT YEARS IF AT ALL?

Hard to tell because the nature of the businesses changes so there are fewer of the traditional manufacturing firms, so you get this proliferation of small hi-tech companies who might be a little bit more inclined to spend money & resource on doing MR. So it’s a bit hard to tell. The traditional view is always that if there is a recession MR is the 1st thing to suffer, the 1st thing people are going to cut. But in fact year on year research has grown as a market even though the rest of industry may be crashing round your ears! MR always seems to be growing by a fairly healthy %. I think what happens in the MR industry itself is that — certainly in qualitative research — more & more people are splitting off to start their own company, go it alone. So there was evidence for a while of a polarisation — very small companies on one end, very big companies on the other.....And I think that may well be the case in business in general so there’s this fragmentation into small firms on one hand or the big giants on the other. Certainly that’s happening in retail. So whether that will have a bearing on what they do in terms of commissioning research I don’t know.

ARE THERE MORE SMALL COMPANIES INTERESTED IN DOING MR NOW THAN — SAY — 10 YEARS AGO? FEWER?

No. To be honest we do so little work for these kinds of companies or industries that it’s hard for me to tell companies it’s so incidental. I couldn’t say ‘Nowadays we’re seeing much more work coming through from this type of company rather than that type of small company’.
You can get up to 40% for the work that you do for these companies.

AND THAT'S REFLECTIVE OF WHAT THE MARKET OR SECTOR IS?

The last I considered was one for looking for LPG as a fuel around the world, looking for markets that were developed & at various stages of development. But that was where I was asked to do a proposal through a Business Link – through a contact actually who referred me to Business Link. In the end they did something different. They were so close to the market really they were far better going into some test markets & seeing how it went.

WAS THAT A MARKETING CONSULTANCY?

No, it was research.

BUT NOT LINKED TO THE (EMRS) SCHEME?

No, funded through Business Link.

I SUPPOSE IT'S A CASE OF ROUTING PEOPLE TO THE RIGHT SOURCES AT THE RIGHT TIME?

Well, you have to look at how some of these Business Links are set up. I’ve done various projects for Business Link clients which have been subsidised to a greater or lesser extent & the ones I’ve got have come from people who’ve acted as consultants mainly on a short term basis rather than long term .....Business advisors. When Business Links were set up & given lots of funding they were funded by Business Link but funding dried up for Business Links so they’re supposed to be self-sustaining. So by that time the people who signed on were really supposed to be self-supporting. That was my understanding. And if they hadn’t got a decent client base they were fairly heavily looking round to find, do something different... because the central funding disappeared. Potentially Business Links would give potential clients or small businesses in their area up to 3 days free consultancy......but when central funding stopped they couldn’t do that. Small businesses are not interested in paying a lot of money for those sorts of services.

I had a case recently, it didn’t come from Business Link but was, yet again, a manufacturing firm who had been established for quite some time, the son had taken over from the father......(tea comes in!) They were looking to draw up a marketing plan...long meeting went well.....I wrote with an outline. Heard nothing. I eventually rang them up & the guy said ‘Yeah, we’re really interested but we’re so busy that we can’t afford to do it now. Perhaps in a year’s time’...........The classic thing! People rush around doing whatever.........they were worried about price............had a slack period & thought ‘We’d better look at this’, then got busy again & thought ‘We don’t have to worry about this again now’.
And they’re running to stand still so often, that’s the thing. I’m very sympathetic to that sort of situation when you get these planning exercises but really you have to take the thing in small bite-size chunks. You can’t say to them — right, that’s what you want to do, a marketing plan — they really haven’t got the information. Far better to do the thing a step at a time. Take an overview & say ‘Well this is the information you’re going to be needing. Go away & find out how much of it you’ve actually got. And if you haven’t got it can it be filled or can we make assumptions?’ And I can find out information as well. When you get to SWOT analysis & PEST analysis and so on on the market they’re unaware of that. So then do it at a step at a time — a day here a day there, or a half-day...So they can fit it into their schedule. But this requires quite a lot of flexibility on the part of the consultant, but it can be done.

SO YOU OFFER A SERVICE RIGHT THROUGH FROM THE MR — FILLING THE INFORMATION GAP — TO HELPING DEVELOP THAT MARKETING PLAN?

Yes.

DO YOU GET INVOLVED IN ADVICE ON IMPLEMENTATION?

The bulk of my business comes from large companies. It’s purely a budgetary thing. If I want to do a decent project it’s going to take a certain amount of time & money, & I’ve got far more prospect with a large organisation than a small one.

DOES THAT TEND TO BE REPEAT BUSINESS AS WELL?

Well, because my background includes 10 years in advertising a fair amount of what I do has to do with marketing communications so obviously that’s far less likely to come from SMEs..........(INTERRUPTION).........So the agencies are one side of the market. On the direct side though it tends to be large rather than small. I get a mixture of projects....I do a fair amount of prospecting, you do in my position, & you get odd leads which are strange. The smallest company? Trying to think...most of them are getting on for a turnover of £1 million +.

SO BEING LOCATED WHERE YOU ARE, ARE YOU STILL CLOSE ENOUGH TO THE LARGE INDUSTRIAL AREAS?

I suppose it’s a life-style decision in that when my wife & I got married I was working at Windsor, near Heathrow 15 days a month. We quit that & went up to Edinburgh for a while. After 4 years the lure of advertising & London took over. The agencies up there are highly creative but you need a better stage. So we moved down to London but when we started a family we decided to live near a rail head — an hour out of London north of King’s X (Holborn). We lived in a village there for about 3 years then Saatchi’s rang & said would I like to join them, so then I was based in Birmingham.............then moved out here (fairly close to Birmingham). We liked this village & driveable to Birmingham. Rail to Euston. Then Saatchi’s went through their horror period & decided
that I should go to Manchester. I said 'Sorry but schools, the education of my family & I
don't particularly like what I've seen of it anyway'. So that was why I went out on my
own 9 years ago, and here we are.

SO DO MOST OF YOUR CLIENTS TEND TO HAVE THEIR MAIN UK BASE IN
THE MIDLANDS?

I do very little indeed in the Birmingham area. Millward Brown is just down the road in
Leamington – well, Warwick now. Obviously they are an international not just a national
presence. Although they don’t do business-to-business & it’s only in recent years they’ve
built up their qualitative side – because a lot of the work I do is qualitative – as a
communications supplier, as well as market oriented services. There are a number of
other freelancers I know in the Birmingham area. And the sort of people I would go for
probably they would go for. I had a crack at some of the advertising businesses in
Birmingham not long after I started out, I did some projects for 1 or 2 of them but they
were few and far between. I wasn’t going to give myself the grief of chasing after them
for the odd project here and the odd project there. You have to take a step back, and this
is where your own planning side comes in. I’ve done a lot of planning since my time in
Edinburgh, taking research & applying it to positioning etc. And a lot of strategic work as
well. This is well beyond the capabilities in those days of a lot of the agencies which
were essentially being run by people who were account handlers – good at managing
clients, possibly had 1 or 2 good creative people but anyone who was any good obviously
migrated to London p.d.q. even if it were on the train every day. So Birmingham suffered
in comparison to Manchester by being too close to London. A lot of the agencies were
handling work that didn’t have clients who appreciated the benefits. If you look at
advertising on a small budget specifically to encourage smaller people it tends to be the
agencies in places like Manchester Leeds & Edinburgh – i.e. far away from London -
who tend to get on the list there, are able to persuade clients who aren’t on the 1,2 4, 20
million advertising budgets to get involved in that kind of work.

IS MOST OF YOUR WORK NOW PROMOTIONAL PLANNING?

No. A fair bit’s to do with market communications. I try to keep my connections open
with ad agencies & recently picked up new clients in London in an ad agency but that’s
because I have a particularly strength in a particularly area & they needed something
done quickly ...I was recommended.

ONE OF THE REASONS I PICKED YOUR NAME FROM THE MRS DIRECTORY
WAS YOU SEEMED TO HAVE LESS F.M.C.G. ORIENTATION...A BROADER
BASE OF INDUSTRIAL AND PRODUCT SECTORS. ANY PARTICULAR
SECTORS?

Agriculture is a big area to me. Non-standard approaches – besides groups & interviews!
I’ve just started a project which seems to be arousing a fair amount of interest using
delphic research techniques but adapted by doing a lot of qualitative/quantitative work 1st
to established what the parameters are that we should be looking at. You can’t have failed
to notice on the news recently that the whole agricultural sector is in upheaval because of liberalisation of world trade, opening up of markets. Consequently a lot of markets that were to an extent protected or subsidised are now not. Subsidies led to distortions in terms of production...The BSE crisis put a lot of people off but not so badly that they haven’t gone back to beef now it’s officially been declared ‘safe’. So there are even more problems on the sheep front. Plus supermarkets insist on high quality in UK but then go & buy cheap lamb from NZ where animal welfare is far less of an issue. Our people get caned left right and centre & it adds to their costs of course, but people want cheap food. People say organic food etc etc well that’s fine if you live in Kensington or Chelsea & you want fresh food & can afford to pay for it, not so good if you live in a mining village in Northumberland. Or a housing estate in Manchester. You’re not going to pay over the odds......and when you find out that the IWAF isn’t even a registered charity, there’s no shareholders, it’s accountable to nobody, it’s highly political. You have to wonder sometimes what’s going on.

SO AT THE MOMENT YOU’RE WORKING ON A FAIRLY LARGE-SCALE AGRICULTURAL PROJECT?

Well, in terms of time it’s time-consuming.

DO YOU EXPERIMENT A LOT WITH DIFFERENT TECHNIQUES? DO YOU FIND THAT THE PROBLEMS THAT CLIENTS COME TO YOU WITH ARE THE KINDS OF PROBLEMS YOU CAN GO INTO AUTOPILOT WITH, OR IS IT BECOMING LESS STANDARDISED AS TIME GOES BY?

I think it’s a matter of personal preference really. It’s very easy to do f.m.c.g. -‘Oh, yeah, we’ll do half a dozen groups of housewives split by age, number of children etc.’ Because that sort of thing is so obvious it gets criticised for being tired. Papers at the MRS Conference saying ‘the end of qualitative’. A bit like saying the end of history instead of everything’s going to go on as it is now, unless there are big shocks. In 50-year economic cycles we’re coming to the end of the automobile cycle & moving into the Internet cycle but no one could have foreseen 5 year’s ago that it was going to be the Internet that was going to drive things. Before that, at the turn of the century it was the railway age. These sorts of changes clearly impact, and similarly with research, you've got to look at what’s going on. I found myself invited to this observation group that’s being run by BMP - culture lab down in London. That’s fascinating because that does talk about all sorts of different techniques. Instead of just drawing on.... techniques based on psychology, anthropology, ethnography, several other ‘ologies. NLP is a hot potato in research terms, the way people conduct research & way they...if you think of any face-to-face research situation you’re looking at non-verbal communication. & that’s an area where telephone research clearly has short-comings.........................I’ll never get to the extent some of the people at BMP do which is like moving in with somebody for a fortnight with a video camera.

ANTHROPOLOGICAL STUFF...
That's right. But when you think about how research is predicated on the researcher – academic or market researcher – should not impact on the subject of the research. Well you can't avoid this. It's interesting that in business-to-business research, whereas you had the passive moderator you know, just asking questions & trying to be neutral & not leading the respondents - there is now a school of thought to which I largely subscribe that says really, half the value of research – you have to think about participants because response rates are falling – half the value is actually having a dialogue. And one of the things you get adding value to research is actually knowing your subject as well as the respondent, at least well enough to be able to raise issues and discuss the outcomes. I've done research among farmers who’ve said 'We were at some groups recently & they paid us 50 quid to go & sit in a room & look at pictures of tractors. The person asking the questions hadn’t a clue what these tractors were about'. They were fairly contemptuous of that. Even more contemptuous that they’d been paid twice the going rate....I've adapted my techniques when it comes to farming research over the years. There are now definitely ways of getting more out of groups. I've had groups run from 8 in the morning till 8 in the evening till 1.30 in the morning. I ran out of tapes at 11.30! And obviously the last part of it was their taking their respondents fee & going down to the bar & carrying on!..........More & more design research now they go out with cameras & watch people using things & record them & then asking them why they're doing it this way, how would it be etc. When you think how 1 of the earliest forms of research was mass observation, the BBC etc, these techniques that had been forgotten are now being brought back into play. Accompanied shopping, CCTVs in shops – there are now programmes to analyse these recordings.

ON THE EXPORT SIDE – ANY E.G.’s OF THE KINDS OF PROBLEMS THEY’VE COME WITH & HOW YOU’VE TRIED TO GET INFORMATION?

A recent 1 I did was act to do with the Internet, for an Internet service provider who were looking to set up in 2 other European countries. My 1st stop there was to identify that there was a lot of information around about the markets. 1 of the markets was Germany – very heavily oriented to, high penetration by Minitel. Plus the French government wanted to get switched on to the wired society so French companies don’t need to produce so many brochures. Train times, all the basic information stuff you can get through the Internet. So a lot of the stuff the Internet does now Minitel did but it’s much more constrained...............Germany was a more advanced market largely because Deutsch Telecom got in there – monopoly – pushed it, also pushed things like ISBN service – faster & lower cost. Charge a lot in UK don’t charge at all in Germany .............It was understanding the technical differences between these different markets that was fairly fundamental to this, and a lot of that I could get from a number of very good reports that had already been published. It was then a question of looking at the marketing strategies which of course is not covered in that sort of area. Most of that came from using a translation service & using an information broker in Germany. That was the background information we could then interpret. The next stage was to talk to German businessmen about their experience of different Internet service providers. The other part of the background was to look at channels to market. There’s nothing like getting down there & seeing 1st hand really & using networks with European offices to set up groups with
German businessmen in Hamburg & laying on a moderator for me so I could provide the brief & they would provide simultaneous translation. Then produced a report that said ‘It’s going to be a hell of an uphill struggle given the resources you’ve got’. (P) Looking at it the other way round, in the Spring I did quite a big project for a continental based agro-chemical company as part of a European-wide study, & some of the other studies I’ve done for chemical companies have equally been associated with European studies looking at the different markets. Very interesting because market conditions are very different in the different countries. When you think of the way the CAP is implemented in different countries it can have all sorts of different implications...We did big brainstorming with farmers to find what would help them use these products. Then we were given a series of concepts that came out of qualitative. Reported that back, then went off & had a big conference in Europe. So it happens both ways, you go out there & equally you get stuff coming back.

YOU SAY THE MAJORITY OF CLIENTS TEND TO BE LARGER. HAVE YOU DONE ANY WORK FOR... SMALL COMPANIES BANDING TOGETHER TO BUY YOUR SERVICES?

I wouldn’t say they were syndicated in that sense, no. I’ve done work for a farmer’s co-operative in the area but it’s a distribution thing, services non-members as well.

DO YOU HAVE ANY THOUGHTS AS TO THE WAYS IN WHICH SMES IN PARTICULAR CAN BE MORE EFFECTIVE AT SATISFYING THEIR INFORMATION NEEDS?

It's bound to be a combination of company background and the individual making decisions. Because if you don’t know about what research can contribute, then you’re not going to think about it too much. And if the business you’ve got – we all read statistics that show the average small business is going to fail in the 1st 3-5 years. But people start out and forget that markets move on. They start out – there’s 2 or 3 of them & they’ve probably been doing a similar thing for a large organisation & they think ‘I know enough’. But of course the world moves on & if they don’t keep abreast they’ll get snuffed out. When you set off & you’ve got profit projections & you realise you’re not quite on track to meet those, are you going to add something that takes away from your bottom line? Are you going to make that investment in something that seems so ethereal? A new machine, or a new person standing there making things is so much easier to comprehend, they’re fairly concrete, than to say ‘Now, I must invest in understanding the market better. If you look at who the people are who start out some of these............(TAPE ENDS).[They don’t know much about MR.....If you look at some of these companies of 5 people – experts in their company, & the techniques involved in e.g. producing, but know nothing about marketing or their markets except what’s intuitive]. They are order takers. They only get to know because perhaps there’s a limited number of companies who supply this kind of equipment. They get in something like Kompass – the purchasing manager get .....& it then becomes a question of they tender for each order against their competitors. That’s how they see it. That’s how they see life. They can’t step outside that box & say ‘Well, how could I make it different?
How could I add value to my product to get a better margin for it? Because they'll say 'Well the purchasing manager's job is to get this thing as cheaply as possible'. And they don’t see that beyond the purchasing manager is the engineer who uses the product who says 'For Christ's sake I'd rather pay 10% more & have a reliable product than have down-time or have the thing burn out & have to get replacement parts every 6 months instead of every year. It depends to a large extent on finding out what's going on the customer end but they don't get anywhere near thinking about that because their contact is the Purchasing Manager. I was involved in a syndicate study recently for 1 of the water companies. And it was a devastating insight. We actually wrote the brief for the project, we thought we'd get it. There were a number of competitors - it went out for tender. There we are – 2 small organisations standing side by side. We're up against MORI, Taylor Nelson etc. The decision had to be made between the engineers who quite clearly wanted us. The marketing person who was supposed to know about MR but was just a jumped-up fieldworker who I found out used to work for a company I know & purchasing manager. Now we weren’t the cheapest, as I subsequently found out but then none of the others were actually answering the brief. The purchasing person felt they ought to go for the cheapest one; the marketing person felt they had to go for a big name company so that their chairman would be able to stand up & say 'Oh yes, we got MORI or...'. so it's going to stand up. We subsequently got a job from 1 of the other major water companies in the area but...... illustrates the kind of mindsets that you come up against. And going back to your SMEs, unless they have actually been through the process to really understood the value of marketing they're not going to get fired up about it. Outside the f.m.c.g. sector marketing has not been its own best supporter. People tend to go for the glamour of the f.m.c.g. side, where the high salaries are advertised etc & they don't see the value on the industry, the business-to-business side to the same extent. It's only the more switched on international companies who say "Let's do this". I worked for an American electronics company before I got into advertising & they were heavily into it. Although I'd done an MBA we had weeklong courses on marketing. They'd get lecturers in from Colombia University – we were based in New Jersey, & they were tremendous sessions. And that was a co selling electrical components. Now they were doing that with their market but their suppliers hadn't a clue....(P) not only small supply companies...manufacturing is declining, demand.

SO WHY DO YOU THINK SME's VIEW INFORMATION & PLANNING AS THEY DO?

One of the things I did when I 1st started out, I was on the information broker side, that made me really aware of the time value of information. By that I mean that if it's been published people place no value on it. So when you say 'Why don't the suppliers do it?' Essentially because nobody's willing to pay for it. If you look at the information broking industry, for e.g. – I know we've now got this wonderful thing called knowledge management, a slightly different thing, more about looking at knowledge within organisations & saying 'Your assets are your people, and you need to be able to suck as much information as they've got out of them & put it into some sort of data base so that you don't suffer a catastrophic loss if somebody walks off joining another organisation'.

598
But 1 of the things about information broking was that because so much information was published- I'm talking about 5, 10 year's ago now - only something like 5% of published information was available on-line, not on the Internet but on proprietary data bases, things like Dialogue, Mainstar, FT profile, Questel (France), these were hosts and they had loads of other data bases on them & you could go in & search & come up with the information you want. And the people who were doing well out of it were people involved with the City because of the mergers & acquisitions emanating, people wanted to track back on companies. A lot of the work was done by information brokers for 3rd parties. Also they had expert library skills in many instances. Because of the depth necessary & that so much was on hard copy. As more & more information was put on, the hosts realised they could expand their market by making these more user searchable, for e.g., which obviously leads on to the Internet & why so many of them now use that as their main vehicle. But of course as soon as information is available that way it has far less value because it's available to everybody. It's no longer confidential or specific. But also, although it's got this time value it's not necessarily out of date immediately so a lot of people will say 'Look I can do a bit of background information I can go up to the business library in Birmingham' & they'll do 10 minutes on each subject. If I want a more detailed search I have to pay them for it. I don't have to pay anyone else to do it. They'll do it. It's a small cost to me. Consequently there are very few independent information brokers now. The information is still available but it's available through different channels. Through business schools who've realised there's a revenue stream, or institutes like the Institute of Engineers who've realised there's an information stream. Or through the various branches.........(banks) Westminster, but they all provide these information services which are revenue earning. Indeed some are profit centres as a means of expanding their services. So the independent...so it's there if people want to go & look for it. That begs the question that if it's there & its relatively cheap why don't they do it? And that comes down to - do they actually know where it is? Similarly, do they actually know what marketing skills really are, what marketing can contribute? What that sort of information can do. But once they switch onto it they think 'Yes, I could get a lot of that information relatively cheaply' & they do it. And that's not original research, it's secondary. When it comes to primary research, this is where the real value of information is; your information gets tailored to you. And people who understand what the value of that information is are more willing to pay for it. But increasingly now they want – people say to me 'These are my objectives, this is the brief etc but I want you to tell me specifically what I'm going to get out of this. Sell me the idea of research back again'. So you end up with a whole lot of action points at the end or something that says 'This is what you're going to get out of it, this is what you'll be able to do with it'. You don't have to do that with the big f.m.c.g. companies because they know that already. A lot of people think 'If I pay you £5 thousand or something to find out what it is that will turn my customers on, what am I guaranteed to get back?' They then say 'Well if I buy a new machine I'm guaranteed to get 10% more production'. Which is fine assuming that there is an automatic market for that 10%....They fulfil their orders or their lead times are building & they realise customers can always cancel orders, when those kinds of alarm bells. And it's only eventually when they do get round to doing research or they hear somebody saying that anecdotally they think 'Why am I in that situation?' The company I worked for before I went into electronics, we sat there looking at these year on year sales.
figures saying ‘Oh, we’re growing 5% a year!’ & I used to take the person responsible for these figures out to lunch on a regular basis – we won’t call it industrial espionage - & I would get some of the other figures. And they couldn’t understand that they were losing. I would say ‘Look, you’re no longer No. 1.’ And that was the point they began to think ‘My God, they’re bigger than us. What a blow to our pride!’

ARE SMES PROACTIVE OR REACTIVE WHEN IT COMES TO INTERNATIONAL GROWTH, DO YOU THINK?

Is it a British trait? If you look at the way the European market has operated the...machine tools side - yes they are aggressive. There are certain sectors where they think they’ve got strengths & companies have realised that there are markets outside their own. And they’ve realised marketing...I did a study a few years ago for the Institute (Engineering) comparing the businessman who didn’t bother with those who were successful. Interestingly the ones who were successful had A/ had some experience either as a hobby or had worked in an organisation similar to the one they were looking to set up, but above all they had an enormous amount of support. I think a lot of it is – if you look at how small business people are – everybody says their pressurised & so on but small business people above all others are pressurised because there are only so many people to do the work, you have to double up & treble up & you don’t leave your work behind. It’s a huge wrench as a small businessperson myself with a home office to leave the office. I always think ‘I could do that now not tomorrow’. If you spend a lot of you’re time doing housekeeping tasks basically, you don’t have a lot of time – unless you deliberately make it – to look to the future & say ‘Where am I going?’ They’re fighting day-to-day fires...people are so taken up. They’re not sitting around saying ‘what don’t I know?’ because that’s the hardest question of all to ask. If you’re not switched on through marketing, you’re not switched onto the value of MR because nobody’s told you really what it can do for you, or even if they have they can’t say ‘Yes, it will guarantee you this’. The guy says ‘Well, there’s an element of doubt here. Do I really want to invest in it?’ You either get the situation where people say ‘I’m doing so well that I really ought to look to the future & see what else I can do’, and somebody on the way turns them on – whether it’s a Business Link advisor or whoever – has finally got through, or whether it’s their local Chamber of Commerce, but you have to look at the quality of....I don’t wish to be disparaging about people at all but certain organisations have to look at the people who are working within them. Forget all the rubbish about ‘Who can do, who can’t teach’, I don’t accept that. But people get into organisations they’re cut out for. Not that everybody gets into the area they’d love to be in, but you finish up doing something that at least is tolerable to you and hopefully you enjoy. And I guess there aren’t that many Richard Bransons around. But there are obviously a number. of people around who take small organisations and make them much bigger & these are the people I suppose one ought to – well they have been researched, obviously, but my guess would be that in a lot of instances they’re not getting the support that suggests to them ‘Look, this is what they can do for you’. I think it’s genuinely a situation where they just don’t see the value.

WHOSE ROLE IS THAT, DO YOU THINK?
At the end of the day people buy people. So part of it's down to 'do I know somebody I trust well enough with - potentially - a slice of my future business?' To say 'Yes, I will spend money on this'. Why don't we sell them taster projects? Can we do enough significant work as a taster to show them, that makes a difference, that they'll say 'Yes, OK, I'll go the whole hog next time around'. I don't know. I don't think we - or some of us - as a sector, as providers of marketing and MR - necessarily do the best we can for small businesses, partly because of the mindset. I think you get a much better deal yourself when you're a small businessman talking to another small businessman, but they don't always understand that. They want a bit of reassurance - a big company. A big company's got big overheads. They want to justify themselves, promise the earth & don't always deliver. As to whose responsibility it is - at Cranfield probably the best lesson they taught me was - 'Don't regard this as an end in itself - it's really only the beginning'. These sorts of courses really are only a means of saying to you 'Look, there is so much to learn that you have to keep going - it's a life-long process'.

WAS THAT WHERE YOU GOT THE MBA?

It was a consolation prize actually. I'd rather have had the original prize. I changed jobs from Esso to Bowaters on the grounds that Esso - you had to work there about 20 years before they'd send you to the States for 6 months. Bowaters owned about a third of the Southern States of America - it's vast there. This was just before they hived off Bowater Inc. And yes they did transfer people abroad. So I jumped over with a view to going abroad as the assistant to the MD or something like that. I was born abroad, my father worked abroad & I have this passion for working abroad. So I moved & after I'd been there about 6 months they said 'You know we said we'd do this for you. What we're finding is that people are doing this job for 6 months, coming back & leaving for a job in the City companies. That's the only place they can get the salary'. True in those days. It was a very business school environment. Anybody who was any good got sent to business school. So - Colombia.

..................Clearly the DTI ran (EMRS) scheme up to some year's ago - 1992 wasn't it? I don't know how successful they were. But a lot of those schemes ended - there was the design consultancy, this consultancy MR. All kinds of things that you could get to. But they knew - it was in the paper every day. Do this, do that, do the next thing. I'm not sure nowadays that people - well, the business links have been set up & they have operated with totally varying degrees of success. Hortic, the one in this area is regarded as a role model, as being one of the more successful ones. Yet I would say that some of the things they do I think are quite good, some of the things I wouldn't go near them. Some of the things I've been near them with - the service has been appalling. Now they send out a questionnaire every so often asking about - 'You've had this, how was it? etc'. Well, the last 1 I filled in I said 'I did this & it was awful, there was no follow-up, there was nothing. It really was very very disappointing'. Nobody came back to me. And I think when you're dealing with an organisation like that where you're actually a member - because the Chamber of Commerce with Business Link formed this whole training and enterprise thing - I would have thought that they would have been able to come back to me & say 'Hell, tell us more about it, what can we do to put it right?' As it is you lose
faith, and I’m sure I’m not alone in having that sort of experience. And of course the Business Links – their roles keep changing. If you’re a small business person you’re thinking ‘Well what the hell’s their role this week?’ And you read in the paper that Business Link is failing. The media, you know, don’t help in that respect. And I would have thought that particularly somewhere like the Plymouth Business School where you’ve got – is there a Business School in Exeter?

THERE’S BEEN A MANAGEMENT CENTRE FOR A NUMBER OF YEARS.

But what sort of involvement do they have with the local community?

I CAN’T SPEAK FOR EXETER, REALLY.

The reason I asked about Exeter was to what extent you compete or could combine? If I were a small businessman – OK I’m a bit different because I went to business school but my natural bent is to say ‘What’s around that will have the right calibre to help me?’ Because it comes down to the calibre of the people that are available to you. I mean I can go back to Cranfield ad infinitum doing courses on this that & the next thing. They’ve even introduced a kind of CPD scheme that allows you to go on these days where you’re dealing with other businessmen you can obviously exchange information & views. I would have thought there was a strong case for the likes of your business school who must be seen to have people with real skills but it begs the question are lecturers the kind who’ve spent all their lives within an academic environment or do you have people who’ve come into the university from outside? Is it the case of some of the larger institutions where people take on visiting professorships? If you look at Warwick for e.g. – a very powerful business school, as I’m sure you know. People like Doyle have raised the profile of Warwick in the way McDonald has for Cranfield on the business side, by having specific expertise on the market side & being out there & being publicised. Well there are all sorts of ways you could do that within a local context. Get your local newspaper on board & run various things through there. They’re always looking for content. OK they love advertorials but equally something that is seen to be doing good for the community has to boost their readership & help sell space onto other people. It comes back to what I was saying earlier about the business trust thing. It’s about support. Can these people get support that is not going to require them to spend an enormous amount of time, but that they can perceive will have real benefit, real value at the end of the day? And where would they logically turn to? You hear about so many schemes, either registered consultants – the DTI had some registered consultants, they had to be registered through the CIM or various institutions. I don’t know what happens to the rest of these things. I’m a member of the CIM that’s how I know about it!

IS SOME OF IT SELF-PERPETUATING? IN THE SENSE THAT IF YOU BELONG TO AN ORGANISATION YOU FIND OUT ABOUT THESE THINGS AND USE THEM, IF YOU DON’T, YOU CAN’T?

That’s right & you try & keep it in-house but I – just a suggestion because I don’t know if funds would allow it. I know funds are always being cut back in the education system. I
would have thought there is a case for saying 'Can we as an institution seen as reasonable neutral but have reasonably high standards - can we not form a focal point? I went on a 2-days at Swansea University recently - funding from the EU to set up databases that would tell small business people how to run their businesses. You know - 'You want information about employment law - there's a database here. You want information there about tax - there's a database'. Information on marketing or how to market - loads of databases. Not so much the information but the 'How to' side of it All this sort of stuff they were going to get people to write in about. Interesting. Great idea. Sadly I came to the conclusion I didn't want to be involved because I didn't have a great deal of faith in the people who were running it. Because they weren't listening. They'd got this vision, so they didn't listen to what people were saying to them about how easy or difficult it would be to get people to subscribe. But essentially they were saying 'If you can get your clients to sign on at £200 p.a. it'll give them access to this load of information, the £500 p.a. package would give them access to so much more information. The idea was basically quite sound. Though it did to some extent duplicate some of the functions the Business Links were undertaking. I think they ran out of steam - companies - they ran out of funds. They didn't make enough progress to satisfy the Directorate at the EU or whatever but they were on the right track. But it's the old story. You can take a horse to water, but it's only when you can ride on its back and make it swim that you've really got something. And you need to show the horse that that's going to be the cure for its thirst. (P) It's about making it easy but about making them realise - I mean it's a huge education job. They've got to know about it but they've also got to know what it can actually do for them. Doing a couple of projects for this company who've got a reasonably high profile & will talk about it. Because how do you access some of these SME's? If they're not members of the CIM or CI Electrical Engineers or whatever & they don't have regular meetings in the area. If they're so busy they go to work at 6.30 in the morning & finish at 9.30 at night they're not going to think about these longer-term issues. Why do so many companies run into management succession problems? Part of it is about the entrepreneur letting go. Sometimes they find it very difficult to acknowledge that they don't know it all. 'Why do I need to change? Why do I need to think about change?' Change is awkward, uncomfortable, people don't like it, people resist it. 'Don't tell me I need to be doing something different. If I can't get my workers to do it it's going to cause me grief. Then I'll lose what I've got already'. Look at the nation, how it's changed. From jobs for life! And look at Charles Handley's model of the organisation where you've just got that core & everything else is bought in where needed. I mean I run my organisation such that I sub-contract, I pull in other associates when needed. I have a name & certain core activities but otherwise I get help when & where I need it - a network of people I deal with. Organisations don't want to carry non-essential overheads & small organisations are bound to say 'Well marketing's a non-essential overhead. We want a guy who can go out & sell for us'. But the skills involved in selling are not necessarily the same skills as in analysis. Marketing models are partial to many businessmen - it means sales, advertising etc. So you get a partial response to questions on what marketing and market research can do for them.
MARKET RESEARCH SUPPLIERS
Transcript 3: Research Director

[Notes on conversation at end of interview when tape switched off:

Thinks that small company management has not got the time to root out research help. Too busy running business. Will start to look, get frustrated, then get distracted by the next company crisis or whatever. (Signposts to help need to be clearer?) Yes. Business Link – very good in this area – could act as one of the conduits. MR function, options, any aid should be ‘in your face’ as far as small companies are concerned.]

The background to (the company) is – turnover around a third of a million. 4 of us work full time & a 5th person works 3 days a week. We do business-to-business research mainly though we do do some consumer research. Probably splits to about two thirds business-to-business, one-third consumer. And consumer often comes as an add-on to the business-to-business. So very often we’re doing staged programmes of research so we’ll start from manufacturing through to distribution to customer perceptions. I mean we are a small company based in the middle of nowhere. We’ve got quite a good reputation though. Most of our clients are blue chip. We don’t get to speak to that many SMEs. In fact I was going through our blue book here before you came, just to refresh my memory & experience of dealing with small companies.

We rely very heavily on our freelance workers of whom we’ve got a file – probably about 180 – a mixture of people who work in consumer & social but also specialists, linguists etc. All fieldworkers. (P) We don’t use other specialists. In terms of analysis we do use a DP agency because we do qual & quant – that’s the other thing, most of our work is qual because quant is just too boring (P) It’s not an effective tool for understanding decision making processes. I mean it’s OK for measuring – awareness & stuff like that. Otherwise I won’t touch it.

I personally travel all over the place to do research. I don’t do that much international travel other than Holland quite a lot. Because one of my major clients is Phillips semiconductors and their based in Holland. And for Phillips I also go to the States occasionally. And for other – printing companies, we sometimes go to the States but generally I personally don’t do much international travel. That’s down to our linguists.

IF HAD JOB FOR INTERNATIONAL CLIENT OR UK PART OF INTERNATIONAL ORGANISATION DO OVERSEAS WORK WOULD YOU USE LOCALS OR SEND SPECIALISTS FROM UK?

Definitely (from UK) because we work on the principle of very close communication. It’s essential for us that whoever is doing the research has been briefed by the client, and the client knows the researcher & the researcher will be there to present results. So if anything’s not clear they can be quizzed. All out business-to-business researchers are graduate researchers, and we have no problems with them communicating with the client.
But whoever was taking the brief — whether the brief was delivered in UK or overseas, whoever was working on the project would sit in on that.

ANY PARTICULAR SECTORS YOU WORK IN A LOT, OR HAVE HAD LOT OF RECENT EXPERIENCE?

We’re very broad ranging & I wouldn’t like to pigeon-hole us into any particular sector. However, having said that we’ve done an awful lot in health care recently. We have very close contacts with the CPHBA which is basically the TU for Health visitors — part of MSF. We work very closely with them, we run an omnibus for them twice a year, which involves interviewing a couple of hundred health visitors each time. We do a lot of research with health visitors actually. We’re becoming recognised as understanding that market, any markets that require health visitors to communicate the products e.g. infant milk formula, which cannot be advertised — against the law. So any recommendation — or dare I use the word promotion - is done through health care professionals on the advice of health visitors. So in markets like that where advertising is restricted it’s become increasingly important to understand the motivations of the people who actually provide reassurance & insights into what products to use. So the interface between them & product — mid-wives & health visitors.

(We) do a lot of that, do quite a lot of work with semi-conductors. Do a lot of work in – it goes through stages. We went through a stage once of doing an awful lot in construction. Don’t ask me why! It just does. You suddenly find for months or a couple of years you’re working on something. I think why it happens is you have a relationship with a client and that tends to last for as long as that particular individual is with that company. So you find you’re doing lots of research for that 1 particular person. And then because your doing a lot in construction because that’s where your contact happens to be, somehow you attract it from others (P) So it rolls like that (P) Serendipity. It just happened that someone that we’d had long contacts with was working for a motor company that produce materials in construction.

ANY OTHER TYPES OF RESEARCH METHODS YOU SPECIALISE IN?

We’re good at in-depth interviews. We’ve got a really good reputation for getting interviews with people that other agencies can’t get. We’re completely fearless when it comes to company chairmen for example! (P) We’re bloody rude! Just tenacity I guess. And because it’s our business. Tina --- & I run the business, we do the research. If the research fails our business fails. That’s a huge motivating factor to getting the person with whom you want to talk.

(P) All depends on industry (response rates). If it’s particularly sensitive, & 1 person & that person can’t be replaced, we wouldn’t leave it to anybody else. We do it ourselves. And just leave our free-lancers to work on the ones that can be replaced. And generally speaking when someone’s that senior they’ll speak English anyway so there’s not a barrier in terms of international research.
OTHER OVERSEAS RESEARCH? ANY PARTICULAR COUNTRIES?

Worked a lot in France & Germany with ---. In France & Italy through (advertising agency). 2 advertising agencies that we work with are mostly --- & ---. 2 of the biggest. We don’t deal with small ad agencies. And we occasionally get international ad research through them. So France & Italy, Germany for the Telecoms industry....--- we did a lot for in the States, questionnaire interviews, on printing machines & also oil refining systems.

The level, amount of international research we do has gone down. Primarily because we haven’t been chasing it (P) Because it seems to me the buying shifted anyway for large companies, & that’s who our client base is mostly – the buying has been shipped out of UK & gone to Brussels or Paris in my experience. Especially in the IT industry e.g. that’s certainly true of (IT multinational). So a shift of decision making really.

WHEN WAS LAST PIECE OF SME RESEARCH?

International research you mean?

ANY.

The last piece of international research we did for SME probably about 3 years ago for a company making compacting machines – straw compacting, sawdust compacting etc. They were a particular enlightened company, the 2 people who were running it. Incredibly well educated. Had interests in a range of businesses & so understand fully how to go about developing international business. That’s not true of most SMEs. Most SMEs haven’t got a clue about it.

It’s just so very rare that we do international stuff for small companies. They just can’t afford it, for 1. They don’t understand it, for 2. And I don’t think there’s enough government funding either, for SMEs to do international research. I think it should be sponsored more than it is now. I think the grant’s really minimal. I don’t know what it is now.

WHY DO YOU SAY THAT?

Because very often the grant doesn’t even make half of it. In my experience when we’ve encouraged companies to apply for matched funding they haven’t even got 20%. Simply because of the low availability of cash through the local Business Links etc. It just hasn’t been there. I know there was a company who applied to us who make panel fencing. They were looking to do some international research & they just couldn’t get any matched funding so they gave it up in the end.

ANY CLIENTS WHO’VE HAD HELP WITH FUNDING?

606
No. Not for about 3 years & that was through this company who made compacting machines. (P) They were completely different. They weren’t typical of SMEs at all in the way they think. Partly – I have to say – because one of the directors actually worked for us for a while. Sounds terribly pompous! But she got an insight into how research works & what the benefits of research are. So she understood it much better than anyone coming completely fresh to it would. (P) A small company so she was making some extra cash while the company was developing. (P) They discovered how to put these machines together. They came to us, did research through us. They understood the need to keep it completely objective. Understood why they couldn’t do it themselves. Because they really wanted to know for sure whether or not it was a sound investment. And it’s very easy to be over-positive when you’re looking at your own.....

But in terms of small companies in the UK we’ve worked for a couple recently. A company that makes paper products based in Malvern, a company based in Worcester who offer self-catering holidays in Wales etc, a small company who do software development & training based in Worcester. Local & small. That’s about it off the top of my head.

WHAT TYPES OF STUDIES ASKED FOR BY SMEs? ARE THEY DIFFERENT FROM LARGE COMPANIES IN WHAT THEY WANT TO FIND OUT?

..OK, I’ll just go through these & give you some potted case histories. Right. This is a company - it’s a growing company, it’s got a turnover of probably about £20 million which is actually quite high so maybe they don’t fit into your category. But in terms of how the company has developed & the type of company it is I would say psychologically it’s very much in the SME category. It’s a company that’s grown very quickly. It does mail order sportswear. And it’s basically 2 guys who started working on a market! And their rise has been really meteoric. They buy discount branded sportswear. So all of Nike’s old stuff, of which there’s loads floating round because the sports industry is so appalling & can’t measure the supply & demand, it’s so disorganised; so there’s loads of designer sportswear floating round & they change styles every year so they can keep their sales up. So these 2 guys warehouse stuff & then they flog it in catalogues & they’re doing a brilliant job. They came to us with the intention of trying to understand why – of their something like 3 million + data-base, a third aren’t purchasing. Why they’re dead. So we’re currently embarked on a project to try to find out what motivates the people who are regular steady customers & what could motivate those people who are at the moment dormant (P) Yes, the consumers who are sent the catalogues.

Some background into history of this. When they 1st approached us – probably about 8 months ago - they started to ramble on about all of their needs, what they needed to find out. What their own label brand positioning is, why a third of their database is dormant, how they could track likely demand within catalogues better so they could adjust pricing accordingly. So they had a whole range of issues they needed to understand. And they came to us initially thinking they could answer all of those questions in 1 study, & they could do it for £5000, maybe? It’s like – ‘N-no!’ So there was a huge education process with this company, & an awful lot of handholding saying ‘Look, no. You’re actually
asking 4 different questions here & you have to address them separately. You can’t possibly do it that way’. That was the 1st lesson. The 2nd lesson was to teach them about research methodology. Sometimes companies come to you with set ideas, & particularly the 2 chaps who run this business, they’re very dynamic & very - well, quite self-opinionated, really! So they have fixed ideas about how they want to go about doing it. And a lot of it’s about ego, & flattering themselves, & ‘I understand about focus groups’, you know. And imagining that they can solve what is essentially a quant research question by doing qualitative wk. So that’s the 2nd thing - educate them about the methods of research. Then the 3rd hurdle we had with them was that they - after about 3 months hand-holding - took our proposal, that was in its 3rd stage of development right down to final questionnaire design, fully worked up questionnaire & a whole method for analysing etc. Took it, said ‘Oh, great, that’s wonderful. We can do that in-house now’. And it was like ‘N-no, no, bit naughty really, you know!’ We held onto the relationship with them & persuaded them that they possibly could do some of it in-house but they needed some expert help in terms of interpreting the results. And also analysing the results. And now we’re in our final piece of actually running a qualitative stage of the research with them.

Now the amount of handholding, for what is a relatively small project is really quite amazing in SMEs. You go to someone like Lever Bros & they know exactly what they want. It’s 2 meetings. Taking the brief, coming up with the final methodology, presenting the methodology. Going away, doing the research, coming back, presenting the findings & a few handholding phone calls in between to keep the client relationship going. That’s it. It’s fantastic! And the project will be worth £30k, £40k? You spend 8 months with these & it’s worth £10k! That’s the main difference between the 2, if I were to give you a (main difference.)

(P) I wouldn’t chase SME business because - anyway, chasing research business is very difficult. You can’t persuade someone that they need research. All you can do is satisfy their demands for research. Either they have a need or they don’t. It’s very difficult to actually manufacture one. We don’t promote ourselves to SMEs because they simply don’t have the revenue to commission research. It’s just not there. They don’t have the need for research as much as large blue chip companies have a need. Plus they’re harder to find anyway. I main blue chips are easy to target. But where would you find SMEs? OK you’d probably go to Dun & Bradstreet & get a listing off them. But then you’d say ‘OK but which industry am I going to go for?’ It’s huge. It’s an enormous task & for very little gain.

(P) WHY DON’T YOU THINK SMES NEED RESEARCH AS MUCH AS LARGE COMPANIES?

Well, they probably do need it but they don’t perceive the need for research. That’s the big difference. & I’m not in the business of spending an awful lot of my time persuading someone that they really do need research.
SO THEY’VE GOT TO MAKE THAT LEAP THEMSELVES? TO REALISING THAT THEY DO?

Yes, I guess that is what I’m saying. It sounds a bit mercenary but I don’t see any way around it. You have to have an initially contact from a company anyway, before you can sell them research. They have to come to you; they have to want to buy research in the 1st place. So how could I start communicating with a SME who doesn’t even know that they need research? How could I do that? It’s an impossible task.

NO LINKS BETWEEN THEM AND YOU?

There should be – through the Chamber of Commerce & should be through Business Link. I suppose you could say that’s the medium through which you communicating the need for research. And if they ever approached me to promote research to SMEs. Because I’m in them, you know, they do breakfast meetings & lunches (P) I’m a member of the local Chamber of Commerce & I know that they put on an awful lot of events. If they were to approach me to give a talk on the purpose & benefits of MR I’d say ‘Yes, fine.’ And I’d probably do that for nothing.

THEY’VE NEVER ASKED?

No, & I’m too busy making money to knock on the Chamber of Commerce’s door & say ‘Would you like me to give your local businesses a talk on why they should use research?’

ANY DEALINGS WITH BUSINESS LINK OVER THE YEARS?

I have had. I have to say that most of our contacts with SMEs are through Business Link. That’s the 1st post. And that works quite well. For those companies who know how to communicate with Business Links & Chambers of Commerce & local councils & all of those other bureaucratic organisations that are out there. For those because that actually know how to communicate – & there is an art to knowing how to communicate with these organisations – it works very well. They’re a very good conduit & they have filtered through research to us e.g. the research we did for the software & training company in Worcester was through Business Link, as was the small holiday self-catering holiday company we worked with. And also the paper manufacturing company.

SO YOU KNOW THE ADVISORS THERE & THEY KNOW YOU?

Yes, we know them, John -----. And relationships are pretty good. They’re close.

(P) Our local Business Link is very switched on because the person who filters research through to us is a woman called Jane Rogers whom we have known for years & years, personally & on a business basis as well. She came to us years & years ago when she was running her own small business & asked us to conduct some research for her, which we did. I wouldn’t say that’s typical of all Business Links! (P) Most of these organisations
are riddled with sinecurism & ignorance, quite honestly. It's amazing. I have done an awful lot of research for development agencies in Wales, Staffs, Herefordshire, also dealings with Newcastle on Tyne & Scotland. So I've got some instances into how businesses go about setting themselves up, where & who they call on for information etc. And Business Links generally have got the most appalling reputation as being completely useless. So if you're going to promote MR to SMEs the 1st place to go is Business Links & teach them how to talk about it & how to diagnose need & sell the benefits. There has to be some kind of funding available generally speaking for these enterprises because it's very difficult for them - especially if they're a manufacturing company - to see what they are doing to get for their money. To pay £10K+ for a report that's really rather intangible compared to an engine or whatever. Because that's the kind of mentality of the people you're dealing with, very often (P) 'I could fit out that corner of the factory for that' or whatever.

SO SHOULD THE EDUCATION BE ENDEMIC IN THE WHOLE SYSTEM OR 'OK GUYS WHEN YOU'RE READY TO EXPORT'?

Most definitely endemic. All of the development agencies we've got working in this country to try to promote business in their local areas are so busy wittering on about encouraging new businesses in - from overseas etc - that they pay no heed whatsoever to supporting the businesses that are actually there & as a result they are dying on the vine. They're not getting the kind of support they need. Both in terms of encouraging exports or in terms of just encouraging their own domestic markets. They're just not getting it.

GIVEN WHAT YO'VE SAID ABOUT HAND-HOLDING ETC. - IF THE DEMAND WAS THERE WOULD YOU BE PREPARED TO WORK MORE WITH SMES?

Yes of course I would. I mean I like working with them. When we do actually get a relationship with a small company it's nice because you can developed a very close relationship with them, as frustrating as it might be in terms of handholding. This company that does the mail order, they're great now, fantastic. Another company I'd put into that category is a company called --- , they provide management training, but they're actually very sophisticated in terms of understanding psychology about motivation & behaviour. Which again is unusual. But in terms of the age of the organisation it's very young & very immature & doesn't fully understand MR though I'd say it's probably one third of the way there. They're getting there, quite closely. And we have an incredibly close relationship with them. They're great. They spend piddling amounts of money, but they're really nice, & I have no problem with dealing with them at all.

DO SMES COME BACK IF THEY'VE USED YOU BEFORE?

Oh, yes, yes. They're quite loyal. But then if you provide a good service - two thirds of our business is repeat business year on year. (P) Irrespective of size, so if you do a good project you expect to build a close relationship & get repeat business.
WHO ARE THE SORTS OF PEOPLE WHO COME TO YOU FROM SMEs TO ASK FOR RESEARCH? THE EXPORT MANAGER?

More likely to be the MD - so the smaller the company the more senior the contact. Which is another reason for quite enjoying working with SMEs - you're actually dealing with fairly bright intelligent decision-makers, which is great. There has been a decline in the quality of research managers who are buying research in large blue-chips because & - without wishing to be too rude - it can be very tiring dealing with little girls who shouldn't be given desks let alone budgets. Who are actually handling quite serious research budgets in large companies & they don't understand what they're doing, they don't understand what they're buying, & they don't have the authority to make decisions. That's the downside of dealing with some big companies, OK?

A RECENT GRADUATE?

Yes, who has been told to go & select a research agency so she'll select a research agency for her line manager who is marketing director for whatever category. She doesn't know what she's buying, who she's dealing with - it is generally a she, I have to say - & is generally inexperienced. The value of MR has been hugely devalued over the last 10 years & the seniority of people buying in large companies is much lower than it ever used to be. So the up side of dealing with SMEs is you're dealing with very senior people - hugely refreshing.

IS IT EASIER THEN TO ESTABLISH THE EXTENT TO WHICH THEY TAKE ON YOUR RECOMMENDATIONS?

Oh, of course! (P) Feedback from them? We generally phone them & say 'how did it work?' I don't think we get it that wrong! We don't get it wrong because we wouldn't still be in business if we got it wrong. It's absolutely necessary in terms of handling relationships to 'phone people up after the event to say 'OK so how did it pan out? What happened? And where are you going to take it now? Now that that's worked what are you going to do next?'

ARE YOU USUALLY IN TUNE WITH WHAT THEY'RE GOING TO DO NEXT?

Yes they think strategically & have the authority to make decisions. So it's great when we do get a relationship with them, but it's hard educating them & there isn't that much business to be had with them.

DO YOU HAVE AN E.G.S OF SMALL/ISH COMPANIES WHO'VE ASKED YOU TO DO OVERSEAS WORK & WHAT DO THEY ASK YOU TO FIND OUT? EG. WHICH WOULD BE THE BEST COUNTRY TO GO INTO 1ST? OR MORE THAN THAT?

My clearest memory of a small company going overseas was this straw compacting company & they had ideas about which countries they wanted to go into anyway because
they'd looked at the costs of distribution very carefully so that was governing where they were going. What they wanted from us was a feasibility study. They were very switched on & clued up as to what they wanted.

WHAT ABOUT OMNIBUSES? IN INDUSTRIAL SECTORS EG MICRO-PROCESSING, IT?

There's lots of people doing syndicated research in IT. Not necessarily omnibus research. I can't tell you which agencies but – if you look through books. There's a vast amount of syndicated research & omnibus research in health care. The number of agencies that run omnibus with GPs & consultants is huge. Everyone's at it. Involved in interviewing everyone from clients up to floor cleaners to directors.

[tape change]

(PUBLIC SECTOR WORK)

A) They're bureaucratic. They again don't understand research whereas experienced blue-chip companies do. And their budgets are much smaller as well & they expect an awful lot for what they've got, for their money, than anyone else would. But the other thing about them is they are generally extremely fixed in their views & very slow to take on new ideas & that is crippling. So I avoid them, I think they're boneheads (P) It's breath-taking. My background is in psychology. I was recently at a presentation for 1 of these bonehead public sector agencies where someone actually leant across the table & said 'I'm not interested in understanding people's perceptions. I just want to know about facts'. I could not believe what I was hearing. That perceptions aren't reality. That kind of attitude frustrates me.

And I mean, you know, this is a small business, it's a small agency. What's the point of working with people who drive you absolutely crazy? Life's too short. So we don't. We avoid them!

SO DO YOU PREFER WORKING WITH SMES OR BLUE-CHIP?

No, I wouldn't categorise them like that. There are the ups & the downs. I like working with SMEs because you're dealing with a senior guy, more likely than a junior, in SMEs. There are lots of our blue-chip agencies who've got very senior guys buying research whom we're dealing with, directors etc. They're fine. It's just that sometimes you find there are little girls in charge of the research department. That's probably more true of PR agencies than any other industry quite honestly. So if you're going into research, avoid councils, health trusts, PR agencies!
MARKET RESEARCH SUPPLIERS
Transcript 4: Managing Director

FILL ME IN ON (COMPANY) & WHERE YOU FIT IN?

Turnover this year will be about £3m, of which 60-65% quantitative, obviously balanced by qualitative. Across both qualitative/quantitative about 40% of each would be business-to-business & about 60% consumer. So in very general terms if you take a circle and divide it into 4 equal quarters, that’s the way the business looks. What this means is we’re one of the largest business-to-business specialists and 1 of largest qualitative specialists, and 1 of the medium sized quantitative suppliers. Within that mix I suppose we have 5 or 6 principal market sectors in which we work. They would be financial services which is my particular pigeon. Retail — work for the major supermarkets etc. Then what we call ‘petrochemicals, energy and utilities’ which company could be anything from a water company to an oil company to electricity. It would also include the public sector; that would probably include not only local authorities but also — in our terminology in days gone by — TECs or Business Links, that sort of thing. I know they’re quasi-public & private companies, but in practical terms they’re not. We also do a fair amount in areas like IT and telecoms. So those are probably the top-box issues. That’s not to say we don’t do a lot in other areas, we do, those are the key ones. The majority of the work — that would be 90% odd — would be within the UK. And the thing that binds all of that together is our client-base, and that is essentially large multi-national blue chip & market leader. My reservations, which we spoke about on the ‘phone, are that SMEs—just as you highlight, don’t do MR in any formal sense, & certainly 1st generation owner-manager level don’t spend money on information anyway. And certainly don’t go outside to a 3rd party. We’ve evaluated in the past the opportunities of setting up or prospecting in the SME sector. And on every single occasion bar none we’ve concluded that it’s a waste of time.

SO YOU’VE NOT GOT ANY FURTHER THAN THE EVALUATION STAGE?

No, & the reason for that is that they haven’t got the resources, or won’t spend the resources on doing a job properly. And also because they lack any form of real management training; they have little or no perception of the right way of doing MR or the value of it when it’s done properly. Mind you many of the large companies don’t have that! But at least they have an idea of what they can do for a budget. I would also feel, just by way of a general summary, that because of things like BOTB & its subsequent incarnations, DTI, Information Line, Business Links & services, then if an SME wants to go & explore European ... markets, in fairness it can probably do so at virtually nil cost. It won’t be real MR. It won’t be MR as defined by our company, but it will be information. But I suspect the majority wouldn’t do that & then would say ‘oh gosh. It’s awfully difficult doing work abroad. I don’t think we’ll bother’.

IN TERMS OF GETTING COUNTRY REPORTS ETC?

Country reports & there are a number of different levels which we perceive as a problem area. And the corollary to those problem areas are they’re the things you ought to be
getting but – if I say I want to do work in Yugoslavia your 1st SME port of call is to say 'well, where is Yugoslavia?' & buy a map, or not. What's the language? What's their currency? What's the size? What's the GDP? etc. I suspect that most of them wouldn't do that, but even if they did, the next stage is to say 'What do I sell? What's the competition? What's the internal as opposed to imported provision for whatever it is? And I suspect most of them wouldn't even do that. But if they did they certainly wouldn't go down to the level of saying ' & if I do get to that stage, who are going to be my local competitors? What are the distribution channels? What are the buying criteria? Has anybody asked the customer if they want to import from the UK or wherever?' I suspect most of them wouldn't think that far ahead. They'd appoint a local agent or distributor or recruit someone directly & say 'Well go & try & sell something'. So the concept of the marketing environment & the research feed into it is largely non-existent at SME level.

**IS IT PURELY A FUNCTION OF SIZE?**

I think there's a very definite correlation with size & multi-nationalism. The summary version to be honest is that they've just grown up. It's difficult to know which end to play it from but if I play it from a company end, our company, & I go & sit in front of an SME that's turning over £5 & wants to export toys to wherever, the chances are that the business has been started by Mr & Ms Smith who were brilliant toy designers or manufacturers, or got made redundant & didn't know anything else but they were probably a technical specialist, or a subject specialist. What they weren't was a general business manager. And at that point they say 'MR that's just asking a few people questions. Well I'll get my sales force to do it. Or I'll ring up a mate.' But the concept of formal research doesn't exist neither does the funds to do it properly. So we then say thinking about it from the user's point of view rather than the supplier's point of view at what point/stage does the incumbent in 'Company X' become aware of real MR & exposed to a budget or senior management pressure to say 'Get this in & get it accurately'. Well it's only when you get to a grown up company stage that they can begin to have that structure. That doesn't necessarily only mean multi-nationals but it probably does. And when I think of the smaller end even of our client profile the minimum would be £50 turnover. That would be the absolute rock bottom. Now I know we all disagree about what the definition of an SME is – if you ask the bank or you ask the government they all give you different figures! – (P) If I was talking employees I'd say we'd have to have at least 500 employees in the client company. We're very unlikely to even begin to play the game with them otherwise, & actually it probably means thousands rather than hundreds in practical terms. And then we start talking about the people we really do do work for. Who've got research budgets of £1m or £2m or £5m, & they're talking in tens of K of employees & at that point management structure says 'MR is a function'. It may not have an MR Manager but it's an acknowledged marketing discipline. This doesn't mean they know much about it, they don't. But that's where we get our work from & if you ask me to go & re-create my own company & try to sell to SMEs I'd tell you to get lost! It's a complete waste of time. And I know colleagues in other agencies who've thought long & hard & thought 'Gosh, it's a really good market'. But we have 2 problems. We have not only to sell ourselves as the practitioner, but we have to sell & educate them in the concept of MR. Not a good idea.
IS IT PARTLY A FUNCTION OF AGE OF COMPANY AT ALL?

I don't believe it is. We had someone in the other day who commissioned only £500 worth of MR to do some telephone depth interviews, & they were a start-up business, but the practitioners had come from a very very much larger company & understood what they needed to do. Sadly they didn't have the resources to do everything they wanted but they recognised that if they had the money - & may come back when they've got full funding to do the job properly but even those 2 guys starting off in a front room had come from a very large corporate background in which MR had been endemic. So they now recognise this. So no, it isn't age of business, it's background of the practitioner. And it's not even age of practitioner themselves. Certainly in the last 10 years management schools, business studies courses etc have taught people that MR exists even if they haven't taught it very well. Or made it very practical. At least they're aware of the name. And that doesn't mean asking your sales force to fill in a cigarette form. So we are getting further, but no, it's not as specific as that, it's a grown up mentality.

PUTTING COMPANY SIZE TO 1 SIDE, WHAT ARE THE DISTINCTIONS THAT YOU'D MAKE BETWEEN THE TYPES OF MR THAT YOU DO FOR CONSUMER COMPANIES AS OPPOSED TO BUSINESS-TO-BUSINESS?

The techniques are exactly the same. If we unpeel the qualitative route there are only groups and depth. There isn't anything else. We've tried NLP & found it singularly lacking in effectiveness. Can we do groups & depth in a business-to-business environment? Yes we can. Traditional groups are less often used because of the logistical difficulties of getting people together. If you're talking to oil refinery managers there are only a few hundred in the world & they're not likely to be concentrated. So more difficult to get business-to-business groups organised & running though we do do it. If we look at the qualitative route in consumer, then it's probably the other way round. Groups are more common than depth. So that's the qualitative side. I have other views about the respective merits of each but that's a different issue & it's my particular field - qualitative MR. If we think about quantitative then telephone interviews currently are the principle mechanism for doing business-to-business quantification, for obvious reasons - logistics, ease of access etc & everybody's on a data base with a telephone number somewhere if you only knew it. For consumers telephone interviews are important but not as important as they are in business-to-business. Future research suggests that the Internet will become very much more important in business-to-business because more & more business manager or techies are sitting at computer screens than are domestic members. In terms of subject matter there actually really isn't very much difference. Do we do NPD? Well yes we do, in both business-to-business & consumer fields? Do we do communications testing? Yes, in both fields. Service dimensions? Yes in both. The nature of the decisions is different but that's a traditional business-to-business/consumer split in that - with the exception of buying your property as a domestic consumer the largest thing you ever buy is probably your car followed by your TV & you're talking £20-50k absolute max, & maybe £250K if you include some properties in the SE. You're talking potentially millions for a business-to-business decision. So that's a difference, but it's not
a conceptual one, it's only a degree difference. If you think about the decision making units, decision making process there's no big difference in that a family unit is made up of between 1 and 5 people in a residential DMU. It could be made up of 1-5, 5-20 people in a corporate structure but it's still a conglomeration of individuals contributing in different interest & knowledge-related levels to the decision. And there's also a gatekeeper or a purse-holder in a domestic environment as there is a business one. Just different functions. So it's easy to make a lot of the differences. I think the very big differences that we notice in consumer versus business to business is almost in the minds of our clients & our research teams rather than in the minds of respondents. There is a theory, not least propagated in the past by people like your good self that domestic retail decision making is at least as much intuitive & emotional & irrational as it is rational & conscious. The theory has been propounded - certainly in the 70's & 80's that it becomes rational & logical & linear. Bollocks! You're just as emotional, irrational & unpredictable in a corporate structure. In fact almost more so than you are in a domestic one. And there is no logic in psychology to say that you become a different human being when you go to work than you do when you go home. So Sainsbury's is just as much of an emotional purchase as IBM or vice versa. And I try to disabuse my younger members who've been to various management schools that there is such a thing as logical industrial buying behaviour because there isn't. So the biggest reference point that I use in both fields – with the exception of family life-cycle which is brilliant for everything – is left & right brain decision-making. Which is by a long way the most instructive - in qualitative research terms. So I don't think there are so many differences. It's degrees rather than principles between business & consumer.

WHAT ISSUES ARE INTERESTING BUSINESS-TO-BUSINESS RESEARCH BUYERS RIGHT NOW?

Developments thereof rather than any sea change. I suspect that brand & corporate image etc are extremely significant but you have to draw a distinction to an extent between traditional engineering/manufacturing/distribution subject matter, & the slightly softer business services route. The majority of my work is financial services which is virtually all – bar some energy, I do a lot of work for the oil industry – I was going to say that image & awareness & brand equity & corporate values are more important in financial services. But I'm not even sure that that's true. Because if you look at the oil industry or various forms of IT & telecoms, services & products etc are virtually indistinguishable in the medium term. I may have a new product today, but my competition will probably replicate it within 3-6 months. In financial services I can open new accounts to IFAs this week but my biggest competition will do so in a months time. So you can largely discount product advantage. Most people are set up the same way, in terms of distribution & access to purchase channels so you can largely discount any material differences in the short-medium term there. What is different is service dimension, culture, brand equity, brand awareness, communication channels. Those are the critical things that we're ALL looking at. And to be honest we're looking at exactly the same things in consumer research because technology generally has meant that speed of launch, speed of modification etc give you no real edge. The motor industry – we're all doing the same things. We're all testing the same wind-tunnel versions. We'll all do the same thing
within 6-12 months. So what you think is a competitive advantage won't be for very long. What's left is brand & service & communication. That's really all there is now and brand is because increasingly important for security & safety & familiarity. Service is becoming increasingly important. Cost/price is always an issue — you can never rule that out of anything. People want more for less than they paid before. Communications link between the 2 sides. So those are the issues that we're researching, and we can certainly quote eg.s that say Company X has got brilliant product, Company B has got a slightly less brilliant product but those differences are masked by the quality of communications & service.

SO IS MOST WORK ON BUSINESS-TO-BUSINESS WITH SERVICE COMPANIES RATHER THAN MANUFACTURING?

In practice it is. But I think it's artificial. If you look through something like the ESOMAR handbook or a text on MR or even marketing, the flavour you get is of compartmentalisation. That there is such a thing as a communications test or product development test or whatever. That they are boxes & they're sealed. That isn't the way in reality that MR should work — & I appreciate that sometimes it does — but if I'm doing a communications test on Internet access or literature — product brochures or whatever, I can't do that genuinely under a marketing research hat unless I'm aware of what people think about the product. Unless I know what people are aware of by way of the company values. So I'm not simply testing a piece of execution material. I ought to be testing slightly further down the channel & further back up the channel. So for every job I do that fits neatly into an NPD box or communications or service box I ought to be asking — am asking — other questions about all of the marketing mix anyway. So really there's only 1 product we ever sell. And it's all of those things, it's the whole marketing mix. It's only weightings of importance, numbers of questions if you like. So there isn't really a trend to that, because we normally do pretty much the same thing whatever nominal task we are given. Because the minute you lose sight of the general context — In all the subject matter that we do, I've got to say — ' & how does this compare with what you can get elsewhere/the competition/other products?' And if I don't do that I've missed the point completely. So — when does a competitor study become a piece of communications testing? Is it absolute or relative? Well it's all relative. Absolute measures mean zero to the client, or should do. Similarly with customer satisfaction, if you have 10 factors in your matrix you can't possibly attribute them all with the same importance. That's illogical captain! It makes no sense. Tell me how you rate company 'x' — Kellogg's or whoever. Well if they all get 8 out of 10 is that good or bad? Well it depends on what Weetabix are doing. If they get 7/10 it's brilliant. If they get 9/10 it's crap. So everything is relative, in context, & we can't separate them any more. (P) I gave a conference paper in '96 at MRS talking about the importance of viewing studios & non-verbal communications. A client said you can't tell anything from non-verbal communication. How he ever got himself married or engaged I don't know! I've felt I'm pushing water uphill with a fork ever since. This gets back to the theories about left & right brain, you become rational when you go to work you become irrational when you go home. We do those things when we go to a party but we don't do those things when we go to a business meeting. Of course we do. We just pretend we don't. So there is a huge problem in
communications terms you're absolute right. But that doesn't mean I don't know what I should be doing, it just means I can't always sell it to people.

BACK TO SMEs. ARE THERE ANY WAYS IN WHICH THEY COULD START USING MR? PARTICULARLY IN BUSINESS-TO-BUSINESS SECTORS?

There definitely are omnibus surveys. Omnibus surveys of any corporate size you want from MNCs down to SoHos. The problem is that because they are quite a difficult target audience to research – particular on an omnibus basis where you've got to have a sample of 200+ on a regular quarterly, 6-monthly or annual basis they're relatively costly. So you're not going to get away with spending less than £3500-£4000 +VAT & that's another problem. Companies the minute you say +VAT to a small business they (sharp intake of breath!) 17 & a half %, I can't reclaim that, or I'm not VAT registered or I don't know much about it. So the cost again. Even at entry level, is a really big problem for ad hoc research. The only way we would envision an SME up to 100 employees/£10 million turnover would be either as a self-completion exercise or a structured questionnaire using their sales force or contributing to some kind of collective syndicated industry body of research. So you pay your £400 & you get some kind of research done by whatever means. Probably an academic institution who've put it out as a student project........or they can look at the Internet, if commercially literate. Or go down to local library & look at Business Monitor whatever. I suspect most of them wouldn't recognise the benefits of doing even that. Once you get to £50 million turnover you almost become a human being. It's like graduating from being a 13 year old to a 17 and a half. Just beginning to get to be an adult – not quite there. £100 million you're 20-22, almost a human. 30 mentally you're grown up. Once you get to Lloyds/TSB age scale & structure you're grown up. Doesn't mean you're grown up & intelligent, just means you're grown up & old. There are some very bright people, but also dead losses who can hide in a big corporate structure. So I'm terribly sceptical & very very negative about SMEs as a business prospect for us or as a user of information that we gave them. Because the corollary we would take into the field would be 'OK SME, you've managed to rustle up £3500 +VAT, & that's a very big part of your marketing & advertising & development budget. Now what?' And they say 'well we've just spent all our budget on research. We can't do anything with it'. 'Advertising?' 'Oh, no, that's lots of money. I'll have a new car though! I'll take me best customer to West Indies for a couple of weeks. That's really good'. I am extremely sceptical of they're brain patterns!.....Get their teenage son/daughter to look at web & will enjoy it & probably come up with as good as we could, frankly. They don't need an outside body theoretically to (screen new overseas markets). If I had to do it I'd hire a student for a few weeks to do it for me or find a friendly MBA student to do it. And that isn't an uncommon route. We do hear of a lot of MBA or graduate students doing a short term placement - or their sandwich year out - & at that point you do bring some modernity of approach even if it's not fully fledged, & it's really trial & error. There's nothing very complicated about sitting at a screen for a few hours. So that's the way they ought to be thinking of doing it. Commissioned research I don't see as realistic. Even if you did it & they could afford it & they could afford to do something with information, the linking stage between what we tell them & they're understanding of what to do next is extremely poor. Because the other side of it is if they don't know much about MR they know bugger
all about marketing either. They may have an intuitive almost street-trader mentality which is quite a good sales background but there’s a huge difference between selling & marketing in this country & I suspect many other countries in Western world. It’s misunderstood & misinterpreted. Marketing is just another word for selling. The worst thing you can do is just have a Sales & Marketing Director because that just confuses issue. Equate selling & some advertising - e.g. direct marketing as marketing - this attitude is typical of that sector of relatively small business. Our default is ‘A plague on all they’re houses’ we’ll go & talk to people who know (more about) what they’re doing.

IF A LITTLE COMPANY WANTED TO GO OVERSEAS COULD THEY GET MOST OF WHAT THEY’D NEED THROUGH THE DESK RESEARCH ROUTE WE’VE BEEN TALKING ABOUT?

No. You can always get a certain amount of information that says ‘How much, how many, where? How many factories are there, how many people buy?‘ But the minute the question is ‘& what would make them do something different? Or how would they react to...? There is no information, because it’s customised, it’s ad hoc, it’s probably qualitative, and no-one collects & publishes it. It’s simply not the kind of information any external 3rd party would collect for the market in general. It’s far too valuable. And it’s far too difficult to do. So no. You may make judgements, there may be some press articles but they’re not worthy of the name MR.

IS THIS THE POINT AT WHICH GETTING THAT INFORMATION IS SEEN AS PROHIBITIVE?

Prohibitive & also barrier in qualitative terms – ‘Well, it’s only a few people’s opinions & my opinions worth more than theirs’. That attitude. Even in larger corporate bodies, our client bases, not always easy to sell. ‘My mate our customer for 20 years, doesn’t agree with that’. At least with quantitative you’ve got numbers on your side – ‘90% think you’re a wanker’. But anecdotally it’s too easy to say something different if you don’t believe qualitative research. I actively encourage clients to come & watch qualitative interviews. So it’s not just words on a piece of paper or even tape, the reality of another human being speaking to them. That becomes quite powerful. But an SME will not do that. Or he will jump in & say ‘yes but you’ve misunderstood!’ At that point MR gives up & says ‘go & sell them something then, I’m not interested in this. It’s outside my field’. The reality of an SME is that if it’s an engineering business they’ve made something that they think is unique but probably isn’t & they probably can’t justify it, possibly in price terms but certainly not in volume or service or delivery. If it’s consumer oriented – you’re not really interested in them I know but we’ve had almost since we started somebody ringing up saying ‘I’ve just been made redundant & I want to start a flower shop...could you give me a list of the customers I might get?’ ‘No, MR doesn’t do list-building’. ‘Oh. Goodbye’. That’s what he calls MR –it’s a completely misunderstood discipline. Are we an art or are we a science? Are we a parasite?........ (Tape change)...... You’ve got to have a database and that means the client’s data-base. There is not practical alternative. You can put up your banner & hope somebody will respond to it but that’s a pretty naff way, with % response of half 1% or less. So that’s not really a
starter unless there’s a directory published & a lot of companies & individuals would be extremely ‘iffy’ about publishing their e-mail address. At the moment. In 5 years time it may be as easy as publishing your phone number. But we don’t put our DDI numbers in the telephone directory, corporate switchboards. We have any number of e-mail addresses here but if we publish anything it would be the general one. So that’s not good enough to get a specialist answer out of any 1 of us. So it can only be – my client company gives me a set of e-mail addresses

HIGHER RESPONSE RATES TO E-MAIL QUESTIONNAIRES?

No. It’s probably a little bit less than a postal survey at the moment, but it’s improving. So it won’t be long before it’s more because company postal response rates are dropping & e-mail response rates are only just beginning. We haven’t learnt properly how to do it yet. There are 2 ways of doing it as you know you can either e-mail somebody a questionnaire or e-mail them an invitation to log onto somebody else’s web-site & respond there. But the whole thing is curtailed by individual’s desks access to e-mail/Internet. If there’s 1 machine in a group of 12 people you may get through to them but the chances of getting a response are low. So you really need individual’s machinery & dedicated access. A bit like mobile ‘phones. People don’t publish their mobile ‘phone numbers unless the companies got the business cards, but we’ve done mobile ‘phone interviews. Hugely expensive, by the way. But if you look at how it’s grown over the last 12 months & extrapolate that next 3 years it will become serious. A year ago we were all saying ‘Nice periphery, for occasional jobs’. Like Internet jobs, we do it now & again. Now it’s grown up, it’s serious. And the rate of explosion, whether it’s a fashion product or not is such that it will because institutionalised over the next few years. No question. Which does a huge amount of damage to the MR industry. Like knowledge management generally. If we find that almost anybody can run a process of MR irrespective of whether they are good at it, that we no larger have any restrictions on, barriers to entry to MR profession. And you’ll get so much information accessed or produced or avail at no cost. Look at direct mailing houses, they’ll give it to you. Marketing consultants, management consultants will offer MR, Internet services. The MR industry per se is left with diagnostic research & qualitative research & unless we get into analysis & interpretation & recommendations rather than selling a process, we’re dead in the water. We are called MSS Marketing Research & have been since I formed us in 1980 because without marketing context round research it’s very masturbatory. It’s self-obsessed. With ‘Did we do this random sample right?’ Or ‘Should we have used a different projective technique?’ When what we ought to be saying is ‘So what! We got the data. Now what does the client what to know with it?’ We actually call it the ‘So What? test’ It’s in my proposal I’m writing at the moment.......I am not popular with the hierarchy in the MRS. I was Chair of BIG but that did not endear me to anybody in the hierarchy. We parted on less than good terms. But unless we get involved in marketing, which means bringing in people with real marketing insight into the research profession, we will simply sell a process, and get blown out of the water over time.......
MARKET RESEARCH SUPPLIERS
Transcript 5: Managing Director

...Having done a certain amount of work for telecoms companies & banks & local TECs, Business Links etc. Experience of area - some my opinion, some more factually based; so the start point for the article in 1990 which was updated more recently with a few presaging comments saying 'Nothing's changed' was expressing dissatisfaction with what I thought was a totally disingenuous approach by the DTI - or whoever they were then. They had an initiative - one of many that come & go over the years, designed to help smaller businesses. My beef was that they all speak the words of 'Oh, we're going to help small businesses' but they haven't really got the focus right. I'll give you a concrete e.g. of that. Apparently, way back in 1990, government ministers were making the statement that government would provide funding to help small businesses do research for things like making export decisions. Now when you actually delved into that, into the small print, apparently what the government was saying was that they would fund a small amount of desk research.

So in the context of government being major users of MR, commissioning about 200 surveys a year, some of those surveys costing £100K, £200K they know doing MR properly costs money. But they have this absolutely token idea of - you can do £500 worth of desk research to make a business decision if you're in Plymouth on whether you should export to Hungary or whatever. So it gives the illusion of the government being interested in small business but in practical terms it's totally disingenuous because it needs more money. So I was then prompted to say 'Well hold on a minute, maybe that's a little bit unfair, maybe it's not just about throwing money at it, maybe with a smaller investment in getting some data, small businesses could make reasonably good decisions.' So that's what led to the article. And I took an e.g. of a bookshop - & we have done this kind of work, for e.g. The Irish Trade Board where we're doing work for small businesses but all through the conduit of a trade board that's looking after them, & the trade board provide some of the money. Also the Irish Trade Board you could argue are doing a better job there than the British one.

Anyway, so we had this experience of small businesses & when I worked through what was required to do things on a low budget you then end up with almost the worst situation where you're saying 'These business have to have very higher order skills'. So nobody's got the money to help them, and you could argue market forces and all that, why should the government? But also that the skills needed to do this are higher order skills. It's not something you can just knock off. So that's what led to that article - saying look, this is an issue with small business & where are we going to get these skills from? Etc.

Next step in the saga is that if you were to plot the way that businesses - like banks & telecoms companies started looking at small business there's been a lot of progress here. Because going back to the Bolton Commission, one of the 1st commissions to look at small businesses in the UK, they were looking at - again it's a completely 'not on this planet'government type thing - which is small businesses have 250 or less employees.
Which is absolutely bizarre. And then banks would come to it and say ‘Our small
businesses are businesses with less then £5 million turnover...from memory the facts are
that – I think I’m right – only 7% of businesses in UK have a turnover of over £1mill.
This little operation you see here: we have 20 odd people, we do £2.5 million turnover.
This places us – unbelievably – in the top 3% of businesses in the UK. You wonder how
the country ever manages to get up in the morning and get going with this kind of back
up. So you’ve got a massive tail of small businesses in the UK 65% - impressionistically,
don’t quote me on this, 65% of businesses have a turnover of less than £50 thousand.
You could slice it every which way. The number of businesses with over 10 employees is a
single %, might be 9%, whatever. So in the UK you’ve got a massive tail of small
businesses & picking up a cue from the government who were just talking in cavalier
terms about the ‘small business sector’ without thinking about it, the commercial
enterprises took their cue from it. But now they’ve got much better, they’ve got cuter,
they now know there are massive differences between a business with £1m turnover &
one with £500k turnover. At £500th you’re probably owner/manager, once you get up to
£1 million you might have a financial director. So there are critical thresholds. So that’s
good news. So commerce has at last got the message that you need to segment the small
business market much more finely & when you look at it you find that we’ve got – I think
compared to Germany – more bigger businesses that Germany, funnily enough; but less
in the medium sector & then a much longer tail. So that’s the 2nd observation, that
government still seems to be all over the place in really understanding what business is
all about. Because it’s all rather token. Anything – the countdown to the millennium,
anything like that, where all the literature that small businesses get is – a lot of it – not on
this planet again. They’re saying ‘Have you set up your Year 2000 compliance officer
etc?’ Complete farce, you know! No understanding of the fact that if you are a business,
as we are, in the top 3% allegedly of the UK, turnover of £3million this year, 20 people,
and I’m actually nipping off to Brentwood to deliver stuff to a typist, coming back here,
working 75 hours a week, difficult to take holidays. That’s the reality of small businesses.
And they’re talking as if we should appoint a Millennium Officer.

So what price then – back to your central thesis – of them having a person in post that has
got all of these skills in MR & information handling. This is just never going to happen.
So government never fully understood this. And you have like the TECs which – in my
opinion, all these bodies, Business Link, are all playing at it, they don’t fully understand.
This is a personal opinion not, as some of the stuff I’m saying, which is of a factual basis.
My personal opinion about the Business Links and the TECs is there’s a sort of massive
tokenism there about it all. People there who are just going round the edges of it & never
really grappling with, getting to the heart of the problem.

SO HOW WOULD YOU SET ABOUT SEGMENTING THE SMALL BUSINESS
MARKET?

Some of the segmentation you have to do, going into detail now, is that e.g. true story –
I’m merging here the banks of the old days with the TECs but the point would hold.
Commerce has now got much better but I don’t think TECs or Business Links have. This
guy obviously had a missive from HO to go to small businesses in the area. This is when
we were out in Epping. So he’s gone along & seen the butcher the baker, the candlestick maker & he taps on our door – unannounced - & we live with very tight diaries, you know, very time urgent, we have no time & he says ‘Oh, I’ve just popped in’. So we have to try to be pleasant to him, knowing that this is the strangest thing, not to have a meeting, just pop in, & he said ‘Well I’m out visiting small business you see’. Now at that time, ironically enough, we were working for the bank that he worked for on their major corporate strategy & I had to tackle this & say to him ‘Now this is a lovely little microcosm of the problem, isn’t it? That you’ve got the idea that a small business has small customers’. And that’s true for a lot of them. ‘Right, you work in a shop, you sell a packet of Polos.’ No one customer’s important. But there will be small businesses that just work on really big problems for big companies. ‘So you’re coming here giving me the ‘butcher, baker, candlestick maker routine, but actually all my cues about how to run a business are taken from big multi-nationals. We only work for big companies basically. So therefore you’ve got to relate to that sort of world’. We had to not make him feel embarrassed about this. We just said ‘Look, there’s the segmentation for you. Small business who have lots of small customers & small business who have a number of major customers’. And that’s absolutely crucial. It’s central to your thesis here because it changes the way you operate. We have to have big company practices here because when we go to present to a big company we have to appear as if we’re just like them. So whatever the technique is – Andy next door just went to Paris last week, has won Best Paper Award at the ESOMAR Congress – which is excellent, but all the techniques, they have to look at us & think ‘Is that McKinsey’s doing that?’ There’s no way they can say ‘Oh no, that’s just 20 people in Stratford’. That could be 1000 people. So you’ve got that kind of drive. Now that’s quite a relevant point in terms of the way small businesses segment. So within this group of people we’re talking about that’s quite a key segmentation. So you will find – although I’m saying that on balance that the levels of information handling will be low – there will be niches of people that will have the higher order skills so there could be ‘X’ management consultants who’ve set up, let’s say, a small consultancy practice, or they could be an architectural practice that are working for big companies. So laying on them, giving them the small business wrap won’t be the case. So one thing to do is try & search out those niches. That’s a little bit of a sub-plot.

The central argument - & we both agree here – is how are we going to handle it? Where are these information things going to come from? Now, just to make it more depressing, my observation about – nothing to do with small businesses, you could throw in everyone here, all of the big companies that we work for, the number of people that have this ability to handle the new information is small, even in big companies. So I’ve moved on. Not only has it not improved since when I wrote this, I would now actually say that the criticisms I levelled at small businesses I would now level at large businesses as well – not all of them of course. On the grounds that – the problem is I’ve used these phrases like information competencies & on the RSA – the new competencies for schools, it’s really quite exciting, they’re building information competencies into the curriculum. That means – are people aware of the basics of scientific method? Are they aware about what is a logical argument? There’s a whole, I can’t remember them all. But if you were to ask me what’s happened over the last 10 years for big companies, people working in MR
departments etc. I would argue that the appreciation of how to use information has absolutely spiralled downwards big-time, although there’s more information.

And that’s because—with all due respect to you—what can they do? They teach statistics but that is not what it’s all about. That’s part of it, & we need to have that leg of it but it’s not the total solution. You’ve got decision-making theory, well that works if you’re drilling an oil well in the North Sea or something, it doesn’t really help with the mid-range problems of small businesses. You’ve got economics, well that’s not of this world. So though you’ve got some good work out of the universities, people working on multidisciplinary projects with staff that know a little bit about the research process, there could be a little glimmer there. But on balance, present company excepted, I don’t think there’s too many people in academia that know about commercial based research. The problem on the academic side is they’ve got the time, but they haven’t got the money. So we’ve got the money, but not the time. So on balance this means that a lot of academic research—this sounds a bit outrageous—will be not cutting edge. They’ll be interviewing students or doing postal research, so we would consider a lot of the methodology to be Mickey Mouse. Good minds, talented people, but using Mickey Mouse methods because they’re all doing it on a shoestring. So the central problem is that you don’t have anywhere you can go to—I can’t go to any of the text-books here & say ‘We’re in the knowledge management era, we’re in the 21st century nearly, read this & this takes you through, a guide to how to use information. So if you’re the MD of an engineering firm—3 hours on the train coming up from Plymouth or wherever, reading it, & you will get a feel for how to start using data. So that is really the problem. My view is that the problem is writ large for smaller businesses, but it’s also become a problem for bigger business—this ability to make sense of information. Because they are quite high order skills & that’s the problem. Like, I have people here who have 1st class honours degrees from Cambridge, these are very clever people, & the way they set to this is just marvellous, to watch them work. And yet they find it quite daunting. If they’re set an export problem—should this business export to Hungary?—& we set this task, with all that experience of our sector, and that talent & ability, it’s quite hard. So the idea of how those skills suddenly find themselves in a ball-bearings factory in Bristol is a major issue. But I’ve made it slightly worse for you because I think it’s more general problem.

You may say ‘Well that’s all very negative—what are we doing about it?’ Well, one of the lads out there & I—this sounds rather a grand venture—we’re trying to write a book—an accessible book about how to make sense of marketing information. Our target audience is someone to whom we could say—‘Read this. It’s not statistics. It’s not decision theory, not maths, not scientific method; it’s not philosophy, it’s not logic, but it’s a user-friendly book. Start at the beginning’. It says ‘If you want to make sense of marketing information here are some principles, here are some checklists. A mixture of bigger principles & checklists. Now work through that. Our target market here is not actually smaller businesses here. We’re thinking we’d love to have this book—in the nicest possible way—to leave behind at Kodak, the Royal Mail, IBM, Barclays Bank, because there’ll be people in there that we have the devil’s own job getting them to understood information. They’re overwhelmed by it. Everything’s coming at them. And this is not being addressed because knowledge management is being driven by these IT
cone-heads, not actually the world of people making commercial decisions. So that's our thing, we've got this more or less written now, it's a 12-chapter book, we've got a publisher tied up. So that’s our little contribution.

But we’ve abandoned – this is depressing news for you – the small business thing because commercially it’s just too big a mountain to climb. We just can’t it take on. If I were minister for Trade & Industry that would be top of my list, right? But I’ve got to keep all these mouths fed & everything so I can’t be walking into this particular sector because they’re just time-wasters. I mean I know they’re nice people but from our standpoint they’re time-wasters. This is not a criticism of them, because why should they know? But they’ve got absolutely no idea of what it is they’re entering into. So they are absolutely high maintenance. So if we go down to talk to them about what to them is a massively important decision, & if we’re not charging £10k we can’t begin to do anything, or we’re going to lose a lot of money on it. Most of our projects...but that’s a massive amount of money for them, isn’t it? They’re looking at that with their hat on. I mean I’m the same as them in a way. I just had a phone call from the Chartered Institute of Marketing yesterday saying would we like to go into some new initiative they’ve got, you get a page in one of their handbooks or something, & it’s only like 12 thousand quid. For us, the answer is ‘No’. We still look at that - £12k is an awful lot of money that we could use in a whole range of other ways. We could get someone in to work for us for 6 months to work on a little marketing initiative. There’s loads of things we could do with £12k.

WAS THAT IN THE PLOT ORIGINALLY, THOUGH?

The point is that we’re saying in a rather cavalier way to some of these small business ‘I’m sorry, the minimum amount of money you’ve got to get all this information together & make a good exporting decision on Hungary will cost £10k, but for them this is a lot of money. And that is the problem..........................If you take MR & say ‘Here’s a sector which could benefit from – That was what was behind that original article because there were people saying ‘Why don’t the market research industry rally round & offer this service? Well there you go. I’m a life-long, committed, card-carrying member of the Labour Party, a socialist, so the way I would put it would be by proper government funding of it. And this is where market forces breaks down. It just does not work like that. We’re a case in point – it is not worth MR agencies focusing on the needs of small businesses. It doesn’t matter how massively important it is to the country because individually it’s not something that market forces leads you down. In a straight choice between an organisation that has an MR Manager, someone who knows about information & has a reasonable budget & someone who’s got absolutely no experience whatsoever who needs high motives, come down from another meeting ‘I’m handling this’. Every time we go out the door to do a day’s work that’s £500 on the cash register. So now one business will – We all meet up – Great Britain MR industry & think ‘This is a crying shame, we should be doing this’. But why would any one business?

We do a bit of it now & again. We just think ‘OK, go on, we’ll do it’. And we’ve always regretted it. Always......
(P) Because it's so soul-destroying because there's such a mountain to climb. MR is something that everybody thinks they can do it. That take being a solicitor, (compared to) the way MR works it's very easy, it's not a higher order intellectual skill at all. It's just a clerical task really. But because it's surrounded with a certain mystique & we can't see what that is, we would never be as bold as to go to a solicitor & say 'Well I tell you what, this is my view on how you should....' But MR because it's so accessible - someone's been standing on a street corner & says 'What do you think of yoghurt?' or something, everyone thinks they can do it. So the whole idea of actually selling a service & doing business with naïve users without a budget is just not good business. All marketing & business principles tells you to identify the most attractive niches in the market. For us it would be people with experience. So you feel a little bit of guilt, but we're not a charity. So therefore - there are people out there, it just frustrates them. They're working hard & I don't want to put them through this. I send them up to Cheshire to see someone, & you just know it's going to be high maintenance grief. So we've pulled out of it.

The London Business School wanted to use us as a kind of project for their MBAs, they wrote a report that was quite interesting, & they made some points we thought were a little bit naïve because they didn't fully understand our business but they made some good points. And they said - a lot of them work for Nat West - & they said the main difference is Nat West is very very ruthless these days, very clearheaded about what business it goes after & what it leaves. They look at what we do & they said they just can't understand why we chase after certain areas & don't sharpen up & go after the most profitable areas. Things like that - 'Sharpen up your thinking a bit'. And Business Link - I mean I'm poo-pooing. I mean our local lads aren't too bad. We've done some work for one which was pretty poor. But the local ones have been in here now & they were making the same point. So I think it would be fair to say that as expanding specialists in the information competency area - let's put it that way MR, people who are knowledgeable about information & what it means, & could help smaller businesses make export decisions, I don't think it's good business for them to do it. You'd need to check that out as part of your research study but I can't see why they would go for it. So it needs some sort of intervention - back to where we started - but the trouble with all this government intervention, it's all rather token, isn't it? I'm not making party political propaganda with this, it's all token because really getting to grips with it is such a massive -. I mean it's very very important what you are observing & noting, but to take it on! I mean obviously it's good to hear that you're looking at it because you can lay this in front of people and map out some of the issues..................

I'm making generalisations, obviously. There is a glimmer of hope. If you have consultants without a large overhead who have these information competencies/skills, & can relate to small business that could work quite nicely but when all those kind of DTI, consultancy-type things they never seem to, it's all a bit pot-luck-ish, isn't it?

HAVE YOU EVER WORKED WITH SMES WHO'VE HAD GOVERNMENT HELP WITH THE MR?
The idea that medium-sized companies end and large companies begin at 500 employees a few years ago would have been in line with banks the way commerce would see it. But now it would completely be an embarrassment. Why that is bad news is – you’ve got to hand it to these people who are making a living out of marketing to the Barclays Banks etc. They’ve got to have learnt something about how to do that, and there’s absolutely no way they’d have up to 499 employees! That would include 99% of all businesses, wouldn’t it? That’s all businesses in the UK excluding multi-national conglomerates.

In addition to all that - being outrageous I did a little article on home-based businesses, some figures in here – you can have a copy. Why that’s wildly off. There are 2.6 million businesses in the UK, 99% of which are small business with turnover of below £1 million. One of the definitions is if you take out the VAT registered companies. Now you’ve got the growth – of the 24 million households in the UK, 4% run a home-based business. With e-commerce & the Internet it’s going to make it worse. That’s another trend, so where they’re going to with their ‘499’ is even more outrageous because the trend with e-commerce, smaller businesses is going to make it even worse.

IS THERE A SECTOR YOU’VE HAD MOST EXPERIENCE IN?

We’ve got lots in experience of small business but as research subjects for larger businesses. So when we’re writing about it – [I’ve got some stuff to give you] – our clients are BT. Nat West. Barclays, BA, people who want to know about these businesses, so we know a lot about small business because we’re business-to-business specialists & we’ve just said 99% of small business is under £1million so a lot of our work must be with the sector. What I was going to give you – that’s about micro-businesses, home-based businesses..........As you get bigger you just have to be quite ruthless about how much time you can give these things. I do this Visiting Professor role at the University of Herts so that puts me in contact with people from the business area there but to be honest with you we absolutely hate it. You’re in a meeting with these people & I just wish someone would douse me in petrol & set fire to me, because it is so tedious. The grinding slowness, & ‘not of this planet’ world. It makes me sound like - & I’m aware of this – an absolutely outrageous fascist - & that is not my way but you do learn how business works, what it’s all about & I can assure you that there’s a massive disconnect with these government-type schemes. If I was to retire I’d love to do a penetrating piece on this. Suffice it to say we don’t do this any more. We take these macro type initiatives & we really drill down to work out how exactly they impact because there’s always – I can’t give nice concrete examples now but you always feel there’s just the last bit there is that failure to really break through, isn’t there? They just circle all around it but doesn’t actually provide a – the 1 concrete e.g. I gave you, it’s not got much better that that. So John Humphries can say ‘Minister, what are you doing for small businesses’. He says ‘John, today I’ve committed £4 billion to the small business sector & now any small business wishing to export to anywhere in the world can use the government funding. Dear old John Humphries, good though he might be, hasn’t got that level of micro-analysis to say ‘Excuse me, I put it to you minister that the maximum amount of money is £500 & a typical MR study for any reasonable assessment of export markets will be £10K. Where is the other £9500 coming from?’ That level of question is
never there... In government they all have this self-congratulatory world where they say 'Well yes, we're doing something' & the people that really know like the MR industry or the management consultants or the advertising agencies haven't got an interest in making a statement about it. They just say 'Personally we don't want to be in this'. You go to McKinsey's & say are they going to spend their time messing around with 5-person businesses they're not going to do it. So there's a gi-normous conspiracy there, just to fumble on. And you're identifying this, to your credit, & trying to do something about it. But it's such a big – I don't want to put you off, I'm just trying to be honest with you.

SO WHERE IS THE GOVERNMENT'S ROLE?

It's just occurred to me as an aside – By the way you know Dennis Pirie? He used to run the EMRS, you should talk to him. The other thing that's just occurred to me is that it's all a nonsense isn't it? - The export board bit because the way people will think of it will be it will be manufacturing business etc. but as we're now supposed to be that information is now the – whatever the figures are that by 2050 3 out of 4 people will be a knowledge worker or information worker. The idea of what that means in terms of exporting, I can't think this through in my own mind. Say we sell a job to Dow Chemical in Zurich & received money from a Swiss/German base I guess that's exporting, isn't it? I daren't even begin to think. We just exclude from that that we're exporting. It's all very complicated. The definition is difficult. So there's a problem there in perceptions of this narrow export board thing. New businesses setting up in information & e-commerce, if it's all going to be information & e-commerce, where does the Export Board fit in? Where do people know how to get help?

.....A lot of these engineering businesses will be under-capitalised, so they're not going to have those services for the management skills etc. So maybe it's a more core issue........[TAPE CHANGE]

....of how much support of the manufacturing base – I suppose there's a strategic argument – it gets complicated and it gets into the wider economic issues but I guess my more general point is that, if government made sure that the sector had enough resource & capital to encourage it to think bigger. They always seem to be a bit hand to mouth don't they? Engineers and so on.

(P) That is the problem. If we had a fax arrive here: 'We are a small engineering company. We want you to work out which countries in the world are best for our product', here there would just be a massive groan, because I'd have to put people with a lot of intelligence, a lot of experience, who are prepared to put in an awful lot of graft – we're looking at a £25k project, and you know if you drove to wherever it was, they would just be stunned at what it would cost. They expect we would do that for £750. That, in essence, is the problem. The capabilities are there.

The hope is there could be someone who – without the overhead, just working on a consultancy basis, can do it for a more manageable figure, but that's where there's an element of 'potluck' about it. They may be a really brilliant find, who can do it for £5k?
Because they've got a regular day job and the £5K tops up their income, and they're good. But they may get some absolute no-hoper, so — and this is what upsets me — their views of MR, these people are nothing to do with our industry, are they? They could be great, in which case we'd say 'Well done, come & join us' but they could be absolutely hopeless. But they see that as what MR is about. If they could afford the proper companies — BMRB etc, they would either get a 7 out of 10 or a 9 out of 10 job. They wouldn't risk getting a 1 out of 10 job. So they say 'I got this person who charged £5k — absolutely useless, I knew all that anyway' or 'Wow, that's brilliant!'

So it's got to be a government thing, people moving round the problem. If government come in & you tell them what's really necessary they try to — in fairness to Business Link — target businesses a bit better. E.g. They targeted us as a business they could help. Because I doubt whether in this area there's too many £2 million turnover businesses. So it's difficult to know where it goes to. It needs a champion. The way I look at it is, what government does, what Business Links do & what people are trying to help with I would classify as being 'efficient'. But what is needed is 'effectiveness'. And that is essentially the difference. There is a massive difference. Like the Millennium thing again. Yes, government's efficient. They sent all businesses in the UK a leaflet, & followed this up. Reasonably efficient. No one can say (not). But effectiveness is when you come down to 'Has that business understood those messages & now taking the action?' And that's where there isn't the result because they're on the public payroll, they've not got the imperative of running their own business. So they don't make that extra sense. 'Oh yes, we've sent out 2.6 million leaflets!' Fine. But what % of British business know what they should do about the Single European currency or whatever? They haven't got the resolve to drive it through. They haven't got a champion. Politicians can say their one-liners, but when it comes down to quango-type people, they haven't got that driving zeal to actually deliver. And that's where we leave it.

So we look at TECs. God, there's a load of incompetents working in the TECs. How could the government possible be spending all this money on these people? It's a travesty.

I've taken on the Chairman of our own MR industry. I didn't do a very good job of it because — what happens is — you get drawn in. There's a bit more power there, try to set up this initiative for the industry. I tried to set up a marketing initiative — better at dealing with the press etc. It's like running a mini-country. You've got education, communication etc. But because you've got this little voice that says 'It's all about effectiveness' you do get drawn into the detail of it to try to make it effective which you know from your own small business that just general platitudinous efficiency is neat, but lacks effectiveness. But then, drawn into detail to run the society & run your own business. I was Chairman of MRS for 2 years. I had my say, but I didn't go there and say 'I just have a vision'. I was reading a thing yesterday the guy who took over IBM arrived, & someone asked him what IBM's vision was & he said 'For God's sake, the last thing this organisation needs now is a vision! We've got to roll our sleeves up and actually start working!' That's great. The MRS was a bit like that.
The point is - say I won the National Lottery & I didn’t have to work & I thought ‘Right I will now do something worthy. I will go into this thing’. That’s going to be the dilemma. You could easily get drawn into the effectiveness thing. You’ve got relentless trench warfare with civil servants saying ‘Have you got this?’ ‘Oh yes, minister, we’ve done that’. ‘No, have you done this, this, this and this?’ You drive and drive and drive. You drive yourself to an early grave. So what they tell you to do in these positions is you just have a vision, apparently. Ronald Reagan had on his dot-pad his vision for America – ‘To make America great again’. And you could argue if you were that way inclined that he was quite successful. But he made no pretence about getting involved in detail. ‘What’s your view on transport Mr President?’ ‘I want to make America great again’. And in a funny sort of a way things then happened around that beacon, didn’t they? Whereas Jimmy Carter, in contrast, would check the rotas if you asked him if you could use the White House tennis court. So you have this issue, don’t you, of what position you take up. So at the moment I’m in a phase of ‘I can’t be doing with all of this because I’ve got a very clear idea of what’s required. I’ve got the energy & drive to push it through’. But why should I waste my life doing this? Because it’s too much of a battle.

I’m doing my bit though. My book thing is a contribution. My book on information is my little contribution ‘Take the trouble to look at this. It will help you understand & use information’. (P) We’ve written it. The moment we finish the edition & get to the publisher, I don’t know how long it takes – so (9 months) with a fair wind...........

WHAT ABOUT COMPANIES YOU DO WORK WITH? DO YOU DO RESEARCH OR DO RESEARCH AS PART OF INTEGRATED PROGRAMME. ‘WHERE DOES THE COMPANY END AND RESEARCH SUPPLIER BEGIN?’ I SUPPOSE I’M ASKING. HAS THE RESEARCH SUPPLIER’S ROLE CHANGED SINCE YOU’VE BEEN ESTABLISHED?

I did a paper called ‘Going the Extra Mile’ about this, at MRS Conference. This thing I’ve just done in Paris last Sunday is all about this – working in partnership etc. The short answer is – the big question mark over MR is that it’s not actionable enough, doesn’t help in decision making. So we are as an agency working on that. There’s various things you can do to try & help – MR presidency followed up with some kind of implementation workshop to follow through. I’ve got all sorts of ideas about how – in fact the book is about a lot of these issues. So yes, more & more we are trying to do that. The fundamental problem is that the client – it’s not good form for agencies to whinge on in public about the fact that clients are not prepared to pay for this service etc. But really that is the problem. It’s a low profit margin business. Our profit – we struggle to make 5% profit. Management consultants might make 20%. Ad agencies might make 50. Long hours – I have to work about 70 hours a week. So my view is the clients are already getting a free week’s work from me every week & we make 5% profit which is very very modest. But they’re always saying ‘Come, come. If you want to win our business we want this added value’ & so we have to smile & be gracious & say ‘Yes, we’ll do this’. But deep down they are actually playing the market. It’s perhaps an over-supplied industry. There’s lots of companies around so they get excellent value but they want more & more & more & we’re just trapped in that. We have to offer more etc. so we play
the game. We go along with all this partnership talk, & we can do it. But at the end of the day if we do a project & they then say ‘Now will you write our business plan?’ – we do do that, we've got all those skills, but it comes down to – we do it from time to time, we want to do more of it. But it's a question of whether it can be paid for.

DO YOU THINK YOUR CLIENTS SEE THIS COMPANY AS INFORMATION PROVIDERS OR CONSULTANTS?

Varied. Right across the piece. From people we've got very close relationships with where we follow right the way through with predictive models & what the implications of the data would mean for market share etc. And at other end of the spectrum people that just use you to do one purchase. The full range. This brings us back to our earlier discussion about we then have to make decisions about where we place the emphasis. Our emphasis should be on clients who want to use us for repeat business, want to build partnership & have got the funds to pay for that as opposed to organisations – the next one down – where they talk the fine game about partnership, added value etc. but actually they're price buyers, always paring you back. We do that in the hope that we can turn the corner & make it a bit more financially attractive. We might actually do some unpaid work – sprat to catch a mackerel - & see whether they move up into the top box or not. Then there's not a problem – the ones that want you to do a good professional job & present the findings. Don't want you to hang around & do their business plan or whatever. That's fine. 4th category back to where we were at the beginning; back to those who've got absolutely no idea about what it's all about.

The 1st 3 situations are all fine by us. It's just a matter of knowing how to manage each situation. We've got e.g.s of all 3 really.

FINALLY, ABOUT YOU & COMPANY?

We started in 1990. Prior to that I was an academic; I worked as a full time academic for 10 years at South Bank Uni. Prior to that I worked for a charitable trust doing social research.

WHAT BROUGHT YOU BACK?!

I've got a ‘heartbeat’ theory! I enjoyed the social research because I was a committed socialist so I left university & thought I'd prefer to do social research. Did that for 9 years or so. Then I got disenchanted with that, because I thought it wasn't effective enough, wasn't getting anywhere. But I enjoyed doing that. Learnt a lot of skills there but it was too 'mushy' at the end. So I then decided, as I was interested in education, so I worked in education. But the 'heartbeat' theory is that I ran out of heartbeats for education after about – I realised I'd lost the heartbeats to do this any more, decided to do something else, rather than just linger on. You've got to have that energy in education, haven't you? Kids come through the door & ask you something, you've got to be enthusiastic about things. Then I'd walk round the university & there'd be paper notes on the doors for the staff saying – paid their god-damned salary from the tax-payer – and there's a note saying
I'm available to see the students between 9 and 5 past 9 every other Monday', or something. That's outrageous! So I thought 'No, you've got to have the energy to service your student clients'. I did that enthusiastically & I got promoted & was quite successful, then I just said 'No!' Because you run out of energy for it, so I started up on my own.

WHAT WERE YOU TEACHING?

Research methods. Across the piece. A Marketing core. There was an MA in Nursing. They did a project MA Public Admin. I used to be the Course Director for BA in Business Studies, ran that. Did my fair share of that.

WHY MR?

Because I only had 1 idea when I left university and that was that I quite like doing project work. I didn’t like process. So there was no careers education in those days or Business degrees or anything, then there was an element of luck after that. I went to Canada, with £85, was down to the last few quid, was just tapping on doors trying to get work & there was a MR agency there & they just gave me this print-out & said 'Go away & write a report'. I didn't know what one was, and I did this thing, took hours & hours & hours to do. Took it back. They said how long did it take? I lied, I just said 4 hrs, so I got into it like that. But it fitted into liking project work. Not too far off, probably quite a good choice because if I won the lottery, didn’t have to work, what I would do with my time wouldn’t be too dissimilar from what I do in my working life. I’d probably take away some of the pressures of ‘You've got to do this for Barclays by next Friday, & make a profit out of it’, but I would be doing projects that involved thinking & writing.

We're in the thinking & writing business, that's what we are as MRs. MR is a bit of a meaningless title really. It's thinking about problems & solving them, & articulating them in writing.

(P) We've only been here about 3 years. We started at home, then we moved to premises in Epping, then here.

HAVE THE MOVES BEEN BECAUSE OF GROWTH OR OTHER REASONS?

Growth. Pretty steady. When I was at the Poly I was employing staff there, so I had that consultancy business. Steady growth all through the time. And I did a PhD in Psychology so that was quite nice, useful. When I was doing the social research I did a masters & then a PhD at University of London. They were quite good skills to have.

THE LARGER YOU GET THE LESS SME FOCUS?!

I'm a bad litmus test, because here you've got someone who's ideologically inclined towards thinking this issue is an important thing, knows a bit about it. Could make a contribution but the imperative of running the business is that you can't afford to go down there & you just have to watch as government & quangos wallow all around it. It is
a bit depressing. On a positive note, I think the problem is not just about small business, I now see it as across the size range. The central issue is – there are a set of craft skills about how you understood & make sense of information & make decisions & this is not taught particularly well anywhere or written in texts. It all resides in people’s heads as a bit of folklore, wisdom. And I think that is a big area. So we’re going to do the book – not a textbook because it’s got to be accessible. Our idea would be that someone could read it on a plane. The challenge would be that anyone in business – someone’s flying across the Atlantic, could be anyone, the MD of a ball-bearing company, or work for Barclays Bank as a Loan Manager. To say ‘Go on, why don’t you spend 2 hours reading this, and I guarantee you’ll be a bit more comfortable about how you use information for decision making after. Then after that we’d like to take that into a kind of expert system, a type of electronic product. Now maybe there’s an opportunity there for smaller (MR) businesses to do something.

IN A TUTORING ROLE?

Something like that. They have this pack. I tried to do this day’s workshop in our own industry. The youngsters coming through even in our own industry are not going to be aware of basic principles of information & how you make sense of it. Just like a lot of general principles I think would be helpful to people.

......the contradiction for government really is where market forces go & where effective government intervention might go...

I think it is excellent that – we’ve been talking in broad strokes really, but you are working away at the end of it & keeping it on the agenda. It’s important. [Gets copy of 2 articles.]
SUPPORT ORGANISATIONS
Transcript 1: Manager - EMRS

Whether companies are in the bracket 6-50 or 50+ employees they’re getting the same grant, but what they’re doing with it is more if they’re bigger, and that’s what we’re looking for. If we give people a grant for £5K we’d like them to turn it into £100k of sales rather than 50K or 10K.............. (P) ABCC has been responsible for EMR Scheme for coming up for 11 years (P).............when we took over the scheme was eligible for companies of all sizes from 1 to infinite: supported every company – British Airways, Rowntrees, big shampoo companies.

SO FOR ALL COMPANIES NOT JUST SMES?

When the scheme started in 1969 every company was eligible no matter how large. And we took over in 1989, January ’89. 1 April 1990 they decided to change the eligibility criteria, no longer open to all companies but 200 limit, which came at same time as 2 new advisors joining the scheme – me & John ----, who came out of the MR industry as did Maria. 2 people with the time to spend on every single application. & talk through what they were trying to achieve & put some realistic value on the project. & we took quite a lot of pleasure in identifying a number of cartels which were operated by consultants, where they would rotate round who would be the winning consultant. Dodgy deals where consultants were doing the research & then representing the company in overseas markets. It was very clever, I’m sure it was legal, but it wasn’t very ethical. E.g. a company in Warwick undertook to do some MR for a company for £30K in Latin America. The company pays them £30K, we reimburse the company 15K, then the consultants’ agent in the company – which is a branch of the consultancy, pay the company 15K for the report. So in effect the whole report is done for the 15K that we pay for! The company pays nothing. So we uncovered that effectively the project could have been done for half the price anyway. We got rid of that – loads of money going on those sorts of scams. So we applied a lot of value to the scheme. The Gulf War broke out, travel round the world was restricted, then high inflation; then the recession hit at the beginning of ‘90’s, everybody was not producing so much, not as much money to spend, cutting back left right & centre. Plus the reduction in the eligibility criteria to 200. And another thing as well – they said ‘Stop promoting the scheme’. A message went out to all the (DTI) regional offices saying ‘Don’t promote the EMRS. All right, you can mention it, but don’t promote it’. So a lot of things conspired to reduce the take-up. So we went on ’91 to ‘95 & we managed to win the case to say it should go up to 500 employees, & from September ’95 to today that’s how it remains..... (P) I think it’s about right. The argument is if they’ve got more than 500 they ought to know what they’re doing or be able to pay for the research. But it’s not necessarily the case that the larger companies use MR in their exporting. We have a lot to offer the larger companies in terms of guidance and advice & writing the brief, finding the right consultants, evaluating the value of MR, we can help them an awful lot but we can’t provide them with any grants. It’s a shame because Castrol for e.g. they do some research in Mexico, what they do with it is £ millions, for a 20K report they get millions out of it, where a smaller company would be happy with a few thousand.
In 1989 we were spending over £4 million in grants; after 1990 it dropped to 600-700 thousand. For the reasons above, 600 or 700 companies applying for support in 1989, down to 200 p.a. now. 1990 - 400 applying companies. Since 1991 - 200, and stayed like that, no change. Average grant £4-5 thousand. Trying to spend £900K this year.

BEFORE THE TAPE STARTED RUNNING YOU SAID THE NUMBER OF EMPLOYEES IN COMPANIES USING THE SCHEME TENDS TO CLUSTER BETWEEN 20-50. WHAT ABOUT SECTORS?

Haven't discerned a pattern. Did have a look to see if any outstanding industry sector, we found there were 3: textiles (3rd), food processing (2nd) & machine tools (1st). But it was a long time ago since we've looked at it. So now we see a fair amount of education, a fair amount of software, a lot of things fall into the IT category that's all encompassing. Machine tools are an IT component on its own. Can't really answer for now. We said it's not anything obvious so we're not going to act on it. We're just about to undertake a survey of British exporters to ask if they're aware of the scheme; how did they hear about similar schemes? How would they expect to hear about schemes? So we're trying to get some idea of the media to - e-mail or web-sites or pamphlets or personal representatives. And we're going to ask about regional area & sectors as well, to find out if some are better informed than others. Awareness of the scheme is something around 20% of British exporters. If I could make that 50%, 60%, 80% it would solve the problem of the take-up of the scheme.

SO IS THAT 20% OF COMPANIES WHO EXPORT WHO FALL WITHIN THE SIZE LIMIT? OR WOULD IT INCLUDE THE LARGER COMPANIES AS WELL?

Awareness of the scheme is 20% of companies. I think that's regardless of size. A survey we did in '94 indicated it was round about that level & then subsequent survey the (motor support industry) did & they gave us a similar figure. One in 5 exporters know about the scheme. That makes sense because there's constant anecdotal evidence of companies arriving & saying 'I've been in business for 20 years & I've never heard of the scheme' or 'We did a trip last year - I wish I'd known about the scheme for that'. There's just too many of that sort of story. We've got a budget to promote the scheme & we spend it & you can't perform miracles. We're getting the message out to everybody through mailshots. (P) Extensively, we go to exhibitions as many as we can, have stands. Mailshots to all companies, not just members, British export companies. The members of chambers don't feature in our marketing plans at all. That might be an opportunity! I suppose we ought to be letting our own members know but to some extent - 1st of all they're at the small end.

DO YOU TARGET SMES THEN?

We're just in the process of producing a leaflet that we'll be happy to distribute in hundreds of thousands. So I'll get these out to all the chambers' export (clubs) to let them all know about the scheme.
We’ve done a targeted mailshot to the Dun & Bradstreet exporters – MDs, that created a response. Presumably if it lands on their desk we’ve got the awareness. If they write to us & say ‘I want to know more’ that’s even better. But those that fax back for more information is about 1 in 20. But we don’t really know whether the other 95% have never seen it or thought interesting, or chuck it out. Who knows?

DO YOU USE BUSINESS LINKS, EXPORTING ADVISORS/COUNSELLORS? TARGET THEM SO THEY KNOW WHEN ADVISING COMPANIES?

Business Link Export staff really are the principal source of referral of companies to EMRS. They’re the front line for all DTI services to exporters. Now British Trade International. They (the advisors) don’t like Overseas Trade Services. They don’t like DTI! This has had serious problems for the DTI for all their services because Business Link are not accountable to the DTI other than for targets or service level agreements. BTI do not tell Business Links what to do. They can’t say ‘We want you to promote this particular scheme etc’. Business Links are their own separate industry company that provide this 1-stop shop to businesses, domestic, interviewing, all services, and BTI services are just 1 of the many calls on their time to promote to their catchment area. Basically the BTI have experienced a disappointing turndown. Where the BTI have got staff in the Business Links those staff report to the Business Link Chief Executive who says ‘You will do this’. So though paid for by BTI, accountable to Chief Executive of Business Link who’s got his own agenda which is not to make sure BTI services are promoted, that’s merely 1 of the many calls on his time. We fit as 1 of the services of the BTI & we’ve suffered from that sort of thing. We’ve got a rapport with the Export Development Counsellors. They all know me. I know all of them. We have a working relationship insofar as where the EMRS is appropriate to their companies. (Pause). I think in the majority of cases it doesn’t work! The Export Development Counsellors don’t like the scheme. (P) Seen as a threat, it’s competition. And it’s not income generating (P) - for them. That’s unfair to say that. But in the majority of cases it doesn’t fit into their needs. I mean providing this service to companies is of no financial benefit to Business Link. It’s brilliant for the company. But that doesn’t help the Export Develop Counsellor, because the company think we’re great. But that doesn’t help Business Link in any way. But there are some, isolated areas where the Business Link is working very hard to promote EMRS & is getting kudos out of referring companies to us. The companies feel they’ve benefited by interfacing with us & thank Business Link for the referral. So some cases. And those are the ones we work with. But there’s too many cases of Export Development Counsellors wanting to use the scheme for their own needs & saying to me ‘I’m the company’s advisor. You tell me what the company’s to do, and then I, the Export Development Counsellor, will tell the company’. (P) And the Export Development Counsellor’s then saying ‘Well I can now charge the company £2k p.a. retainer for my export counselling’, drawing on a free service to justify their charges. And to some extent I’m happy to play along with this if it means that perhaps you might refer other companies to us but you are actually denying that company the best service by not letting me know what the company’s trying to do. So quite often we have proposals that are written by the EDCs, reports written by the EDCs, requests from EDCs for lists
of consultants but these EDCs will go to all sorts of extremes to play the scheme to their advantage.

Fortunately this income generation is thrown out the window. BTI recognise that it's been a right cock-up, this Business Link thing. And what they should be doing is getting themselves out into the front line & selling their services direct to companies. So they're resorting back to the old scheme where they had visiting officers selling the DTI services, probably using the same staff! The advisors in the field won’t change, but the structure will change, BTI will be. (P) Visiting the companies themselves & therefore allowing the BTI to be more in control of its own sales force. To be able to say ‘We’re launching a new product. You will do this’. So that will raise our profile no end at the Business Links. Who I said are far & away the most valued source of referral of companies to the scheme. At the moment the most enquiries of the scheme come to us as a result of our mailshots. But most people come to us because of direct mail. (P) Direct links. Which we had to establish because the Business Links weren’t working for us. But the most applications come to us through Business Links. Mail-shots may be interesting to the company but not timely, whereas when Business Links refer to us it is timely because there’s a project on board. Business Link’s no more than half: but we have to acknowledge it is a significant source of referral, can’t ignore it, though we can get quite frustrated by their motives.

(P) If they haven’t actually responded (the company) to us directly as a result of the mail-shot we would never know if the mail-shot was part of the package. But then who does know? How does advertising work? I mean!

(P) We’ve identified that with between 5 employees and 500 employees there’s 45K UK exporters. Dun & Bradstreet tell us that, so that’s our target. We did a mailshot & now we’re doing it again but this time we’re more focused. We’re taking regions, and then we’re following up with a showcase. So tomorrow we’re going to Derby City Football Club & giving a half-day presentation to 30 companies that have responded to the mail-shot, or Business Link have said, so 30 pure companies. We don’t invite Chambers, Business Links (themselves), banks, freight forwarders, import/export agencies, universities – unless they’re doing research. So we’ve got 30 ‘rich’ companies there who are just there because they’ve heard about the scheme & want to know more about it. We do promise them at the start that we’re not selling them anything, & that they’re not going to be subjected to any interference from anyone else unless they do a deal with somebody. (P) There’s 2 presentations – 1 about importance of MR in exporting, more the importance to have a strategy. We say ‘When you export it’s not about whether to have an agent or a distributor. Forget that. When you approach an overseas market, what about – what sectors are you going to target? How are you going to change your product? How are you going to promote yourselves? Price? Product? What distribution? Think about the marketing mix. That’s the strategy. And that’s important. But how are you going to develop that strategy without information? Here’s how you get the information you need’. Then formulate umpteen benefits – profitability, reputation, fewer mistakes etc etc.2nd message is EMRS – let us help, we’re not far away. We’re very central here actually, except possibly for the South West. But Bristol’s not too far away, a couple of hours. I think Bristol’s the centre isn’t it?
IT'S THE REGIONAL CENTRE.

So if a company can get to Bristol we can get there within 2 hours. So we can effectively get to every regional centre within 2 hours. We don’t go into a lot of detail about doing the MR. We just say ‘Here’s a scheme that’s been around a long time & with a lot of experience, to provide objective advice to companies, it’s free, grants to back it up. Not too much detail, then it’s up to you to ring us up & let’s get together’. That’s the showcase. Then coffee. Then workshops where they break up into groups & talk about the study, then report back. Then we have lunch. That works very well because it consolidates the region after the mailshot. But we only invite those companies that have come to us, enquired about the scheme. The companies that leave the workshops saying ‘This is the best thing we’ve done this year’. You think ‘wow!’ It works fine. We’re not trying to sell them anything, agent/distributor/freight forwarder deals. Costs £600-700 to put these events on. We don’t – can’t ask them to pay anything.

(P) We haven’t experimented with some of the things the DTI regions have. The nice thing is to charge the companies £20 & then give it back when they arrive. Covers the cost if they don’t arrive because that’s where it’s expensive. When 25 people say they’re coming to our event in Wakefield we know very well 7 won’t come. We go to a lot of trouble to write to them a week beforehand to say ‘Here’s instructions on how to get there. You’ve been assigned to a group. We’ve put on lunch for you’. So we’ve basically said ‘You are expected’. Put the onus on them, subtly say ‘Let us know if you’re not coming’. Cambridge would have about 12 desks – banks, freight forwarders etc. & they would invite companies & they would have appointments & they would move them round. It was super – 20 minutes with each person. Charged if they didn’t turn up. Plenty of time to explore the companies. I found that very useful. Money back on door. We make a guess we’ll get 25 people. Made horrendous mistakes. The 1st 1 we did in Manchester - 55 companies & we laid on 2-course lunch, in the end 35 came. I don’t know what the answer is. Because with a lot of the events we do, training courses we deliver, companies don’t see the value of it till they’ve actually had it. So they wouldn’t give us £50 to cover this event, to come to it. But afterwards they would. If you ask them at the lunch ‘Would you have paid to come to this event?’ they say ‘Yes, sure’ but only because he happens to be there & know the value. But we’ve got the budget to pay for it & I’m just not sure.....The only other way to get these paid for is to get a sponsor in, a freight forwarder in or bank, insurance company. And then they fork out for the buffet & have a chance to speak at the end. We would have no problem selling that slot, because it’s a very rich audience, it’s not like an export club. I’ve gone to talk to export clubs in the evening, for goodness sake! It’s half past six & I’m driving all the way to Lincolnshire to give a talk. So you give the presentation & then you find out afterwards that there’s only 2 people there that actually represent companies. They’re either Chamber staff there to make up the numbers, or – 3 banks I had in 1 group, a freight forwarder, somebody that provides an Internet service to exporters and I was astounded. It would have been nice to know at the beginning there are only 2 people here worth talking to. It’s a waste. Well it’s not a waste, I mean the message to those 2 people is worthwhile but you wonder what the export clubs are all about. But the events like tomorrow for companies we’ve done about
a dozen or 15 now. Always end up with people saying they were very valuable use of
time. They say they'll be in touch. But we know very well out of that 28 tomorrow we'll
probably get 5 that put in an application for the scheme. But over 15 events that's 65, it
fills up.

IS THERE A PATTERN OF SCHEME USERS AS TO THEIR ROLES IN
COMPANIES?

You get all sorts, don't you? It's very difficult to generalise. Very often MD if small
company under 50 people. Essentially that's the person you want. Larger companies
person responsible for exports or their off-sider. Often I might be talking about the
service to a relatively junior person in the organisation that takes the message back.
Export managers are very busy, they can't waste their time talking to all the different
services that are on offer. So they send their trainees. But at these exporting events we do
make sure that we get the person responsible for exports who is able to contribute to a
discussion about exports they're involved in, their experiences.

THE ONES WHO WOULD MAKE THE DECISION?

Yes. Sometimes they say 'If only my boss were here now & could listen to what you're
saying'. I'm happy to go up to the company & talk directly if they want me to do that.
Because I suppose the younger marketing trainees coming through now have got the
discipline, they do understand there's a strategy, a science to marketing, it isn't all
people. So it does seem to sit well with a younger audience. But whether they can
influence people with the power. But all kinds. I can't answer your question. Secretaries
will come & represent their MD. But we don't allow it at the showcases, but will take
marketing trainees, because obviously they're enthusiastic.

IS THERE ANY PATTERN TO WAY COMPANIES USE THE SERVICE? THE
SORTS OF PROBLEMS THEY WANT TO SOLVE? DO THEY TEND TO BE 1ST
TIME EXPORTERS OR LONG-TERM EXPORTERS, FOR EXAMPLE?

If there were a pattern I would have left ages ago. I started in 1990 & I'm still here now
& the reason is because every person & situation you talk to is different. Different
industry, person, product, circumstances into which project has to apply. Same message -
'You need information about your market' over again but applied to a plethora of
different circumstances. We know small companies working out of a shed in the back
garden & large companies. Reactive people who, when they get a fax from Korea
wanting to be an agent they will.......(tape ends)..........the advice was common sense.
You don't jump in with both feet 1st, it needs some planning. I suppose the best advice
you can give a 1st time exporter is to say 'Have you thought about exporting to other parts
of the UK? Are you supplying the North of England? Or more importantly, diversifying?'
To someone supplying the automotive industry to say 'Have you looked at the marine
industry? Much easier to supply the marine industry in Britain with something than to
start supplying the automotive industry in France'. We try to give them all the clues to
make their own decision about selecting the territory. 'Where are you going to start?' is
the 1st part. We don’t answer the question saying ‘Go to India etc.’ We just say ‘Let me give you the tools to make that decision yourself’. That helps the 1st time exporter. What’s at risk now is there’s too many advisors out in the field peddling there own whatever, saying ‘If you want to export you should go to Vietnam because that’s the one I’m trying to promote’.

PRIVATE CONSULTANTS?

Yes. And even Business Link say ‘I’m going to try to get you on a trade mission, get somebody else on the plane’. They’re not objective any more. And if the advice isn’t independent & impartial it isn’t worth anything at all. So we have something for the 1st time exporter. And also the experienced exporter whose travelled everywhere. Sometimes they’ve never ever thought of MR. Sometimes now because resources more difficult, their time more valuable, they can’t afford to service all these countries & they have to start prioritising. & we say ‘Let’s list all the countries you’re providing at the moment, where you’ve got deals with agents or whatever & find out something about them & prioritise them so you can say which are your top 5. Not by the sales you have but potential the markets have’. A company in spanners, had more sales to Egypt than the US. In that context you might say Egypt is a better market than the US but it’s not, you’ve just got a better agent there. A magnificent agent getting £100k p.a. sales out of a market that’s probably only worth double that, whereas in America 80K in a market that’s probably 20 times that. ‘We can help you prioritise those markets & then work on the top ones’. It doesn’t matter to us any more whether companies are actually currently marketing to an overseas country or not. The scheme is about market entry strategy; there’s no doubt about it, market entry. But companies are re-entering markets over & over again. Because they start off by setting up a distributorship & then say ‘OK that hasn’t worked, or it has, time now to open our own manufacturing plant or offices’. Sometimes it’s still the same research that has to be done, understanding the existing market so they can make sensible decisions about manufacturing there & buying out competitors etc. Same preliminary research needs to be done to understand the market. So we get involved in all that.

MOST TAKERS WANT ADVICE ON IN-HOUSE, OR TO USE MR CONSULTANTS?

Of the 200 companies we support every year about 120 would be in-house; 30-40 would be consultancy, and the rest would be purchase of published market reports. So most help, advice is saying to an MD ‘You are travelling to a market: this is how to make the most of that visit from MR point of view’. Using the visit to collect information about the market & existing products, prices.

WOULD YOU GIVE GRANTS FOR WORK BEING DONE ON SCREENING OVERSEAS MARKETS BUT DONE REMOTELY, IN THIS COUNTRY?

No!
SO IT’S FOR FIELD VISITS THEN?

Yes. The only way we supply the desk research is if they contract it out to a MR company. We will subsidise that by a third.

HOW DO YOU GET THEM TO TARGET MARKETS SYSTEMATICALLY THEN?.
(Heavy prompting!!)

Your right. We send them off to do their own prioritisation exercise. And they come back & say ‘Here’s the chart, & yes, Australia is No 1. Now we want a trip to Australia. Can you help us with that’. The trouble is trying to be scientific about the selection criteria when it’s so subjective at the end of the day. As to how you rate language etc?

(P) Yes, but if you say what’s important – size of market, access, import duties, competitive presence? At the end it is a subjective chart. If you say language is important. Why is it important for food trolleys for e.g.? If it were a computer programme OK, language is important. Language shouldn’t be a problem but it’s perceived! So sometimes the factors that make up the chart on how to prioritise are subjective but all it does is list top 5, second 5 etc. So when that fax does come through from Venezuela..., someone wants a large order you say ‘Hang on, didn’t we decide it was at the bottom of the chart? Why is at the bottom? Competition. Oh, so are we going to win the order. Import duty – are we going to be price competitive? Too far away, freight is going to help’. All these reasons I don’t think we should be bidding for this, don’t get on a plane. Reply to fax but don’t go there. Go where we know the rich pickings are’. That’s what the chart’s for. We always have to say ‘Don’t use it as a sledgehammer, just use it as a guide’. But it does focus, help focus on top 10 markets, top 5 actually will work with, easier to allocate resources & plan time.

IS THERE A FIELDWORK PATTERN? FORMAL RESEARCH OR INFORMAL?
MORE FMCG THAN INDUSTRIAL?

It isn’t simple. You would think that the large companies would use consultants companies they outsource everything. They have an export manager & MR is not what he does, so use scheme to buy in consultants. But not always the way. In smaller companies MD is very busy, no time to go & explore a market like Brazil. Language problem for kick-off. He’s got to come to terms with MR which he’s never done before, might enjoy the trip & experience a benefit, touchy feel experience but he might say ‘I still won’t know how to collate & analyse the information I get’. So he would rather use a consultant. The big thing the consultants save is time, & the cost is insignificant when we’re paying half. If it’s a £10K project to look at the Brazilian market, which is all the desk research, & a 10-day field visit, £12-15K+. Project cost the company £7K complete & you’ve got nice objective professional recommendations put forward on how to act in this market you’ve got confidence in the results, all presentations convincing the board. So much can be got for £6K which if a company were to go & visit himself £4-5K cost – air fare, hotels, preparation – train to London to Library so no end in time. Responsible for recommendations. I think he would rather not. The cost of his going to Brazil for 2
weeks is not really the cost of the air fare & hotels but what happens to his business when he's not there. Manufacturing mistakes, unhappy customers with sales. Immense savings in money & time. So though we do expect smaller companies to travel themselves but there isn't a pattern but often larger companies do research themselves. Sometimes the export manager & maybe technical director or marketing trainee. Sometimes, to start with, marketing trainees have time on their hands. Good experience to go to Australia & do a survey. And a marketing trainee already understands what MR is all about. Some companies use students from universities to do the research. I'm sure Plymouth would welcome the opportunity to put forward its MBA students to do this.

WHERE ORGANISATIONS WANT OUTSIDE SUPPLIERS, DO YOU HAVE A LIST OF POSSIBLE CONSULTANTS YOU RECOMMEND?

We do not have a list of registered consultants & that's something we held as a policy here. Every consultant is assessed on their project basis. The list of consultants we refer companies to is the MRS BIG directory, which is on the Internet & has its own search facility, where you can search by geographic experience & by industrial experience. A surprising number of companies are not on the Internet! A lot that are say 'OK that's fine. Leave it with me I'll do it'. Others say 'Could you do it for me'. We do it. The majority we do it for them companies they don't have the facility. We get Julie to do it, one of the girls here will just run off the list of consultants with experience in USA, run off list with experience in electronics & then tick off the ones that are the same, go back into the Internet & print off the details of those that have claimed experienced in both. List of maybe a dozen. Then it's up to the company to ring them & make their own selection. Personally I think that is the best place to start. I think you ought to be briefing a company in the UK that can then use overseas resources to research the market. I think that's the best way. Some prefer to deal with MR companies in the overseas territory & we can guide them in that way companies there are – this IMRA directory – ESOMAR – that's the '95 one, we've just ordered '99, & BMRA, which used to be ABMRC. These are UK based, these 2 are the international ones but they're not as good companies they're not specialist business-to-business. We always say 'That's your best place to start is to talk to a company that's business-to-business MR, claims experience in these territories. & they will probably use local agencies to do the research & you don't worry it's not going to be a British person going out & doing the research in England! It will be local people or the consultant involved will be fluent in whatever'. So that's the very objective way we try to do it. We have to be objective but we also have to be helpful. Some people say to us – having identified the 12 – 'Can you give us some guide?' & we can. We say 'We've used that one, we know the people there. We can start to put our own spin on it but essentially we get all 12. If you wanted my opinion I would say these 3 are the ones you ought to talk to'. But they have to get their own information from the companies, have their own rapport with the company, meet the people themselves & make their own decision. We would say 3 or 4, brief 3 or 4, bring in the proposals & we'll help them decide. But the decision is theirs and we just guide them. Companies there's 2 things coming together................(P)................Whereas we ask people for 3 or 4 proposals we don't say 'Well that's 12K and that's 16K so it's 12K mate!' It's what they're getting for their money we're looking at. It's just the use & implication of
different techniques, coverage of the sectors. Sometimes we say 'You nominated this consultant to do your research but you might be better dealing with this one'. Or 'I think you've overlooked this one, on paper'. They might come back & say 'We didn't like the people that we met at the presentation. They were too technical'. We would say 'Fine, but the ones you want haven't covered this sector, relying on a mail technique might be dodgy, concerns about paperwork. If overlooked something get them to revisit a few things. But we're not trying to persuade them to use anybody, just to make sure they don't lose something. I instance I was cross about a company put forward a consultant. The other company were far more comprehensive. 1st guy narrow – in air ticket counterfoil, this guy was too familiar with airline industry. I said 'Consultant too industry oriented, as opposed to MR'. Long discussion, correspondence, we said 'OK if appreciate what we said'. At end – report completed before application put in. I wasn't so cross that he was applying for the grant after the event. What annoyed me was that we wasted all this time debating which was better when there was no choice! In either event he wouldn't have got the grant. We didn't pay him. But we let it rest. We were kind!

WHEN CONSULTANTS ARE INVOLVED, HOW ARE THEY USED? I.E. FULL SERVICE PROVIDER OR JUST BUYING IN THE FIELDWORK? DOES IT DEPEND ON THE PREVIOUS EXPERIENCE OF THE CLIENT?

MR industry is segmented. A diverse industry. There are companies that do nothing other than design a project & buy in all work, so client buys project manager who then worries about buying fieldwork. In fact I'm not very clear in my own mind as to all different levels of provision companies. There are the recruiters that recruit people to attend groups, then interviewers themselves that go to door & conduct interviews. And that's just a very small part. There's the telephone people, the DP people. There are people who just analyse data. They can't even design a questionnaire but they'll analyse it. But there are some research houses that provide the whole lot, but I think recruiting is all outsourced. I don't think many companies do their own recruiting.

(Heavy probing on structure).

So if buying in project management, buying in almost a member of staff who can turn his hand to almost anything. In the research we supply the consultant is basically there to provide information & recommendations & then clear off!

ARE THERE CASES WHERE A COMPANY HAS USED A RESEARCH CONSULTANT FOR A PARTICULAR PROJECT & THEN OVER TIME DEVELOPED AN ON-GOING RELATIONSHIP WITH THEM?

Yes, that's fine. They might say 'Well we used them 3 years ago. We don't want to go through the tendering process again'. We might say 'There can be no harm in tendering. Because it's a new territory or things moved on, others moved in, risks in using same person again. They may already be brainwashed in a particular way of thinking'. I very rarely find a situation where the consultant is involved in the company in any other way
than providing MR. Because I think what you're talking about there is export management consultancy rather than research consultant.

I'M WONDERING WHERE THE LINE IS?

In all the projects I'm involved in the MR is briefed, commissioned, report received & signed off. And that's the end of the involvement of the consultant with the company except for future presentations. The consultant does not get involved with the implementation of the recommendations that the research has identified. That is squarely the responsibility of the company that commissioned it. It is not for the consultant to implement. In fact if the consultant were involved in any of that down-stream sort of work we would be a bit concerned.

'Food from Britain' has independent offices around Europe now. They provide a service to British food companies whereby they will undertake MR in overseas country. The research is free! But they want a slice of the sales that then result from the appointment of distributor & therefore sales into market. So 'Food from Britain' provide an entry & all the up-front marketing is free, MR distributor selection, interviewing appointment is all part of the game but want 5% of sales outcome. So MR is thrown in, it isn't for its own purpose so we basically steer away from supporting projects of that one because it's - 'Well how much is the MR then? Free? Well we'll give you half of nothing then!' They could try to put a price but what's the point if the company's not paying it? Also if they were interested in the outcome we couldn't be sure the MR is really being conducted with a completely open mind....we want the company to come to their own decision as to whether there's a market there. But there's an instance of where consultancy is in the longer term. I mentioned these companies in Warwick that provided not only the MR but also the on-going agency. We've chucked them out of the window. We're not dealing with them any more. The scheme is purely to buy in the information they need to develop a strategy to help in their exporting. And then once they've brought it in that's the end of the researcher's paid involvement. They may call on the researchers' expertise for another project but then it starts again - a brief, a commission, etc. So it's all done 1 at a time. And it's a complete project in its own right.

I had an awkward bod on the 'phone the other week. He wants to engage somebody for a year whose an industry expert & he wants to use this bloke to explore the European market. That's why he's engaging him. But he wants to employ him, at £30K or something. I said 'Well, I can accommodate it if every project is taken separately but if you are to engage him he comes under your own staff so I can't reimburse his salary, but if he were kept at arm's length & he were a consultant providing the service, & you said "I want you to do some research in Italy". Right well that's £7K. Let's have a look at what he's going to do for that'. Then he's going to do Spain, etc. one project at a time, provided it's competitive, other quotes at the same time. So there's an e.g. of a company wanting this long-term involvement but essentially I had to say to him 'You're probably wasting your time anyway. He's an industrial expert he's probably not a market researcher at all. You'd only be looking at his own view of the market'. But now he's
gone away. But he’s an awkward bugger anyway; he’s offended 3 members of my staff already.

WHAT ABOUT THE SCHEME ITSELF? DO YOU GET PEOPLE WHO, IF THEY’VE USED THE SCHEME ONCE, WILL COME BACK?

Yes, on the in-house projects, where we are helping people with their trips, that does happen an awful lot. Companies on their 4th or 5th trip. There are 1 or 2 up to this. We remember them of course because we know them. You just know that they are using the scheme to explore markets everywhere. There’s a fair amount of that although I don’t have any statistics on that. I just know there aren’t many full suppliers, because we just had a look to see whether there were any who had done 4 or 5 projects, and there weren’t any. But there are a number that have done 2 or 3. That’s laudable. We love that. They not only see the benefit of MR but see the benefit of the scheme, they like us and they want to use us again.

The scheme supports up to 10 projects from companies so it’s a long time before they exhaust their entitlement. And usually a year for a project is just about right. The people can’t handle more than 2 projects a year. It’s enough to do the trip, analyse the results, report, implement the findings, that’s a good 12 months. But the idea is that they learn, and adopt. There are people that say that after they’ve interfaced with the scheme – essentially, when we 1st meet companies they’ve no intention of doing MR at all……………….(TAPE CHANGE)…………Just the experience of visiting the market is a plus but it’s almost like experimenting with the culture. And if you’re experiencing the culture in a fairly risk-free environment. You’re not exposing yourself to the sharks that are going to shoot you down because you’re trying to sell something. You’re just innocently going in & asking for some information on the market into which you might enter or you might not. If you’re after information – not after sales – there’s a very good chance you’re going to get it. Not partnerships or anything. Just the way the market’s working, and they’re going to tell you. And it gains an enormous amount of respect among the people you speak to. It could well be that the people you speak to end up being the people you do business with but that’s not a bad thing. The only bad thing about that is the implications for the code of conduct. But the benefit is that they think ‘Thank goodness. Here’s a company taking the trouble to find out about a market before launching in’. So the doors are wide open for the 2nd visit and market entry. It’s a success. They go for information & they get it. You can’t beat that! We had one guy – he said ‘I never make an overseas trip without it paying for itself’. Completely unheard of for him to go to Australia, spend 6 weeks, come back & not have sold anything. We said ‘Well if that’s your attitude you can forget any support from the scheme. Because what we’re doing is recognising that the trip you’re going to do is NOT going to produce any sales, and therefore we’re going to subsidise it’. But the more you talked to him the more you found out the number of trips he’d done that hadn’t paid for themselves! It takes an awful lot of pressure off the company if they know they don’t have to sell something this trip so can be more confident about what I’m doing & going places for information. So these are the benefits that come to people who do it for the 1st time. They come back with information & say ‘Right, I can forget that sector, forget that region, just focus now on
these that are going to be the most lucrative for me’ & therefore pile all their resources into those regions, those sectors & exploit & gain. Therefore they say ‘Well that’s the benefit, I’ll use you next time’. So we do get that follow-on.

(P) DO YOU GO BACK TO THE COMPANIES AFTER TIME-SPAN ELAPSED & SAY WHAT HAPPENED? DID YOU GO INTO THAT MARKET?

We do. The other question you asked was about word of mouth. There is a little bit but not an awful lot. Single digits: companies say ‘I was talking to Nick & he said about the scheme’. Or ‘I was on an aeroplane sitting next to someone who said his trip was paid for & I wondered why mine wasn’t!’ It is intended that we should follow up & that at the end of a project we read the report, send it back with the payment, & that’s the end of the project unless they want to start the next project. So we don’t follow-up to see if the recommendations have been put in place immediately. We do 2 things. We tell the Business Link the company’s project has finished, and we tell the market branch. Because after the research is done the person who can help the most is the Export Development Counsellor. Can translate this MR into a strategy that will work in that country. That’s not our forte. We don’t want to tread on the toes of the Export Development Counsellors. So we hand it back to them. And the Export Development Counsellors got vouchers to help a company into an overseas market - £1K, £1500, not an awful lot of money but some assistance. So the follow up is basically left to Business Link to help implement. We’re a bit out of our depth on advising on implementation of marketing strategy. But we do go back to the company a year later with a written document to say ‘You may remember talking to the EMRS. How was your interface with the scheme & what are you now doing in the market as a result of the research?’ So we do have a document that we can.....This was the Open Learning Centre, you probably know them do you, CCTA? I’ll just make sure the comments are good before I show it to you! In receiving the grant they are bound by contract to return this questionnaire. ‘Why did you apply for the grant? What would you have done if you hadn’t got the grant? Were you advised? Were you advised to prepare a brief? Were you advised to amend or supplement the original? Do you think the advice improved the quality? Was it clearly expressed?’ Here they are saying that our involvement in changing the programme actually improved it. So ‘Please indicate the extent to which you are satisfied with the brief?’ ‘Speed of processing was appreciated as it allowed for a speedy involvement in the market’ ‘Did you conclude there was a market? Have you implemented the recommendations? Please indicate which of the following actions were taken on the basis of this research – entered market for the 1st time etc. What do you reckon you’ve done?’ ‘£5K’. So we take that £5K, go back to question 2, what they’re doing in the market, what would they have done if they hadn’t got the grant. This lot would have done a more limited research project. So we say ‘Well they would have done a research project but probably not to the same detail & don’t forget we changed it so – I don’t know what I assigned to that question – 50% or 25% - with a more limited research project I’d probably say ‘We’ve contributed a quarter’ so I would divide that £5K by 4 and say ‘That’s attributed to us’. Where they say would have proceeded without the research I’d say ‘Well that is a half’. If they would have done a sales trip I might say ‘Well we can have three quarters of that’. If they would have postponed the research then it’s all ours. If they say ‘Proceeded exactly as planned’ then
we can claim none of it. So I use those to work out an additionality; it's that additionality figure that leads us to say that every £ that we give in grant results in £35 of additional sales in the first year.

SO THAT'S HOW YOU EVALUATE THE EFFECTIVENESS OF THE SCHEME?

Yes, additionality of it. Say, 'OK it cost us just over £1 million to run this set-up, including all the grants & that results in £35 million of sales in a year inclusive. That's accounting for all the admin costs as well. So, sorry, £1 of grant leads to £40 to £60 of sales. But when you take account of the admin costs £1 of operating costs leads to £35 of sales. (P) So that's a 35 to one return so we say it doesn't what demands are made on the budget they must make the money available. At the moment we're assigned £1 million. If we don't spend £100K of that we'll give that £100k back. But if we got a lot of projects coming in & it looked like we needed £1.2 million then we say 'Make the extra available' because we know that extra £200K will result in a significant sales. Our main problem is not the scheme itself. The product is fine. The problem is not enough companies know of it. The problem is not so much you taking up the scheme, it's knowing that it's there in the 1st place. We get over 200 enquiries about the EMRS every month & only 20 applications a mouth. 1 in 10. But we've done some research on the 190 that didn't. We've rung them up to find reason why not applied & all the reasons they give are reasons we couldn't have anything to do with - no project yet, or just looking for information - it wasn't 'Oh no, it's too difficult' or 'Nobody gave me any advice' - all of the reasons they gave were all delaying, not relevant at this time, rather than any particular thing we could do anything about. So OK that's fine. 200 enquiries a month leads to 20 applications a month - that ratio, 1 to 10, is what we can expect. What we've got to do now is make the 200 enquiries become 400 enquiries a month or 1000 a month & that would then result in a conversion to applications at the appropriate rate. Because we don't persuade people to apply. We've done that once & I'm never doing it again. We had a little competition between the advisors to have the most advisorees in - to talk to the most companies. It's a silly competition because it means nothing. But it was a battle, harmless. But what Paula was doing was another thing - how many of those advisorees turn into applications? Just a game, because I can advise consultants, but they don't apply! I can sit down talking to you 'Advise a university' - you won't apply, it's just that talking to people about the scheme is still called advice. And sometimes you'd advise a company not to apply. So it's not fair! So I said to Paula - 'Rubbish, stupid measure, stop making it'. Because too often companies come in - because it's money - I say 'Well what you want is not appropriate so come back when it is'. So anyway. I was ill with the 'flu February this year. Paula had an advisoree with him. She administrates the scheme, knows all about it but doesn't usually advise, so the pressure was on her to get that guy to apply, because her ratio at the moment was nought! And she was on the 'phone to him every fortnight, & went on & on & eventually this poor bloke put in an application. Then we go the advisor Belinda to ring the guy & say 'You've got 3 applications'. And we rung him & he said 'I haven't got approval from the board yet!' 'Oh my goodness!' you think. 'I know what's going to happen with this. It's going to go nowhere.' We persuaded him to go. We briefed consultants, got consultants doing work, everything right, and there's probably never ever going to be a project. You persuaded him all the way through
the process, and because we've been pushing him he's been doing this & the poor bloke hasn't got the money to do the project anyway. But it's one of those situations where you can't persuade people to do it. It's not like 'New Products from Britain'. Not something you sell, hard sell. A company has to adopt it into their exporting process. We don't sell. We just advise. If they want it it's here but we're not going to ram it down their throats. Because with the mail-shot, we write to them. Those that don't reply we write again about a month later - 'You may have overlooked etc'. So we have that. So we say 'What shall we do with the rest? Shall we ring them up?' NO, for goodness sake! We're giving them money. If they don't want it after we've told them twice then just lay off. We can't force them. The thing I want to achieve is awareness more than anything else. I want every British exporter to know there's this scheme. (P) As manager, to market the scheme I see it's very clear. We don't have to change the product, change what we're doing to the enquiries. Those that are on our database, we keep reminding them about the scheme. No problem. Every 6 months or so, by newsletter. That's all fine. The only thing I've got to do now is make more people aware of it. That's my goal, & we look like we're going to get the money to do it & we're just going to have leaflets everywhere, we'll be at every trade show, we'll just make a big noise. (P) Just the media really, with editorial and advertising space. There's CD ROM's you can have; I hate them to be honest because companies often don't have CD ROM readers. More importantly where they do they can't hear, because they haven't got sound cards. Even so it's still the message of the scheme's got to get out there. Every exporter should know & I don't care if they don't use it as long as they know it's there that's fine 45K because knowing about it is fine & then we can handle the ones that say 'Well I'm off to Japan'. We can handle it. So that's the goal, that's what I've got to achieve. It's very clear in my mind.

SO YOU'RE THE MANAGER OF THE SCHEME & YOU'VE GOT 2 ADVISORS WORKING WITH YOU?

Yes, ideally I have. I've only got 1 at the moment but there's myself as manager & advisor, Belinda who's the dedicated advisor & then Paula who heads up the administration of the scheme, managing/supervising the enquiries, the applications, the payment of the grants etc. Then there are 2 girls who take the enquiries, then Chris who's the receptionist. That does the job - covers it quite competently.

CAN I ASK 1 LAST QUESTION ABOUT YOU? YOU'VE OBVIOUSLY BEEN INVOLVED IN THE SCHEME SINCE ITS INCEPTION AS FAR AS THE ABCC IS CONCERNED?

Yes.

AND YOU'VE GOT A RESEARCH BACKGROUND?

Yes that's right.

CAN I ASK YOU ABOUT THAT? WERE YOU ON THE CLIENT SIDE? THE SUPPLY SIDE? WERE YOU INVOLVED WITH PARTICULAR SECTORS?
I came into British Chamber of Commerce when the scheme had already run one and a half years with the ABCC. Maria who is now director of this division she was involved with the scheme right from the start as advisor and then as manager, so Maria's been managing the scheme for most of the time and then January 1988 I took over its management whilst Maria became Director. But I came from the Shell Company of Australia (P) where I'd been working 7 years in Melbourne & Sydney etc. I had 4 and a half years in the Planning Dept. of the Shell Company responsible for MR for the whole of Shell Company Australia so naturally involved with the Australian component of any international studies that were being conducted by Head Office. But my responsibility was for taking a brief from the product managers & briefing consultants to get all the appropriate work undertaken for various product managers throughout the company. Varied from retail outlets to industrial oils to car washes to restaurants & serving the private motorist in the best way, trucks, diesel all that as well. So I was with Shell for 7 years of which 4 was in MR. Prior to that I had 5 years working for a pharmaceutical company as their export manager. This is a small company -12 people manufacturing veterinary products, exploring export markets. It's one of those things where you're just in the right place at the right time & it just worked out ideally for me being English in Melbourne & just suiting down to the ground the requirements of this company who took me on. After a very short time I was responsible for exports from this company throughout the Northern Hemisphere. Whereas the MD was responsible for Exports in SE Asia (P). So the 1st job took me around the world every year to visit America & Europe & it was a learning curve for me in learning export process but it certainly gave me experience of what an export manger is up against as far as the dross you get from around the world and the demands on your time. So my experience was both exporting & MR (P) & engaging MR into useful corporate planning. So very high level in its application for the Shell Company. So I had both export & MR & had both in my blood. & I really believed exporting was the way for a country, a company, and MR is the foundation of marketing.

(Maria interrupts): She says - are you here to see how the Plymouth Bus School & EMRS can work together? EMRS fundamental objectives haven't changed since ABCC took over. We like to think we've improved the process.

(P) TALKING ABOUT YOU?

Yes, so they both fitted together in terms of operating the Scheme. (P) I'd been in Australia 12 years & I didn't know what I was going to do when I came back to England..................(BREAK IN TAPE).

COUNTRIES & TYPES OF RESEARCH MOST POPULAR?

I've got it written down it's America 1st then China then Australia then Poland the top 5. We did rate them all. Obviously in-house to America is very popular. It's English speaking, £300 to get there. Australia is quite popular too but yes English speaking but then quite expensive to get to so then they need the help.
I'M INTERESTED IN THE WAY SMALL COMPANIES GET EXPORT MARKET INFORMATION....SO I'M INTERESTED IN YOUR ROLE IN THIS.

Shall I tell you what my role is, and what we actually do as an international trade department? I'm still Business Link, I'm still an Export Development Counsellor. Within Business Link & its partners - which is Business Link, British Trade International, Chambers of Commerce & even the City Council we have an international trade team which covers Devon & Cornwall which looks after - basically every country. BTI is trying to look after the SMEs, which goes up to 250. Well 90-95% of the companies in Devon & Cornwall are less than 10, probably! So we don't have a problem there. To do that we have an international trade dept of 12 people. An International Trade Manager - who is the Head of Department & he is mainly desk-bound, does a lot of arranging, and keeping an eye on us. There are 2 export development counsellors which is myself which covers 4 of the Business Link areas, which is Devon apart from the Plymouth area, all the rest of Devon. My colleague Adrian --- covers Cornwall & the Plymouth area, there are 7 areas altogether, I have 4, he has 3. Not under us exactly – probably in seniority but nobody tells anybody what to do, it’s not that sort of regime – we have 4 international trade advisors which do the nuts & bolts of exporting – paperwork, documents, advice on how to get paid, that sort of things, and they cover – 2 are employed by Business Link, 2 are employed by the chambers, and they’re spread around. The 2 chambers are the Cornwall Chamber in Redruth and Plymouth Chamber here. And then we have 2 that work for Business Link. One in North Devon in Bideford & one in the Torbay area at Paignton. So that’s those 4. We have 2 members of BTI who cover Devon & Cornwall but are actually based here in Plymouth.

SO ULTIMATELY YOU REPORT TO...?

BTI took over from the Foreign Office & DTI; it all comes under 1 umbrella now, but we all work as a team. And we also now have a new innovation. We applied for some European money & what we’ve done is start up an Export Office. And that’s run by a gentleman called Steve --- who used to be – well still is sort of employed by Business Link, and used to be one of the advisers at Torbay. He is now manager of the Export Office, and the idea of an export office is – we felt there was a gap, a need for companies who really can’t afford an export department. So Steve & his department come in, help prepare a quote if you like, help prepare documents, get them off the ground, if you like, and there’s European money behind that. (P) It’s SME Europe Funding. And if you add the 3 administrators that work for us, we have 1 based in Exeter works for Business Link, mainly looks after me, administration for the team mainly me, Roger --- our International Trade Manager, and we have 2 administrators work for the Chamber. I can put in the post a family tree, if you like?

YES!

We like to think – I’m fairly confident & I’m aware that you’re taping this – so if I make any claims I guess I’m going to have to make sure I can back them up. But I’m fairly
confident to say that if there is any problem whatsoever from A to Z or any information from A to Z that’s needed on either export or importing we can answer somewhere within the team. And the advice the government give to any would-be exporter is ‘Contact the Business Link’ & then we would take a suitable person to deal with that.

SO IF I WERE THINKING OF MOVING INTO A NEW EXPORT MARKET & THOUGHT I MIGHT NEED ADVICE ON WHERE TO GO, HOW TO FIND INFORMATION, OR WHETHER THERE WAS ANY GOVERNMENT SUPPORT, INDEED MONEY, AVAILABLE, HOW WOULD I KNOW WHO TO CONTACT?

There’s 2 things. We’ve got a freephone number at Business Link (P) That’s in the ‘phone Book, on the ads etc. As you walk round and they will put you in touch with one of the international trade team, or you can ‘phone the local Business Link here in Plymouth would be down the road here, or Tamar, which is the old Royal Naval Hospital. In the 7 Business Links we’ve got here, are in Tamar, Exeter where I’m based – or I’ve got a desk, I’m hardly ever there – Torbay/Paignton, Bideford in North Devon, Newton Abbot on the Heathfield Estate just off the M5, 2 in Cornwall – 1 in Redruth & 1 at Bodmin............(P)............The chamber used to be in Looe Street just across the road but the Chamber now have moved into the same building as Business Link & the International Trade part of the Chamber is actually sitting in the Business Link Office. Anything to do with international trade – none of us are on ego trips & none of use are jealously guarding our own ‘This is mine, you can’t do it’. We have got a team that can answer anything, and depending what’s wanted by the company is who is put onto it. Now – not on purpose, I skipped what I was doing more by accident than design. - But we have the 4 international trade advisors, they’re the nuts and bolts. But if somebody’s looking to find a new market, wants advice on a new market, wants to know about – may be looking for agents or distributors; they may just want to talk to see if their product’s suitable for the market. I would say some of my time is actually taken up by talking companies out of a particular market because it’s not right for them. That’s the worst thing I could ever do is encourage somebody to export to the wrong market. I could point them in another direction. So really as an Export Development Counsellor I’m involved with all the market aspects, and I will actually sit down with a company & do a strategy with them, for the coming year or 2 years, or even longer. We have the advisors, the nuts & bolts, & it all works pretty well. And within the team - & I’ll send you a family tree of what we all are. I’ve been in international trade coming up for 34 years now. Adrian, my counterpart in Cornwall the same, James --- who now works in Plymouth doing my old job – because I’ve been at Business Link now getting on for 4 years – has been in international trade a long time as well. In fact he was at Business Link but we have a ‘Retire at 60’ policy at Business Link so James filled the gap at Plymouth, & now works for the Plymouth Chamber. So there’s 3 of us there that have got probably a century of experience between us. Mike --- who’s the Cornwall Chamber guy is also the Chief Executive of Cornwall Chamber, & has been in freight a long time, exporting. The others are all learning as they go along. And we do everything that there is to do.I actually have got a presentation together which we give to various organisations like banks etc. I’ll send you all the slides if you like.

THAT AGAIN WOULD BE USEFUL.
But we basically cover everything. And if you ever wanted me to do a presentation it can take 20 minutes or 2 and a half hours depending on who you’re talking to, the amount of questions etc. And we see very much a part of our role is to advertise what we do.

I WAS GOING TO ASK YOU HOW YOU GET THE WORD OUT?

Well, a number of ways. On the Business Link database there are over 63,000 businesses in Devon & Cornwall. That’s pubs & clubs & shops & whatever. On that there is something like 2400 known exporters. And when we find out companies are exporters we put it on our client management system, so it’s there, and it gets added on. And they’re being added to all the time. There are exporters who don’t even know they’re exporting. I spoke to somebody this week just outside of Exeter who wanted to talk about America. And they’d sent some people over to America to install some equipment. And I said ‘You’re exporting. Because it’s a service you’re exporting’. And exporting services is just as import as export goods. So there are a number that don’t know they’re exporting, a number that have succeeded and never really needed any help, and so we find them as we go along. But we’re adding all the time. Every time we add one they go on our database & then we start the self-promotion, through mail-shots, which is the standard way. We run a number of export clubs, we now have 5 in Devon & Cornwall. And probably 1 of the most successful set of export clubs in the country. We’ve had the Chairman of the British Export Clubs down to see us & he’d never seen anything like it. We get probably – depending on speaker, time of year, weather, we probably get a minimum of 35 people there every meeting. I’ll make sure you’re on our mail-shots. What we’ll do is probably not only tell you about the ones here in Plymouth we’ll send you the ones what you will get advised of all the Export Clubs because they all run at different times. A lot of companies do this now, they come along to whatever’s interesting so if they live in Exeter if something interesting’s going on in Bideford they’re more than welcome to come to that. All we ask is you let us know. It depends what your interests are. I’ve done a few lectures there, we normally have somebody come from a foreign country whose a visiting commercial officer, or we get one of the Export Promoters who look after a certain country come & give a talk at BTI in London they’ve got desks for every country & we get them down. There are about 80 export promoters around the country who have been seconded from trade business - under 2 or 3 year contracts & are experts on certain countries, they come down and do talks.

DO YOU HAVE SO MANY PER REGION, OR CERTAIN INDIVIDUALS YOU CONTACT FOR THE S.W?

No, if I give you a for-instance. I did a trade mission to Iceland in January. Prior to that, last year, I got the export promoter for that area to come down & run some clinics and do some talks for people interested. Worked very well. Again sounds like I’m being big headed here but we probably run more clinics with these types of people & clubs than any other place in the country. We do really have an international trade team that work at it. We’re always coming across people who don’t know what to do but we’re getting
there. I & my colleagues are quite happy to come along & give talks to students. I’ve
given a number of talks to students.

............[divert to discuss guest lecture!]

What we do as well is run a lot of training courses. I did that when I was at the Chamber
of Commerce in Plymouth. At that time it was - & I’ve actually done, before the Business
School was here when they were in the university building (Babbage) before I joined the
Chamber I did a year with a colleague, a couple of hours every week training mature
students. I think International Trade should be taught at school. Not at 12 year old, but 6th
form, whatever. Because the companies I go around & see – and I’m not just talking now,
I’m talking over the last 30-odd years I’ve been involved – international trade seems to
be - it’s not as bad as I’m probably going to paint it - but a lot of companies say ‘John or
Jill, they’ve just left school, they can run the export side. It’s easy.’ And a lot of
companies successful in spite of not because of. So I’m happy to come along & talk to
people. The more I can teach people, companies, the rudiments of international trade, the
easier my job is. Because I get called all over the place with the most ridiculous
questions.

WHAT SORTS OF COMPANIES COME TO YOU FOR ADVICE? YOU SAID
THERE’S A LOT OF VERY SMALL COMPANIES HERE. CAN YOU CATEGORISE
THEM AT ALL?

I wouldn’t even try!

MORE MANUFACTURING THAN SERVICES?

OK, if you want whether it’s – yes, obviously more manufacturing but if you’re asking
me to put size or product I can’t do that. I mentioned earlier I took 10 companies to
Iceland & within those 10 I had a protective clothing company, 2 clothing companies for
young style, a computer company, a company that made false teeth, 1 that produced
ornamental doorknobs etc. A guy that did marine engines. You name it.

SO CONSUMER AND INDUSTRIAL?

Yes, and we’re famous for – I mean I work a lot for the government because, Business
Link, & they’re forever saying to me ‘What’s your product sector?’ & I can’t answer it.
In the marine industry we have some very big marine companies around here. And if you
take Marine --- Company, who employ 750 people, but they also give a lot of work out
to the companies that make the compasses and marine instruments and God knows what
else. So we’ve got a lot of them. Tourism is an industry down here which there’s a load
of. electronics, & some of the things we do in Devon – I’m a Londoner, I’ve been in
Devon 10 years now – it never ceases to amaze me what we do here. The thing we don’t
do is shout about it. There’s a company in Devon, for e.g. who manufacture Belgian
chocolates & their biggest market is Belgium! You know the Lottery programme on a
Saturday? The company that did – the curtains behind, all the flashing lights, they were
done by a company down here, and they’re so good they did something for the Aga Khan
recently, for the electrical lighting, and they also did Prince Charles’ birthday bash. Another company in Crediton made all the kayaks that went into Argentina with the SAS. You name it we’ve got it down here.

THE INDIVIDUALS WITHIN THE ORGANISATIONS WHO COME TO YOU FOR EXPORT ADVICE - DO THEY TEND TO HOLD PARTICULAR ROLES IN THEIR ORGANISATIONS OR IS IT THE MD IN SOME CASES, GENERAL MANAGER IN OTHER CASES, OR DOES THE PERSON TEND TO HAVE A MARKETING OR EXPORTING TITLE?

Some of the bigger companies have obviously a marketing department & a marketing person. Some are called marketing managers & really don’t know anything about marketing. All sorts of people. I get a lot of people coming from the accounts department because exporting like everything else is a gift until it’s paid for & they need to know about documents etc. And they get frustrated within their own company so they’ll pick the ‘phone up & say ‘Am I doing this right?’ We can sort it out. A lot of VAT questions.

CREDIT-WORTHINESS, THAT SORT OF THING?

Yes.

SO IF YOU WERE PASSIVELY EXPORTING AND HAD A QUERY ABOUT AN ORDER FROM A COMPANY YOU’D NOT TRADED WITH BEFORE, BASED IN A COUNTRY YOU’D NOT TRADED IN BEFORE, THOSE KINDS OF QUERIES...........YOU HELP WITH CONTACTING AGENTS, DISTRIBUTORS ETC. IN PARTICULAR MARKETS. WOULD YOU GIVE PEOPLE AN IDEA WHERE THEY COULD GO TO FIND OUT ABOUT THESE PEOPLE?

Yes, some of the things we do are chargeable. I try not to charge companies. I’ve been there & done it myself. But most times I’m able to point them in a direction, even if I can’t do it I know what’s got to be done so I can point them, and this is something else that we’re trying to get across to people. ‘If you come to us we’ll point you in the direction to go to find things. I mean there’s a very good computer system now. Which gets all the leads from all over the world from 200 British embassies.

BY SUBSCRIPTION?

No it’s not. A few years ago it used to be called EIS – Export Information Service. It was pretty naff, to be honest. It was dated, so when you got the lead it was probably gone. It was very ambiguous – you might have fire-fighting equipment for Karachi, you’d think ‘I’ll have a look at that’. Then fire-fighting equipment could be hoses, fire engines, uniforms, machinery, you name it. But there is a new system now called Trade UK which you actually fill the form in & all year details go onto a main-frame computer, and the embassies feed that into the computer & if it’s of interest to you as a company that company will then e-mail you with the details. So you have to been on the Internet either e-mail or (?) and you don’t just get the one line now you get the whole bit with the exception of the contact name & address. But you can look at that & think ‘Yes, I do
make hoses etc. I can bid for that’. & by signing up – which costs you absolutely nothing, it’s free, when you sign up they give you year own number. You can type that number in & then it gives you all the contact details then you do your quotations. And you’re allowed 5 of them free every month. Which for a company down here in Devon & Cornwall or anywhere come to that – 60 leads a year. Isn’t bad. All free. And the reason they don’t give the details out is because it’s on the Internet, other parts of the world could tap into it. So by having your own number you can....If you don’t want to take it any further you can just delete it. It’s a marketing tool as well because if all of a sudden – you make kettles - & there’s loads of enquiries from India you think ‘Well there’s a market there’. So it’s a marketing tool as well. There’s lots of stuff going on. So I guess the answer is get them all involved with Business Link & get them on our database. And we’ll send them all the details of clubs and events & stuff going on. I mean we run these clinics with experts from foreign countries – either they are visiting from a foreign country, work for the British government in a foreign country or we get an export promoter, and we will fix them up with 8 or 9 appointments so they can talk to companies on a 1-to-1 basis. A lot of companies like going to a seminar & asking a question, and they talk & you tell you whose doing it, what your product is, they will tell you what the country’s like & how best to approach it. It’s 45 minutes clinics – invaluable. Even on the very very few occasions when at the end of it they say to you ‘I’m sorry, you’re never going to sell your product in my country’ you haven’t wasted your time, you move on.

SO GETTING BACK TO THE PEOPLE WHO USE YOU, DO THEY TEND TO HAVE HAD EXPERIENCE AT EXPORTING ALREADY, OR DO MOST OF THEM SAY ‘WE’VE NEVER....?’

Pass. I’m sorry to be so vague, but it really is – I love the job I do, Business Link 4 years, 4 years at Chamber of Commerce, previous to that a couple years I was in a kind of advising role, & I love it because – 2 things really. I never know what I’m going to get asked from 1 day to the next – whether it’s how to get a dead body back from the middle of the desert, or – I had a woman ring me up not so long ago to ask me how she would get a urine sample back to the States. I put up a slide which says - because hazardous cargo’s a problem - & I list the number of items of which bull semen is one. In itself it’s not hazardous, but for it to be any good when it gets to the other end it has to be packed in dry ice & dry ice is a hazard. (P) So I’m sorry to be so vague, but I can’t really answer.

ALL SIZES, BEARING IN MIND WE’VE GOT A PROPENSITY FOR MICRO-COMPANIES DOWN HERE, ALL KINDS & LEVELS OF EXPORTING EXPERIENCE.? DO YOU FIND THAT ONCE YOU’VE MADE THE LINK, THAT YOU CAN KEEP UP A RELATIONSHIP WITH A COMPANY?

I try to.

SO DO THEY TEND TO BE 1-OFFS, OR MORE REGULAR CONTACT?

Oh no, no. I mean I don’t know it all. I think I know most of it but they’re always changing. I mean Europe’s getting bigger, the rule & regulations within Europe are different to the rest, & you have to keep in touch. And even if it’s not me to do it I’ll
oversee it & make sure everything's done. So I'm not the boss, we've got an International Trade Manager who's our boss. I guess my colleague – fellow EDC from Cornwall, we're senior but we don't tell the others what to do though they tend to come to us.

TALKING SPECIFICALLY ABOUT EXPORT MR NOW. IF SOMEONE WANTS TO BE PROACTIVE & SAYS 'I KNOW THERE'S A MARKET OUT THERE BUT NOT HOW TO DECIDE WHICH IS THE BEST EXPORT MARKET....?

That's where I come in!

SO WOULD YOU BE THE PERSON WHO WOULD DEAL WITH THE RESEARCH END?

Yes.

WHAT ABOUT USE OF GOVERNMENT SUPPORT? E.G. SUBSIDIES FOR TRADE VISITS, EMRS ETC.

That all still goes on. Comes through us.

SO THE GRANTS ETC. AVAILABLE TO DO SPECIFIC MR PROJECTS, DO YOU GET A LOT OF TAKE-UP OF THOSE DOWN HERE?

No, er... no. We don't get a lot of it down here. The odd company but it really is – because you're talking big money.

MATCHING MONEY?

That's right. (Pause).....But I've got a marketing – not degree – but I've been on marketing courses and got certificates and stuff like that, and the EMRS, I've done their course, and it really is quite high-powered. It is very beneficial, both financially & - you get the job done, but you're really talking at the top end, you're talking 4-figures +. And you've got to find half of that. But there are other bits and pieces. I mean I've got some funding which is under my control for export related projects, which can be a bit of marketing help.

AND RESEARCH SPECIFICALLY?

Yes. There's all sorts of bits & pieces, but companies really need to get in touch with us & I don't know of any other organisation. I mean prior to Business Link you had the Chambers & European Information Centre & we all pulled together & worked as a team.

[ENDS INTERVIEW]
COULD WE START BY TALKING ABOUT WHAT THE INSTITUTE DOES? WHAT ITS ROLE IS?

Well, essentially we're a training and education body. The bulk of what we are concerned with is training, and the Institute of Export courses we run, and exams, the qualifications. Essentially it's about standards, like most professional Institutes. That constitutes most of what we do. (P) Yes, there's the Certificate of Practice, at the basic level. There's the professional exams - they're in two parts, leading to the professional qualification, graduate membership, and advanced certificate and diploma. These are mainly part time - through colleges and home study. We do a number of training courses as well, export seminars.

SO WHAT WOULD THEY INVOLVE?

Export paperwork, letters of credit, Incoterms, on the practical side. Planning, how to choose overseas agents, selling and so on, that's more management. And the special interest sessions, like export finance, and with these there's also the sessions on how to do business in parts of the world, the Middle East and so on. They're very popular. Part of our CPD. Continuing professional development is very important to use. It's not just a case of getting the qualification and then just carrying on regardless. It's very much about refresher, keeping up to date.

SO WHERE DOES MARKETING, INTERNATIONAL MARKETING FIT IN TO THESE? IS THAT A QUESTION IT'S POSSIBLE TO ANSWER, OFF-HAND?

I'll give you copies of our literature. I meant the training courses touch on it obviously, and it's important in the 'how to do business in...' sessions. Varies, I think, depending on where, though. (P) Yes, Marketing in the Advanced Certificate courses, international aspects of that, obviously.

AND DOES MARKET RESEARCH FIT IN THERE?

Oh, yes, in the International Marketing. What conditions are like, how to do it, or get it done (P) Basic market research first, if you like.

SO THERE ARE LEVELS OF COURSES. DOES THAT MEANS LEVELS OF MEMBERSHIP?

Yes, that's right. You can be a member by experience, just number of years in exporting, Or there's associate membership for those with more exporting under their belt, more responsibility. And graduate membership for those with the Institute's exams.

(P) It's mainly about training and standards, about keeping standards up. So most of what we do is that, and liaising with the various colleges and educational establishments that offer our courses. And we have our own regional training course, short course, that we
run around the country. (P) You can get training accreditation. Have you heard of the JETS Scheme?

IT RINGS A BELL. CAN YOU REMIND ME?

Joint Export Training Standards. It’s assessment and training standards, getting short courses to the level. It’s developed and run by us, the Institute, with the British Chambers of Commerce. Obviously a lot of our members are BCC members as well, and as I say we’re here to get standards up and keep standards up. We work together on that.

WHAT ABOUT OTHER ASPECTS OF THE INSTITUTE’S WORK?

Yes, the benefits of membership, obviously. There’s the journal, Export Today, you’ll know the journal, I expect....that’s every two months. Quite important to keep up to date with changes in markets and so on. Branch meetings, at a local level, sometimes round a theme with a particular speaker, but most important for networking, I think. Local support. And we have a helpline, sponsored by DHL. That’s for technical problems like customs procedures, shipping. If you have a problem you can ring and they will sort you out. That’s very popular.

SO, IF I WERE AN EXPORTER, OR WANTED TO TAKE MY COMPANY INTO EXPORTING, BUT I DIDN’T REALLY KNOW WHERE TO START. WHAT COUNTRY TO GO INTO FIRST, HOW TO FIND OUT ABOUT EXPORTING, AND I GOT IN TOUCH WITH THE INSTITUTE, WHAT COULD YOU DO?

Right. First off as a member you would go into our British exporters database. And we get leads for the embassies, and so on (P) Yes, that’s very successful. Last year there were more that 15000 queries for goods and services from the UK. Part of our training service is for British Trade International. This is a joint DTI/Foreign Office service for Exporters, jointly by the two government departments. We run special training sessions for civil servants about to go into overseas missions. So we’ll train them. Then they provide part of the BTT’s market information service, from the Foreign Office posts, overseas, for exporters’ queries. On the market, competition, possible representation and so on. Very useful.

SO IF I WANTED TO GO OUT THERE AND FIND A MARKET FIRST, DO SOME RESEARCH?

There’s the EMIRS. (P) Export Market Information Research Scheme. You know EMIC?

IN VICTORIA STREET? YES.

You can ring or fax the EMIRS if you want a search done, for a particular country, sector, whatever. They will quote you for the work, then dig out what you need from EMIC. And you can get access to our on-line databases. (P) It’s a support service, it is fee-based. But I mean it’s all there – global information. That’s run jointly with EMIC and Business and Trade Statistics. It’s remote access, really. But also it’s because we find you two professional researchers who work full-time at EMIC, and can access the information
much more quickly than most exporters, even if they were to go up to London themselves.

WHAT IF I HADN'T GOT TO THAT STAGE? I WAS INTERESTED, BUT NEEDED TO NARROW DOWN A FEW MARKETS? AND DIDN'T WANT TO SPEND THE MONEY YET ON SEPARATE COUNTRY SEARCHES, SAY?

We would advise you to do some early research yourself. These days, it’s easy enough to do at that level. If not there are organisations who run courses now on how to search for new markets on the Internet, and how to identify and target new countries. Or they will do it for you.

HOW WOULD I KNOW WHO THEY ARE THOUGH? (I'M PLAYING DEVIL'S ADVOCATE NOW.)

No that’s fine. We could tell you if you needed a trainer. Or you wanted to outsource it. Yes, we could advise on that. Or you could ask someone at your local chamber. Or someone at your local branch would know, might have done it. That’s where the networking comes in. But it’s not difficult any more. There’s that access, that the Internet gives you. You need to dedicate the time, of course. That’s sometimes the problem.

AND WHAT IF I HAD REALLY SPECIFIC QUERIES, THAT COULDN'T BE ANSWERED USING SECONDARY DATA?

Well we do have a specialists’ register, list of 60-odd consultants. They’re mostly specialists in particular countries. They’ll have worked there, know the market well. Some of them are sectors rather than countries, but mostly it’s different parts of the world. We can put you in touch with one of them. Someone appropriate. If you’re a member, of course. (P). They have to be. We vet them anyway. But they are all Institute members.

HOW WOULD IT WORK? IF I GOT IN TOUCH WITH YOU, AND YOU SUGGESTED SOMEONE, AND I CONTACTED THEM? WHAT THEN?

Well, I mean they are practical exporters. They’ve had years of practical experience in their specialist market within exporting companies, and they are now self-employed. Let’s say if you were thinking of exporting to China, and we put you in touch with a consultant whose speciality was China. As a new exporter you could use him. (P) As consultants they’re obviously paid for transferring their local market knowledge to you. Local ‘know-how’. (P) They are much more concerned with transferring their country market experience. Can include major competition in particular sectors, possible buyers, who knows who, market structures, local business customs. They wouldn’t be the ones who normally do the - are they called secondary data searches? That would be EMIRS. This is much more ‘hands on’, transferring their expertise from their experiences.

SO THE CONSULTANT WOULD WORK WITH THEM, FOR THEM?
Yes, I mean you go somewhere totally cold, it doesn’t matter how much work you’ve done, pre-research or whatever. You’re almost bound to make mistakes. Misjudgements anyway. That inexperience can be damaging, when you need that to happen least. The consultants can stop that happening – well, limit it anyway – because of their experience, and I think that kind of local knowledge is a good reason for hiring consultants with their own specialist contacts in a country.

SO THIS IS ABOUT KNOW-HOW TRANSFER?

Yes.

SO – THIS IS A DIFFICULT QUESTION I KNOW – BUT, IN YOUR EXPERIENCE, ARE CONSULTANTS JUST CALLED IN BY COMPANIES IN AN AD HOC WAY? I MEAN YOU WANT TO GO TO CHINA SO YOU HIRE SOMEONE TEMPORARILY TO HELP YOU SORT THAT OUT. OR MAYBE THEY WOULD KEEP UP A RELATIONSHIP WITH THE COMPANY THEN?

That’s up to them. A personal thing between them and the exporter. If they were specialists in a particular field I could see that maybe they might get involved again – ongoing. But with a country specialist I imagine he would eventually work himself out of the job.

DO YOU EVER KEEP A WATCHING BRIEF ON THESE RELATIONSHIPS?

No, we have our consultant lists, which we would give you advice on if you were interested in a particular country. But no, we don’t follow up really.

SO IN TERMS OF THE EXPORTER USING THE INFORMATION FROM EMIRS, OR THE CONSULTANT’S ADVICE, PROCESSING THAT INFORMATION, DECIDING IF AND WHEN TO GO INTO A MARKET. ARE THERE ANY CHECKS YOU MAKE TO SEE IF AN EXPORT INITIATIVE BY A COMPANY HAS BEEN SUCCESSFUL? TO ASSESS THE STANDARD OF YOUR SUPPORT, LET’S SAY?

Yes, we are a training company primarily, as I said. So standards, there; but no, that doesn’t extend to information processing in the sense that I think you mean it. We wouldn’t know where to start with that really. That’s not our main reason for being here. (P) I think training mainly; that’s the key to raising standards and keeping a professional level. And it’s like the know-how transfer thing; you can offer these services, but as you were saying ‘How would they know?’ this and that, if they were graduate members they would know because they would have passed the exams that they learnt about them in. Does that make sense? And then in case they get out of date there’s the CPD programme. The other things, we offer easy access, options, discounts sometimes. We give our members choices, offer them services, sometimes they’re fee-based sometimes they’re not. But hopefully, as members, they’ll have the judgement to decide what and when to use. (P) So it’s standards. And support. And then they will be successful. We hope!
SUPPORT ORGANISATIONS
Transcript 4: Manager - Export Research Advisor - Market Research Society

What I do now is I man 'Codeline' which is - any queries the MRS get about export or overseas market research, they route through to me.

TELL ME A BIT ABOUT THE BACKGROUND.

Well I was with the EMRS for a number of years as you know, when the scheme was run from Export House, still as DTI department. Then the government, under Maggie's lot in the late '80s, decided that the DTI should stop running the service in-house. So the Scheme went out to tender, as it were. And a few of us.....a small group, got together and tried to organise a 'management buy-out'. So we would continue to run the Scheme, but under our own steam, as it were. Well that didn't work. We lost and the contract went to the Association of British Chambers of Commerce in Coventry instead, and they've been running it ever since.

SO WILL THEY JUST DO THIS INDEFINITELY NOW THEN?

Well no, I mean they're on a contract, I think it's every five years. I know it's been renewed at least once since they originally took over the service though, in '91, I think it was. In the early days after they took over, ---- managed the EMRS, out of the ABCC offices in Coventry. Then after the British Trade International Joint Liaison between the FO & DTI. she has subsequently been promoted to Director of Exports at the ABCC. ---- has taken over her role as EMRS manager. Although she and I were doing same function but from groups with rival bids, we co-operated, particularly in early days of the ABCC running the Scheme. I couldn't see the point of not, after they'd won. It wasn't in anyone's interests to just go away and lick your wounds, if you want to put it that way. And she was doing a good job. If you want to talk about the EMRS, the current service and their offerings, the day to day running, you should speak to ---- (Manager). ---- (Director of Exports) is the one to talk to for a strategic overview of SME exporting support. She has all the DTI/ British Trade International, contacts.

SO YOUR ROLE NOW IS...?

If a member, anyone really, rings the MRS and asks about doing export market research, overseas research, hiring an agency or the viability of doing it themselves, they put them through to me. I listen to what they've got in mind, then suggest where they can go next. (P) No, I would very rarely suggest a particular company. Mostly it would be 'You need some desk research, have you been to EMIC?' for example. Or 'What you really seem to need is a list of agents - this is where you should go for help'. That sort of thing. So if - as it mainly is - it was 'We've narrowed down to two countries but now we need to do some specific research, actually there', I would talk to them about the viability of them doing it themselves. And tell them about the Scheme, of course, because that's a great help financially, when you're a small company.

HOW DO THEY KNOW TO CONTACT THE MRS, DO YOU THINK?
They look up on the Internet and they will find out the MRS exists easily enough. So if they want research doing they will ring. Or they will be told about us by someone who works for a bigger company and has heard of us, at least. Or through some other network. We don't promote ourselves as a Society to smaller companies because they don't, as a whole they don't have the specialists in them that form our membership. Membership on the client side, that is.

PRESUMABLY IT'S MAINLY SMALL COMPANIES THAT WOULD CONTACT YOU?

Oh yes, it's not just about the Scheme, which only helps small companies, as you know. Though I think their limit has gone up to 500 employees again now. I think that's too high myself. I know they need to use their grants but it was 500 when I started, if you remember, and we had a hell of a job to persuade the government to bring it down to 250, because we thought that was where it would help most, should be targeted. I still do, really. (P) But small companies, yes. The thing is you need to be a certain size before you think about exporting. Well not so much these days, but still, the really micro-companies are probably out of the running. Then there is the stage where there's just not the capacity to do much more than live for today, make decisions off your wits and your own experience to that point. At 50-100 employees you get some hand to mouth research. You might start to get to a point where a problem is seen as more than just 'Yes/no', maybe defined as 'Do some MR'. That can happen at that size and then it's worthwhile steering them in the right direction, but then there's the problem of follow-up action. 100-250 employees can really benefit more from the 'leg-up' a grant can give them, because with the smaller company they might do the work then run out of resources to do anything about it - money or spare management time, or whatever. Or things might get really busy in the domestic market again and they leave it. Then the information might be out of date by the time they think about it again, and the market opportunity in that particular country might have gone. Up to 250 people, at the higher end of that, you've got the management structure to follow through. The research says 'This is what to do', they are more likely to have the confidence, the people, resources, to go on with it.

YOU SAY IT'S NOT JUST ABOUT THE SCHEME. BUT IF AN SME CONTACTED YOU, WOULD YOU PUT THEM IN TOUCH WITH EMRS AUTOMATICALLY?

'Not quite, but almost' is the answer to that, I think. I mean, I can advise on whether to do research in-house or use an agency, for example, but the specialist side of that is not the MRS' function, to be honest. Particularly if they're not our members. And almost by definition, if they need this kind of guidance, they're not. I'm the MRS charity work! But I mean that's what they're there for. That's what they get government money to do, to give that sort of specialist advice. So this is not a full-time consultant role for me. But it's one of their most important functions, it seems to me. (P) Training in-house staff to do their own research. Rather than hire a market research agency to do it. Particularly in SMEs. I think it's still the same. We would give up to 50% assistance (at civil service expense rates) for market visits, provided they didn't try to sell as well on this visit (P) Because you can't do both things well. The selling comes later, when the company is informed about what it can offer its new market.
SO TRAINING SMES IN HOW TO DO MR?

Training in-house SME staff to go over, take a long hard look, come back and make plans. The training comes with the market visit. And the EMRS advice. And the strictures on selling. Not being able to sell. Focusing on the MR. Taking their time, and planning ahead about how they’re going to approach the market. That’s what’s important. The more experienced companies you don’t have to tell that, because they know it already. It’s like the story of the old and the young bull. Do you know that?........Well the young bull says ‘Look, there’s a field full of cows down there. Let’s run down and shag one of them!’ and the old bull says ‘No. I’ve got a better idea. Let’s walk down slowly and shag all of them!’

SO PLANNING IS IMPORTANT THEN?

Yes, planning is the key. MR is only part of the process, after all. You know that in a bigger company where you can afford to hire people with the marketing expertise.

AND AGENCIES? YOU SAY YOU DON’T GET INVOLVED WITH SPECIFIC RECOMMENDATIONS THERE?

No, that’s up to EMRS.

DO YOU THINK – AND I’M ASKING YOU TO SPECULATE HERE I KNOW, BUT YOU WERE WITH THE EMRS FOR A LONG TIME, SO THAT’S THE EXPERIENCE YOU WOULD DRAW ON HERE, I SUPPOSE. DO YOU THINK THAT – IF THE EMRS SAY – SPONSOR A PROJECT FOR AN MR AGENCY TO DO EXPORT MR FOR A COMPANY – WOULD THAT BE IT, WHEN THE REPORT WAS HANDED IN? OR WOULD THEY KEEP UP A RELATIONSHIP?

They don’t encourage that any more, they certainly don’t encourage it now. We never really had a big problem with it – save to say you might sponsor someone in Uruguay because they’re good in Uruguay, their fieldforce is great, and so in. Then the company might want to expand into – I don’t know – Chile perhaps, the USA even. That agency might not be the best one for that country. To do the research that is. There’s the other thing of course, like if the company trusts you because the last job you did for them worked out well, that could count for more in the long run. But I’m not sure the agencies would really foster the relationship after the job was done. It might not be in their best interests, after all.

WHY DO YOU SAY THAT?

Well, half the money’s come from the government, for a start, so the company’s hardly going to be able to afford repeat business. OK, they can get multiple grants, but there are time constraints on that, and only so many. If it was a big company that got the commission they would probably get in and out fairly quickly. ‘Wham, bang, thank you ma’am’. A good professional job, but clean. Surgical, almost.

AND SME SUPPLIERS?
Well SME suppliers more so, I suppose. But even then, it's going to be a long hard struggle to grow themselves if they just concentrate on other SMEs for their business, isn't it? Everyone's chasing the multinational business. OK these days MR is more multinational and some of the smaller SMEs are being squeezed out. If they haven't got a real specialism. And that's hard, in our business. But they need the multinationals for their bread and butter, the SME agencies too. You ask them to speculate on a wide base of SME business or a few chips and I know what the answer will be! Your answer's obvious. The multinationals know MR, know the benefits, will pay a realistic price. Not wonderful, but realistic. You don't have to worry about government grants coming through. You just have to worry about the multinational paying you before the end of the century! And if you do a good job they've got the budgets to use you again. So SMEs need a slice of that business too, to survive, let alone grow.

SO SMALLER COMPANIES THEN. WITHIN THAT, IS THERE ANY PATTERN? I MEAN, DO THEY TEND TO COME FROM PARTICULAR SECTORS, PARTS OF THE COUNTRY?

All over the country really – there's no pattern there. Used to be consumer mainly. Now a lot of smaller services – high tech service sector. Small companies in terms of numbers of people but high levels of expertise, so high levels of education. I think that helps. Makes them realise there's more to 'There is a world elsewhere' than just trying to ship stuff out to them.

WHAT ABOUT OTHER BUSINESS-TO-BUSINESS? WHAT WE USED TO CALL INDUSTRIAL?

Yes - machinery, agricultural. I said high tech services – some high tech product areas as well. That's grown. It's a different game for business to business, particularly the heavy industry side if you like. A different set of market priorities often, ways of doing things. We have BIG of course, the Business and Industrial Group which is a special interest group within the MRS to take account of that very aspect. Because just like the companies are different, industrial research is different too. It's much more specialist for a start – more focused markets, more direct. BIG is mainly supply companies, plus researchers from the bigger companies, much like the membership profile of the MRS as a whole. What we did, what the EMRS do, if you, as a company, want to use an agency is look through the MRS Directory and match up sector expertise with country expertise and come up with a short-list for the company to get proposals from. And if its industrial it's probably going to be someone who's in BIG, and so they may have had special training in business-to-business research, understand, as well as the particular industry, though I'm not convinced that's always necessary, but understand the nature of industrial, the different flavour, special personal nature, give and take, of industrial research.

SO IS THERE ANYTHING ELSE THAT DISTINGUISHES B-2-B RESEARCH, DO YOU THINK?

That's it really.
Appendix B

QUESTIONNAIRE
# GATHERING EXPORT INFORMATION IN YOUR COMPANY

1. To the best of your knowledge, how often does your company gather export marketing information from the following sources?

<table>
<thead>
<tr>
<th>Source</th>
<th>Never</th>
<th>Occasionally</th>
<th>Regularly</th>
<th>Frequently</th>
<th>Don't Know/Not Applicable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Country/market sector reports</td>
<td>0</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>Trade/export directories.</td>
<td>0</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>Company records/internal data.</td>
<td>0</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>Trade magazines/journals.</td>
<td>0</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>General magazines/newspapers.</td>
<td>0</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>Competitors publications.</td>
<td>0</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>Talking to competitors.</td>
<td>0</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>(Potential) customers’ publications.</td>
<td>0</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>Talking to (potential) customers.</td>
<td>0</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>International trade statistics</td>
<td>0</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>Trade fairs/missions/exhibitions.</td>
<td>0</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>Conferences/seminars.</td>
<td>0</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td></td>
</tr>
</tbody>
</table>

(Please tick the boxes which best indicate frequency)
2. What methods does your company use to collect export marketing information?

<table>
<thead>
<tr>
<th>Method</th>
<th>Never</th>
<th>Occasionally</th>
<th>Regularly</th>
<th>Frequently</th>
<th>Don’t Know/Not Applicable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internet</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Libraries</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Semi/structured personal interviews</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Telephone surveys</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Focus groups</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Postal/fax/e-mail questionnaires</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

3. And who do you use to gather this information?

<table>
<thead>
<tr>
<th>Source</th>
<th>Never</th>
<th>Occasionally</th>
<th>Regularly</th>
<th>Frequently</th>
<th>Don’t Know/Not Applicable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Your company’s sales team</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Temporary staff hired for this purpose</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Permanent in-house staff</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Market research company</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other marketing consultants</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Overseas subsidiary/office</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>British Trade International/DTI</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Your local agents/distributors</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>University/business school</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Professional/trade association</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Business Link export counsellor/advisor</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other (please write in)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

4. How often does your company make the following export marketing decisions?

<table>
<thead>
<tr>
<th>Decision</th>
<th>Never</th>
<th>Occasionally</th>
<th>Regularly</th>
<th>Frequently</th>
<th>Don’t Know/Not Applicable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assessing the potential of new export destinations.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prioritising existing export markets.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Methods of entering new country markets.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consolidating the company’s position in overseas market(s).</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Organisation of local selling function</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pulling out of an overseas market.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
5. And how often does your company use information on the following to make these decisions?

*Please tick the boxes which best indicate frequency*

<table>
<thead>
<tr>
<th>Customer credit worthiness</th>
<th>Never</th>
<th>Occasionally</th>
<th>Regularly</th>
<th>Frequently</th>
<th>Don't Know/not applicable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic conditions</td>
<td>□ 0</td>
<td>□ 1</td>
<td>□ 2</td>
<td>□ 3</td>
<td>□</td>
</tr>
<tr>
<td>Local transport/distribution.</td>
<td>□ 0</td>
<td>□ 1</td>
<td>□ 2</td>
<td>□ 3</td>
<td>□</td>
</tr>
<tr>
<td>Local competition.</td>
<td>□ 0</td>
<td>□ 1</td>
<td>□ 2</td>
<td>□ 3</td>
<td>□</td>
</tr>
<tr>
<td>Potential barriers to exporting.</td>
<td>□ 0</td>
<td>□ 1</td>
<td>□ 2</td>
<td>□ 3</td>
<td>□</td>
</tr>
<tr>
<td>Technical standards.</td>
<td>□ 0</td>
<td>□ 1</td>
<td>□ 2</td>
<td>□ 3</td>
<td>□</td>
</tr>
<tr>
<td>New product development opportunities.</td>
<td>□ 0</td>
<td>□ 1</td>
<td>□ 2</td>
<td>□ 3</td>
<td>□</td>
</tr>
<tr>
<td>Export insurance/finance.</td>
<td>□ 0</td>
<td>□ 1</td>
<td>□ 2</td>
<td>□ 3</td>
<td>□</td>
</tr>
<tr>
<td>Language/translation facilities.</td>
<td>□ 0</td>
<td>□ 1</td>
<td>□ 2</td>
<td>□ 3</td>
<td>□</td>
</tr>
<tr>
<td>Local business practices.</td>
<td>□ 0</td>
<td>□ 1</td>
<td>□ 2</td>
<td>□ 3</td>
<td>□</td>
</tr>
<tr>
<td>Legal considerations.</td>
<td>□ 0</td>
<td>□ 1</td>
<td>□ 2</td>
<td>□ 3</td>
<td>□</td>
</tr>
<tr>
<td>Political conditions.</td>
<td>□ 0</td>
<td>□ 1</td>
<td>□ 2</td>
<td>□ 3</td>
<td>□</td>
</tr>
<tr>
<td>Local agents/distributors</td>
<td>□ 0</td>
<td>□ 1</td>
<td>□ 2</td>
<td>□ 3</td>
<td>□</td>
</tr>
<tr>
<td>Market size/structure</td>
<td>□ 0</td>
<td>□ 1</td>
<td>□ 2</td>
<td>□ 3</td>
<td>□</td>
</tr>
<tr>
<td>Sales potential/market growth</td>
<td>□ 0</td>
<td>□ 1</td>
<td>□ 2</td>
<td>□ 3</td>
<td>□</td>
</tr>
<tr>
<td>Advertising/promotions</td>
<td>□ 0</td>
<td>□ 1</td>
<td>□ 2</td>
<td>□ 3</td>
<td>□</td>
</tr>
<tr>
<td>Reports on potential customers</td>
<td>□ 0</td>
<td>□ 1</td>
<td>□ 2</td>
<td>□ 3</td>
<td>□</td>
</tr>
<tr>
<td>Local perceptions of your company.</td>
<td>□ 0</td>
<td>□ 1</td>
<td>□ 2</td>
<td>□ 3</td>
<td>□</td>
</tr>
<tr>
<td>How purchasing decisions are made locally.</td>
<td>□ 0</td>
<td>□ 1</td>
<td>□ 2</td>
<td>□ 3</td>
<td>□</td>
</tr>
<tr>
<td>Local service expectations.</td>
<td>□ 0</td>
<td>□ 1</td>
<td>□ 2</td>
<td>□ 3</td>
<td>□</td>
</tr>
<tr>
<td>Your products' end uses.</td>
<td>□ 0</td>
<td>□ 1</td>
<td>□ 2</td>
<td>□ 3</td>
<td>□</td>
</tr>
<tr>
<td>Local price conditions.</td>
<td>□ 0</td>
<td>□ 1</td>
<td>□ 2</td>
<td>□ 3</td>
<td>□</td>
</tr>
<tr>
<td>Customer satisfaction levels.</td>
<td>□ 0</td>
<td>□ 1</td>
<td>□ 2</td>
<td>□ 3</td>
<td>□</td>
</tr>
</tbody>
</table>
6. The following statements are about the ways export marketing information is used in companies. Please tick the boxes which best indicate the extent to which you agree or disagree with each.

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Neither agree nor disagree</th>
<th>Disagree</th>
<th>Strongly disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Export decision-making becomes difficult as a result of too much marketing information.</td>
<td>☐ 5</td>
<td>☐ 4</td>
<td>☐ 3</td>
<td>☐ 2</td>
<td>☐ 1</td>
</tr>
<tr>
<td>Export marketing information is often gathered to maintain good relationships with information suppliers.</td>
<td>☐ 5</td>
<td>☐ 4</td>
<td>☐ 3</td>
<td>☐ 2</td>
<td>☐ 1</td>
</tr>
<tr>
<td>As it is passed around the company, export marketing information can become distorted.</td>
<td>☐ 5</td>
<td>☐ 4</td>
<td>☐ 3</td>
<td>☐ 2</td>
<td>☐ 1</td>
</tr>
<tr>
<td>We actively seek out particular export marketing information for specific decisions.</td>
<td>☐ 5</td>
<td>☐ 4</td>
<td>☐ 3</td>
<td>☐ 2</td>
<td>☐ 1</td>
</tr>
<tr>
<td>Our confidence in making export decisions is increased as a result of marketing information.</td>
<td>☐ 5</td>
<td>☐ 4</td>
<td>☐ 3</td>
<td>☐ 2</td>
<td>☐ 1</td>
</tr>
<tr>
<td>Export marketing information frequently supports decisions made for other reasons.</td>
<td>☐ 5</td>
<td>☐ 4</td>
<td>☐ 3</td>
<td>☐ 2</td>
<td>☐ 1</td>
</tr>
<tr>
<td>We store export marketing information so that it can be used by others at a future date.</td>
<td>☐ 5</td>
<td>☐ 4</td>
<td>☐ 3</td>
<td>☐ 2</td>
<td>☐ 1</td>
</tr>
<tr>
<td>Decisions based on export marketing information are more accurate than wholly intuitive ones.</td>
<td>☐ 5</td>
<td>☐ 4</td>
<td>☐ 3</td>
<td>☐ 2</td>
<td>☐ 1</td>
</tr>
<tr>
<td>Our organisation acquires more export marketing information than it uses</td>
<td>☐ 5</td>
<td>☐ 4</td>
<td>☐ 3</td>
<td>☐ 2</td>
<td>☐ 1</td>
</tr>
<tr>
<td>Without export marketing information, the decisions we make would be very different.</td>
<td>☐ 5</td>
<td>☐ 4</td>
<td>☐ 3</td>
<td>☐ 2</td>
<td>☐ 1</td>
</tr>
<tr>
<td>Information is sometimes manipulated to justify company decisions really made on the basis of instinct.</td>
<td>☐ 5</td>
<td>☐ 4</td>
<td>☐ 3</td>
<td>☐ 2</td>
<td>☐ 1</td>
</tr>
<tr>
<td>Export marketing information is translated into significant practical action in this company.</td>
<td>☐ 5</td>
<td>☐ 4</td>
<td>☐ 3</td>
<td>☐ 2</td>
<td>☐ 1</td>
</tr>
<tr>
<td>We sometimes take account of export marketing information, to justify the cost of having acquired it.</td>
<td>☐ 5</td>
<td>☐ 4</td>
<td>☐ 3</td>
<td>☐ 2</td>
<td>☐ 1</td>
</tr>
<tr>
<td>Export marketing information is often collected to justify a decision already made.</td>
<td>☐ 5</td>
<td>☐ 4</td>
<td>☐ 3</td>
<td>☐ 2</td>
<td>☐ 1</td>
</tr>
<tr>
<td>Export marketing information often has little relevance to our decisions.</td>
<td>☐ 5</td>
<td>☐ 4</td>
<td>☐ 3</td>
<td>☐ 2</td>
<td>☐ 1</td>
</tr>
<tr>
<td>Marketing information greatly reduces the uncertainty associated with our export activities</td>
<td>☐ 5</td>
<td>☐ 4</td>
<td>☐ 3</td>
<td>☐ 2</td>
<td>☐ 1</td>
</tr>
<tr>
<td>The same piece of export marketing information is often used for more than one decision.</td>
<td>☐ 5</td>
<td>☐ 4</td>
<td>☐ 3</td>
<td>☐ 2</td>
<td>☐ 1</td>
</tr>
<tr>
<td>Instinct/intuition is often combined with export marketing information when making decisions.</td>
<td>☐ 5</td>
<td>☐ 4</td>
<td>☐ 3</td>
<td>☐ 2</td>
<td>☐ 1</td>
</tr>
</tbody>
</table>
6. (Cont.) The ways export marketing information is used.  
*Please tick boxes.*

<table>
<thead>
<tr>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Neither agree nor disagree</th>
<th>Disagree</th>
<th>Strongly disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>No export decision would be taken in this company without detailed marketing information.</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>We rarely produce written reports on export markets.</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>Export marketing information is rarely considered when making decisions for which it was initially requested.</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>If export marketing information is difficult to obtain, assumptions are made instead.</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>Export marketing information is often collected specifically for a particular export decision.</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
</tr>
</tbody>
</table>

**YOUR VIEWS ON EXPORT MARKETING INFORMATION**

7. Here are some statements managers have made about export marketing information.  
*Please tick the boxes which best indicate the extent to which you agree or disagree with each.*

<table>
<thead>
<tr>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Neither agree nor disagree</th>
<th>Disagree</th>
<th>Strongly disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Published information on export markets is very reliable.</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>We have a clear picture of where our company is going in export markets.</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>Customers find us, we don’t find them.</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>Personal contacts in other companies always give us honest market feedback.</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>Finding out about buyers’ attitudes and behaviour is important to our company.</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>It’s difficult to work out why we’ve grown in certain export markets.</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>We are too busy with the day-to-day practicalities of exporting to make long term plans.</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>We know what our customers want without having to ask.</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>We focus our export efforts on those markets with the most potential.</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>Overseas market feedback from our local representatives can be misleading.</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>Published information on export markets is too general for our company’s needs.</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>We are pleased to get export orders wherever they come from</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
</tr>
</tbody>
</table>
8. Below are some statements managers have made specifically about export marketing research. Please tick the boxes which best indicate the extent to which you agree or disagree with each.

- Export marketing research findings are worth the money. □ Strongly Agree □ Agree □ Neither agree nor disagree □ Disagree □ Strongly disagree

- Export market research is best done by specialists. □ Strongly Agree □ Agree □ Neither agree nor disagree □ Disagree □ Strongly disagree

- We are too busy chasing and processing orders to do export marketing research. □ Strongly Agree □ Agree □ Neither agree nor disagree □ Disagree □ Strongly disagree

- The specific export information we need is too expensive to collect using marketing research. □ Strongly Agree □ Agree □ Neither agree nor disagree □ Disagree □ Strongly disagree

- Our industry is too specialist to warrant teaching marketing researchers about it before they start. □ Strongly Agree □ Agree □ Neither agree nor disagree □ Disagree □ Strongly disagree

**ABOUT YOUR COMPANY**

9. What are the main products made by your company? (Please write in) ....................................................

Write numbers in boxes below:

- 10a. How long has the company been trading? □ □ □ Yrs
- 10b. And how many years has the company been exporting? □ □ □ Yrs

- 11a. How many people are employed by the company? □ □ □ Full-time □ □ □ Part-time
- 11b. And how many are currently involved in exporting? □ □ □ All the time □ □ □ Part of the time

- 12a. Which part of the world has your company exported most to in the past 2 years?
- 12b. And where else is your company currently exporting?

<table>
<thead>
<tr>
<th>Main export market</th>
<th>Other export markets</th>
</tr>
</thead>
<tbody>
<tr>
<td>EU.</td>
<td>EU.</td>
</tr>
<tr>
<td>Other Europe.</td>
<td>Other Europe.</td>
</tr>
<tr>
<td>Middle East</td>
<td>Middle East</td>
</tr>
<tr>
<td>Far East</td>
<td>Far East</td>
</tr>
<tr>
<td>Africa</td>
<td>Africa</td>
</tr>
<tr>
<td>USA/Canada</td>
<td>USA/Canada</td>
</tr>
<tr>
<td>South America</td>
<td>South America</td>
</tr>
<tr>
<td>Australia/New Zealand</td>
<td>Australia/New Zealand</td>
</tr>
</tbody>
</table>

Tick ONE box only

Tick as many boxes as apply
Please tick the ONE most appropriate box for each question:

13. Which of the following statements best describes your company’s current export operations?

- Our overseas business comes from unsolicited orders only  □ 1
- We are actively examining export market possibilities.  □ 2
- The company is exporting experimentally at the moment.  □ 3
- Our company is experienced in exporting.  □ 4
- Exporting is part of our company’s global strategy.  □ 5

14. Taken overall, exporting compared to UK sales is –

- Much more profitable (10% +)  □ 7
- Slightly more profitable (around 5%)  □ 6
- About equally profitable  □ 5
- Slightly less profitable (around 5%)  □ 4
- Much less profitable (10% -)  □ 3
- Been too erratic to say  □ 2
- Don’t know.  □ 1

15. Which of the following would you say best represents your company’s performance?

Over the past 3 years the company’s turnover has –

- Increased considerably (10% +)  □ 7
- Increased slightly (around 5%)  □ 6
- Stayed about the same  □ 5
- Decreased slightly (around 5%)  □ 4
- Decreased considerably (10% -)  □ 3
- Been too erratic to say.  □ 2
- Don’t know.  □ 1

16a. What percentage of your total company turnover is currently accounted for by exports?

Please insert your best estimate  □ □ %

16b. Taken overall, the value of exports as % of turnover in the company over the past 3 years has -

Please tick the ONE most appropriate box

- Increased considerably (30% +)  □ 7
- Increased slightly (around 10%)  □ 6
- Stayed about the same.  □ 5
- Decreased slightly (around 10%)  □ 4
- Decreased considerably (30% -)  □ 3
- Been too erratic to say.  □ 2
- Don’t know  □ 1

17. Does your company have a separate marketing and/or exporting budget? (Please tick boxes below)

Yes  □ 1  No  □ 2
Marketing  □ 1  Exporting  □ 2
18a. What is your job title? (Please write in) ............................................

Please write in numbers below:

18b. How long have you worked for this company? □ □ Yrs

18c. And how long have you been in your present post? □ □ Yrs

18d. How long have you worked in sales/marketing? □ □ Yrs

18e. And how long has your work involved exporting? □ □ Yrs

19a. Do you speak any foreign languages? Yes □ 1 No □ 2

Please tick appropriate box

19b. If 'yes', which one(s)? ....................................................

Please write in

19c. Have you ever lived and/or worked overseas? Yes □ 1 No □ 2

If 'yes', please write in details below:

Country(ies) Number of years

............................................................. □ □ Yrs

............................................................. □ □ Yrs

20a. Which best describes your education/vocational qualifications? Please specify

- No formal qualifications □ 1
- Degree □ 5
- O levels/GCSEs □ 2
- Postgraduate qualification □ 6
- A levels/ONC □ 3
- Vocational qualification □ 7
- HNC/HND (subject) □ 4
- Other □ 8
- Other

20b. Which of the following best describes your career so far?

Worked in this company since completing education □ 1
Always worked in *small and medium-sized companies □ 2
Mostly worked in *small and medium-sized companies □ 3
Mostly worked in large multi-national organisations □ 4

*i.e. companies with fewer than 200 employees

If you would like to receive a copy of the summary report, please write in your contact details:

Your Name: ................................................................. Company Name: .................................................................

Address: ........................................................................................................................................

(Town) ................................................................ County: .................................................. (Postcode) .................
Appendix C

DESCRIPTIVE STATISTICS

C. 1. FREQUENCY OF EXPORT INFORMATION COLLECTION AND USE

Tables in this section are based on the responses of all 376 companies surveyed, unless otherwise stated.

Five elements associated with the collection and use of export marketing information (EMI) were identified from the literature on prior research in this area, in conjunction with the qualitative fieldwork findings of this investigation.

In order to enable a detailed understanding of usage levels within SMEs, as many discreet items of each as possible were identified and measured. Results for this section of the survey (Qs 1-5) are discussed here, within each element, as well as overall.

As relatively low usage levels were anticipated for some items, a 'don't know'/'not applicable' option was provided on the questionnaire. These responses have been deleted from the tables below (i.e. n = those responding on the four frequency points). In order to assist interpretation of these results, items are ordered by mean rank
C.1.1. Sources of Export Marketing Information

<table>
<thead>
<tr>
<th>Item</th>
<th>Never</th>
<th>Occasionally</th>
<th>Regularly</th>
<th>Frequently</th>
<th>Mean Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Talking to (potential) customers</td>
<td>4</td>
<td>18</td>
<td>34</td>
<td>45</td>
<td>9.70</td>
</tr>
<tr>
<td>Trade magazines/journals</td>
<td>11</td>
<td>33</td>
<td>32</td>
<td>24</td>
<td>8.11</td>
</tr>
<tr>
<td>Trade fairs/missions/exhibitions</td>
<td>15</td>
<td>32</td>
<td>31</td>
<td>22</td>
<td>7.49</td>
</tr>
<tr>
<td>Company records/internal data</td>
<td>22</td>
<td>28</td>
<td>25</td>
<td>25</td>
<td>7.19</td>
</tr>
<tr>
<td>General magazines/newspapers</td>
<td>21</td>
<td>41</td>
<td>21</td>
<td>17</td>
<td>6.56</td>
</tr>
<tr>
<td>(Potential) customers’ publications</td>
<td>19</td>
<td>41</td>
<td>31</td>
<td>9</td>
<td>6.47</td>
</tr>
<tr>
<td>Competitors’ publications</td>
<td>27</td>
<td>39</td>
<td>22</td>
<td>12</td>
<td>6.07</td>
</tr>
<tr>
<td>Trade/export directories</td>
<td>21</td>
<td>50</td>
<td>22</td>
<td>6</td>
<td>5.89</td>
</tr>
<tr>
<td>Talking to competitors</td>
<td>24</td>
<td>45</td>
<td>22</td>
<td>8</td>
<td>5.72</td>
</tr>
<tr>
<td>Country/market sector reports</td>
<td>29</td>
<td>48</td>
<td>17</td>
<td>6</td>
<td>5.33</td>
</tr>
<tr>
<td>Conferences/seminars</td>
<td>37</td>
<td>42</td>
<td>14</td>
<td>7</td>
<td>4.89</td>
</tr>
<tr>
<td>International trade statistics</td>
<td>41</td>
<td>41</td>
<td>14</td>
<td>5</td>
<td>4.58</td>
</tr>
</tbody>
</table>

Table C.1. confirms (talking to) current and potential customers as by far the most frequently used EMI source. After this are ranked trade sources (magazines/journals and fairs/missions/exhibitions), with these two items demonstrating similar usage patterns. Similar usage patterns also emerge for the two least used sources (conferences/seminars and international trade statistics). The greater popularity of less formal, more readily available, EMI sources amongst SMEs, may be indicated by Table C.1.

C.1.2. Data Collection Methods

An examination of the SME sample’s use of data collection methods may help us understand this pattern further.
Table C.2. Data Collection Methods

<table>
<thead>
<tr>
<th></th>
<th>Item</th>
<th>Never</th>
<th>Occasionally</th>
<th>Regularly</th>
<th>Frequently</th>
<th>Mean Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>365</td>
<td>Internet</td>
<td>16</td>
<td>32</td>
<td>30</td>
<td>22</td>
<td>5.01</td>
</tr>
<tr>
<td>363</td>
<td>Libraries</td>
<td>42</td>
<td>46</td>
<td>10</td>
<td>2</td>
<td>3.57</td>
</tr>
<tr>
<td>369</td>
<td>Mail questionnaire</td>
<td>49</td>
<td>34</td>
<td>10</td>
<td>7</td>
<td>3.51</td>
</tr>
<tr>
<td>355</td>
<td>Personal interviews</td>
<td>50</td>
<td>34</td>
<td>12</td>
<td>5</td>
<td>3.48</td>
</tr>
<tr>
<td>361</td>
<td>Telephone interviews</td>
<td>67</td>
<td>28</td>
<td>3</td>
<td>2</td>
<td>2.85</td>
</tr>
<tr>
<td>362</td>
<td>Focus group</td>
<td>78</td>
<td>19</td>
<td>3</td>
<td>1</td>
<td>2.58</td>
</tr>
</tbody>
</table>

These results confirm that the Internet is now by far the most frequently used data collection method for SMEs, with library usage following, as a poor second. Primary market research methods were used less, overall, than either of these secondary methods of data collection. Though hardly any differences are discernible between the use of mail questionnaires and personal interviews, only a third of companies had used telephone interviews, and less than a quarter had used focus groups.

C.1.3. Individuals/Organisations Used to Collect Export Marketing Information

Sales teams clearly emerge as most frequently used for collecting EMI; local agents/distributors as well as permanent in-house staff were also used on a regular basis. Overall, companies demonstrated a high variation in usage patterns across these items. The exceptions here are for the use of market research companies and other marketing consultants, as well as for university/business school and specifically hired temporary staff; though company usage was at its lowest for these four items.

An ‘others’ category was included at the end of this question, results for which are not included in Table C.3. overleaf, as only nine respondents used this option, with most of them nominating themselves as the information gatherer.
Table C.3. Those Used to Gather EMI

<table>
<thead>
<tr>
<th>n</th>
<th>Item</th>
<th>Never</th>
<th>Occasionally</th>
<th>Regularly</th>
<th>Frequently</th>
<th>Mean Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>361</td>
<td>Company’s sales team</td>
<td>10</td>
<td>14</td>
<td>37</td>
<td>39</td>
<td>9.20</td>
</tr>
<tr>
<td>354</td>
<td>Local agents/distributors</td>
<td>22</td>
<td>18</td>
<td>31</td>
<td>31</td>
<td>8.20</td>
</tr>
<tr>
<td>354</td>
<td>Permanent in-house staff</td>
<td>26</td>
<td>20</td>
<td>32</td>
<td>23</td>
<td>7.80</td>
</tr>
<tr>
<td>361</td>
<td>Professional/trade association</td>
<td>39</td>
<td>36</td>
<td>17</td>
<td>8</td>
<td>6.13</td>
</tr>
<tr>
<td>340</td>
<td>Overseas subsidiary/office</td>
<td>55</td>
<td>15</td>
<td>14</td>
<td>16</td>
<td>5.90</td>
</tr>
<tr>
<td>359</td>
<td>** British Trade International/DTI</td>
<td>27</td>
<td>45</td>
<td>18</td>
<td>10</td>
<td>5.89</td>
</tr>
<tr>
<td>357</td>
<td>Business Link export counsellor/advisor</td>
<td>45</td>
<td>39</td>
<td>11</td>
<td>5</td>
<td>5.80</td>
</tr>
<tr>
<td>349</td>
<td>Market research company</td>
<td>76</td>
<td>22</td>
<td>2</td>
<td>-</td>
<td>4.21</td>
</tr>
<tr>
<td>348</td>
<td>Other marketing consultants</td>
<td>76</td>
<td>20</td>
<td>3</td>
<td>-</td>
<td>4.21</td>
</tr>
<tr>
<td>352</td>
<td>University/business school</td>
<td>85</td>
<td>14</td>
<td>*</td>
<td>1</td>
<td>3.85</td>
</tr>
<tr>
<td>344</td>
<td>Temporary staff hired for this purpose</td>
<td>85</td>
<td>13</td>
<td>1</td>
<td>-</td>
<td>3.79</td>
</tr>
</tbody>
</table>

* Less than 1%

** A lack of distinction between the relatively new British Trade International provisions, and the traditional role of the Department of Trade and Industry in providing export information assistance, was noted during the qualitative stage of this research. It was therefore decided to keep the DTI name attached to this item.

C.1.4. Export Marketing (EM) Decisions

Table C.4. summarises the frequency of export market decisions, along with mean rank scores.

Table C.4. EM Decisions

<table>
<thead>
<tr>
<th>n</th>
<th>Item</th>
<th>Never</th>
<th>Occasionally</th>
<th>Regularly</th>
<th>Frequently</th>
<th>Mean Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>373</td>
<td>Prioritising existing export markets</td>
<td>10</td>
<td>29</td>
<td>41</td>
<td>21</td>
<td>4.22</td>
</tr>
<tr>
<td>371</td>
<td>Consolidating the company’s position in overseas market(s)</td>
<td>12</td>
<td>30</td>
<td>40</td>
<td>19</td>
<td>4.10</td>
</tr>
<tr>
<td>372</td>
<td>Assessing the potential of new market destinations</td>
<td>7</td>
<td>40</td>
<td>38</td>
<td>16</td>
<td>4.03</td>
</tr>
<tr>
<td>367</td>
<td>Methods of entering new export markets</td>
<td>12</td>
<td>45</td>
<td>31</td>
<td>12</td>
<td>3.59</td>
</tr>
<tr>
<td>357</td>
<td>Organisation of local selling function</td>
<td>29</td>
<td>34</td>
<td>25</td>
<td>12</td>
<td>3.04</td>
</tr>
<tr>
<td>363</td>
<td>Pulling out of an overseas market</td>
<td>47</td>
<td>47</td>
<td>5</td>
<td>1</td>
<td>2.02</td>
</tr>
</tbody>
</table>
Item frequencies indicate fairly similar levels of decisions relating to existing export markets for prioritising these, and consolidating the company's position within them. Otherwise, frequencies vary across items, with decisions to pull out of existing markets made least often. The similar mean rank scores for consolidating the company's overseas position and assessing new export destinations are, however, worth noting here.

C.1.5. Information Used for EM Decisions
A review of item frequencies for types of information used to make the above decisions, in conjunction with their mean rank scores, indicates the emergence of important groups of information types, even at this description level of data presentation. This is illustrated in Table C.5. overleaf.

On the surface, it may seem surprising that operational decisions relating to the mechanics of exporting products and doing business in overseas markets were made less frequently than broader market planning decisions. This is probably explained, however, by the position of respondents (managing/director level) within their organisations (see 'Respondent History' below).
### Table C.5. Types of EMI Used in Decision Making

<table>
<thead>
<tr>
<th>Item</th>
<th>Never</th>
<th>Occasionally</th>
<th>Regularly</th>
<th>Frequently</th>
<th>Mean Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Payment/risk</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customer credit worthiness</td>
<td>4</td>
<td>27</td>
<td>40</td>
<td>29</td>
<td>15.82</td>
</tr>
<tr>
<td><strong>Planning:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customer satisfaction levels</td>
<td>10</td>
<td>17</td>
<td>38</td>
<td>34</td>
<td>15.71</td>
</tr>
<tr>
<td>Sales potential/market growth</td>
<td>9</td>
<td>20</td>
<td>42</td>
<td>29</td>
<td>15.60</td>
</tr>
<tr>
<td>Local price conditions</td>
<td>10</td>
<td>24</td>
<td>40</td>
<td>26</td>
<td>15.06</td>
</tr>
<tr>
<td>Products' end-uses</td>
<td>11</td>
<td>21</td>
<td>38</td>
<td>29</td>
<td>14.94</td>
</tr>
<tr>
<td>New product development opportunities</td>
<td>11</td>
<td>29</td>
<td>34</td>
<td>26</td>
<td>14.26</td>
</tr>
<tr>
<td><strong>Market conditions:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Local agents/distributors</td>
<td>15</td>
<td>22</td>
<td>35</td>
<td>28</td>
<td>14.59</td>
</tr>
<tr>
<td>Economic conditions</td>
<td>8</td>
<td>32</td>
<td>43</td>
<td>17</td>
<td>13.92</td>
</tr>
<tr>
<td>Market size/structure</td>
<td>14</td>
<td>25</td>
<td>41</td>
<td>21</td>
<td>13.80</td>
</tr>
<tr>
<td>Technical standards</td>
<td>15</td>
<td>28</td>
<td>33</td>
<td>24</td>
<td>13.73</td>
</tr>
<tr>
<td>Local competition</td>
<td>16</td>
<td>31</td>
<td>37</td>
<td>16</td>
<td>12.75</td>
</tr>
<tr>
<td>Potential barriers to exporting</td>
<td>19</td>
<td>40</td>
<td>28</td>
<td>13</td>
<td>11.54</td>
</tr>
<tr>
<td>Reports on potential customers</td>
<td>17</td>
<td>38</td>
<td>35</td>
<td>10</td>
<td>11.32</td>
</tr>
<tr>
<td><strong>Buyer behaviour:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Local service expectations</td>
<td>25</td>
<td>38</td>
<td>26</td>
<td>11</td>
<td>10.11</td>
</tr>
<tr>
<td>How purchasing decisions are made</td>
<td>28</td>
<td>35</td>
<td>27</td>
<td>10</td>
<td>9.80</td>
</tr>
<tr>
<td>locally</td>
<td>23</td>
<td>45</td>
<td>25</td>
<td>6</td>
<td>9.63</td>
</tr>
<tr>
<td>Advertising/promotions</td>
<td>28</td>
<td>38</td>
<td>24</td>
<td>10</td>
<td>9.62</td>
</tr>
<tr>
<td>Local perceptions of your company</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Operational:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Export insurance/finance</td>
<td>35</td>
<td>35</td>
<td>20</td>
<td>10</td>
<td>9.29</td>
</tr>
<tr>
<td>Local transport/distribution</td>
<td>31</td>
<td>39</td>
<td>22</td>
<td>8</td>
<td>9.25</td>
</tr>
<tr>
<td><strong>Socio-cultural:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Local business practices</td>
<td>30</td>
<td>43</td>
<td>20</td>
<td>7</td>
<td>8.94</td>
</tr>
<tr>
<td>Language/translation facilities</td>
<td>31</td>
<td>47</td>
<td>17</td>
<td>6</td>
<td>8.86</td>
</tr>
<tr>
<td>Political conditions</td>
<td>33</td>
<td>42</td>
<td>20</td>
<td>6</td>
<td>8.81</td>
</tr>
<tr>
<td>Legal issues</td>
<td>30</td>
<td>47</td>
<td>20</td>
<td>4</td>
<td>8.58</td>
</tr>
</tbody>
</table>

### C.2. USE OF, AND VIEWS ON, EXPORT MARKETING INFORMATION

The next section of the questionnaire was designed to assess the reported use of export marketing information (EMI) within organisations; it then moved to measuring respondents' attitudes towards the use (and usefulness) of EMI, including export marketing research (Qs 6–8), by means of scales. Separate item results for each dimension are presented below.

Positive responses were scored on a five-point Likert scale ranging from 'strongly agree' = 5 to 'strongly disagree' = 1. Negative statements, which are asterisked
(*) in the following tables, received reverse scores i.e. 'strongly disagree' = 5 to 'strongly agree' = 1. For the sake of clarity, negative statements are grouped together at the end of each table. The mean scores achieved for all items are recorded, as well as their standard deviations.

C.2.1. Use of Export Marketing Information

Three dimensions within the construct of export marketing information use were explored: instrumental, conceptual, and symbolic. Instrumental use relates to the use of information to directly guide decisions (Diamantopoulos and Souchon 1998), while conceptual use refers to the information which provides enlightenment to decision-makers. The extent to which these two are, in fact, separate dimensions of the export information use construct, and the extent to which it is difficult to disassociate them, has been the subject of much debate (Weiss and Bucavales 1977; Deshpande 1981; Dunn, 1986; Souchon 1996). At this stage of analysis, however, they are dealt with independently.
Table C.6. Instrumental Use of EMI

<table>
<thead>
<tr>
<th>Item</th>
<th>SA</th>
<th>A</th>
<th>N</th>
<th>D</th>
<th>SD</th>
<th>Mean</th>
<th>s.d.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Instrumental:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Weighting</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>We actively seek out particular export marketing information for specific decisions</td>
<td>(5)</td>
<td>(4)</td>
<td>(3)</td>
<td>(2)</td>
<td>(1)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>12</td>
<td>56</td>
<td>22</td>
<td>10</td>
<td>1</td>
<td>3.67</td>
<td>.84</td>
</tr>
<tr>
<td>We store export marketing information so that it can be used by others at a later date</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>7</td>
<td>42</td>
<td>28</td>
<td>21</td>
<td>3</td>
<td>3.28</td>
<td>.96</td>
</tr>
<tr>
<td>Export marketing information is translated into significant practical action in this company</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>3</td>
<td>38</td>
<td>43</td>
<td>13</td>
<td>2</td>
<td>3.27</td>
<td>.81</td>
</tr>
<tr>
<td>The same piece of export marketing information is often used for more than one decision</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>48</td>
<td>39</td>
<td>10</td>
<td>1</td>
<td>3.42</td>
<td>.72</td>
</tr>
<tr>
<td>Export marketing information is often collected specifically for a particular export decision</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>5</td>
<td>53</td>
<td>28</td>
<td>13</td>
<td>1</td>
<td>3.48</td>
<td>.82</td>
</tr>
<tr>
<td><strong>Weighting</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>* Our organisation acquires more export marketing information than it uses</td>
<td>(1)</td>
<td>(2)</td>
<td>(3)</td>
<td>(4)</td>
<td>(5)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>9</td>
<td>34</td>
<td>27</td>
<td>26</td>
<td>4</td>
<td>*2.81</td>
<td>1.03</td>
</tr>
<tr>
<td>* Export marketing information often has little relevance to our decisions</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>4</td>
<td>21</td>
<td>28</td>
<td>41</td>
<td>6</td>
<td>*3.23</td>
<td>.98</td>
</tr>
<tr>
<td>* We rarely produce written reports on export markets</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>9</td>
<td>42</td>
<td>18</td>
<td>28</td>
<td>4</td>
<td>*2.78</td>
<td>1.15</td>
</tr>
<tr>
<td>* Export marketing information is rarely considered when making decisions for which it was initially requested</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>3</td>
<td>8</td>
<td>33</td>
<td>51</td>
<td>5</td>
<td>*3.48</td>
<td>.83</td>
</tr>
</tbody>
</table>

SA = strongly agree; A = agree; N = neither agree nor disagree; D = disagree; SD = strongly disagree; s.d. = standard deviation

* Negative statements – scores reversed.

Responses here were fairly consistent, in that there was a tendency towards agreement with the positively constructed instrumental items, and few respondents in strong disagreement with these. ‘...Actively seek out particular EMI for specific decisions’ was the most positively skewed item here, with a mean of 3.67. This tendency is reflected in responses to two of the negative items: respondents tended to disagree with the statements that ‘EMI often has little relevance...’ (mean: 3.23) and, more particularly, that ‘EMI is rarely considered when making decisions for which it was originally requested’ (mean: 3.48). Thus at this stage it would seem that respondents rated their companies' instrumental use of EMI positively, with two exceptions. These exceptions are, slight
agreement with the negative statements ‘Our organisation acquires more export information than it uses’ (mean: 2.81); and ‘We rarely produce reports on export markets’ (mean 2.78).

Table C.7. Conceptual Use of EMI

<table>
<thead>
<tr>
<th>Item</th>
<th>SA</th>
<th>A</th>
<th>N</th>
<th>D</th>
<th>SD</th>
<th>Mean</th>
<th>s.d.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Conceptual:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Weighting</td>
<td>(5) (4) (3) (2) (1)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Our confidence in making export decisions is increased as a result of marketing information</td>
<td>10</td>
<td>58</td>
<td>26</td>
<td>6</td>
<td>1</td>
<td>3.69</td>
<td>.77</td>
</tr>
<tr>
<td>Decisions based on export marketing information are more accurate than wholly intuitive ones</td>
<td>9</td>
<td>48</td>
<td>31</td>
<td>11</td>
<td>1</td>
<td>3.52</td>
<td>.84</td>
</tr>
<tr>
<td>Marketing information greatly reduces the uncertainty associated with our export activities</td>
<td>4</td>
<td>45</td>
<td>36</td>
<td>13</td>
<td>2</td>
<td>3.38</td>
<td>.83</td>
</tr>
<tr>
<td>Without export marketing information, the decisions we make would be very different</td>
<td>6</td>
<td>32</td>
<td>37</td>
<td>21</td>
<td>4</td>
<td>3.14</td>
<td>.96</td>
</tr>
<tr>
<td>No export decision would be taken in this company without detailed marketing information</td>
<td>1</td>
<td>16</td>
<td>23</td>
<td>49</td>
<td>10</td>
<td>2.49</td>
<td>.93</td>
</tr>
<tr>
<td><strong>Export decision-making becomes difficult as a result of too much marketing information</strong></td>
<td>(1) (2) (3) (4) (5)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>* As it is passed around the company, export marketing information can become distorted</td>
<td>2</td>
<td>17</td>
<td>46</td>
<td>31</td>
<td>5</td>
<td>*3.20</td>
<td>.84</td>
</tr>
</tbody>
</table>

SA = strongly agree; A = agree; N = neither agree nor disagree; D = disagree; SD = strongly disagree; s.d. = standard deviation.

* Negative statements – scores reversed.

Table C.7. shows a slightly less consistent response to items concerning companies’ conceptual use of EMI; though, on balance, four of the five positive items generated agreement. This was particularly true of ‘Confidence in making export decisions (being) increased as a result of marketing information’ (mean: 3.69), though much less noticeable in response to the item ‘Without EMI...decisions...would be very different’ (mean: 3.14). Frequencies relating to the negative item ‘As it is passed around the company, EMI can become distorted’ (mean 2.94) are fairly balanced between agreement and disagreement.

There was very slight disagreement that ‘EMI becomes difficult as a result of too much market information’ (mean: 3.20). In addition, the statement that ‘No export
decision would be taken...without......marketing information', generated slight
disagreement (mean: 2.49). With the exception of these last two items, however, it
appears that companies positively rated conceptual use of EMI.

Table C.8. Symbolic Use of EMI

<table>
<thead>
<tr>
<th>Item</th>
<th>SA</th>
<th>A</th>
<th>N</th>
<th>D</th>
<th>SD</th>
<th>Mean</th>
<th>sd</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Symbolic:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Weighting</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Export marketing information is often gathered to maintain good</td>
<td>1</td>
<td>24</td>
<td>40</td>
<td>26</td>
<td>9</td>
<td>2.81</td>
<td>.93</td>
</tr>
<tr>
<td>relationships with information suppliers</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Export marketing information frequently supports decisions</td>
<td>4</td>
<td>46</td>
<td>41</td>
<td>9</td>
<td>1</td>
<td>3.42</td>
<td>.75</td>
</tr>
<tr>
<td>made for other reasons</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Information is sometimes manipulated to justify company decisions</td>
<td>2</td>
<td>20</td>
<td>34</td>
<td>38</td>
<td>7</td>
<td>2.73</td>
<td>.93</td>
</tr>
<tr>
<td>really made on the basis of instinct</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>We sometimes take account of export marketing information, to</td>
<td>1</td>
<td>12</td>
<td>31</td>
<td>47</td>
<td>9</td>
<td>2.49</td>
<td>.85</td>
</tr>
<tr>
<td>justify the cost of having acquired it</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Export marketing information is often collected to justify a</td>
<td>10</td>
<td>49</td>
<td>29</td>
<td>12</td>
<td>1</td>
<td>2.43</td>
<td>.84</td>
</tr>
<tr>
<td>decision already made</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Instinct/intuition is often combined with export marketing</td>
<td>10</td>
<td>68</td>
<td>16</td>
<td>6</td>
<td>1</td>
<td>3.81</td>
<td>.72</td>
</tr>
<tr>
<td>information when making decisions</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>If export marketing information is difficult to obtain, assumptions</td>
<td>2</td>
<td>47</td>
<td>30</td>
<td>19</td>
<td>2</td>
<td>3.28</td>
<td>.87</td>
</tr>
<tr>
<td>are made instead</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

SA = strongly agree; A = agree; N = neither agree nor disagree; D = disagree; SD = strongly disagree; s.d. = standard deviation.

Responses to items relating to the symbolic use of EMI show greater variation than for the other two dimensions. Frequencies for the item 'Instinct/intuition is often combined with EMI when making decisions' are the most positively skewed (mean: 3.81). Conversely, responses to the statements 'EMI is often collected to justify a decision already made (mean: 2.41), and 'We sometimes take account of EMI to justify the cost of having acquired it' (mean: 2.49) tend towards disagreement. On the whole, responses here indicate agreement with items implying the joint use of EMI with other 'resources' (such as instinct); but disagreement with those items that more directly imply 'misuse' of EMI (such as justifying a decision that has already been made).
C.2.2. Attitudes to Export Marketing Information, and Export Marketing Research

Attitudes to EMI (Q7) and Export Marketing Research (EMR) (Q8) were measured on a scale containing three dimensions: process orientation (i.e. relating to information collection and collation); (export marketing) planning orientation, and export sales orientation. These two questions (7 & 8) are treated as one for analysis purposes, as they form parts of the same scale; and both questions contain items of measurement for the three dimensions, which are dealt with in turn in below.

Table C.9. Process Orientation

<table>
<thead>
<tr>
<th>Item</th>
<th>Weight</th>
<th>SA</th>
<th>A</th>
<th>N</th>
<th>D</th>
<th>SD</th>
<th>Mean</th>
<th>sd</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Process Orientation Weight</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Published information on export markets is very reliable</td>
<td></td>
<td>1</td>
<td>15</td>
<td>56</td>
<td>27</td>
<td>2</td>
<td>2.86</td>
<td>.70</td>
</tr>
<tr>
<td>Finding out about buyers' attitudes and behaviour is important to our company</td>
<td></td>
<td>12</td>
<td>69</td>
<td>15</td>
<td>3</td>
<td>1</td>
<td>3.89</td>
<td>.66</td>
</tr>
<tr>
<td>Export marketing research findings are worth the money</td>
<td></td>
<td>1</td>
<td>14</td>
<td>60</td>
<td>24</td>
<td>2</td>
<td>2.89</td>
<td>.70</td>
</tr>
<tr>
<td><strong>Weight</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>*Personal contacts in other companies always give us honest market feedback</td>
<td></td>
<td>2</td>
<td>17</td>
<td>38</td>
<td>39</td>
<td>5</td>
<td>*3.27</td>
<td>.86</td>
</tr>
<tr>
<td>*Published information on export markets is too general for our company's needs</td>
<td></td>
<td>21</td>
<td>46</td>
<td>26</td>
<td>7</td>
<td>**</td>
<td>*2.19</td>
<td>.86</td>
</tr>
<tr>
<td>*The specific export information we need is too expensive to collect using marketing research</td>
<td></td>
<td>10</td>
<td>35</td>
<td>41</td>
<td>13</td>
<td>1</td>
<td>*2.59</td>
<td>.88</td>
</tr>
<tr>
<td>*Our industry is too specialist to warrant teaching marketing researchers about it before they start</td>
<td></td>
<td>14</td>
<td>37</td>
<td>34</td>
<td>14</td>
<td>1</td>
<td>*2.51</td>
<td>.94</td>
</tr>
</tbody>
</table>

** Less than 1%

Frequencies for the items relating to EMI/R process orientation show considerable variability, with summed responses indicating some inconsistencies across construct items that one might have expected to be related. Nowhere is this more clearly exemplified than in the apparent contradiction between overall agreement with the statement that ‘Finding out about buyers’ attitudes and behaviour is
important...’ (mean: 3.89), to slight disagreement with ‘Export marketing research findings are worth the money’ (mean: 2.89).

Much the same overall level of disagreement (mean: 2.86) is indicated for the item ‘Published information on export markets is very reliable’; whilst respondents on the whole agree that ‘Published information…is too general….’ (mean: 2.19). Slight overall disagreement is indicated for the view that ‘Personal contacts…always give us honest market feedback’ (3.27).

Predictably, similar levels of agreement are demonstrated for the items ‘The specific information we need is too expensive to collect using marketing research (mean: 2.59) and ‘Our industry is too specialist to warrant teaching marketing researchers about it before they start (mean: 2.51).

In terms of their attitudes to the EMI process then, respondents seem ambivalent, though there was a tendency for published information to be viewed negatively, whilst attitudes towards the accuracy of informal market feedback were fairly balanced.

Some patterns are also discernible across the response frequencies to items designed to measure aspects of respondents’ EMI planning orientation, illustrated in Table C10. For example, there was slight agreement that ‘We have a clear picture of where our company is going’ (mean 3.47), and a similar level of disagreement that ‘It is difficult to work out why we’ve grown in certain export markets’ (mean: 3.37). A normal distribution of frequencies is illustrated for the item ‘Overseas market feedback from our local representatives can be misleading’ (mean: 2.99). Responses to the statement that ‘We are too busy with the day-to-day…exporting to make long term plans’ (mean 3.30) were, however, slightly skewed towards disagreement. However, the strongest levels of agreement recorded for this group of items related to two related items: respondents clearly agreed (mean: 2.00) that ‘We are pleased to get export orders wherever they come from’, but also agreed that they ‘..Focus …on those markets with the most potential’ (mean: 3.84). Whilst these two items are not directly opposed to each
other, their overall scores do show a greater level of inconsistency than might have been expected.

Table C.10. Planning Orientation

<table>
<thead>
<tr>
<th>Item</th>
<th>Item Weight</th>
<th>SA</th>
<th>A</th>
<th>N</th>
<th>D</th>
<th>SD</th>
<th>Mean</th>
<th>s.d.</th>
</tr>
</thead>
<tbody>
<tr>
<td>We have a clear picture of where our company is going in export markets</td>
<td>(5) (4) (3) (2) (1)</td>
<td>7</td>
<td>49</td>
<td>29</td>
<td>14</td>
<td>1</td>
<td>3.47</td>
<td>.85</td>
</tr>
<tr>
<td>We focus our export efforts on those markets with the most potential</td>
<td></td>
<td>16</td>
<td>59</td>
<td>19</td>
<td>7</td>
<td></td>
<td>3.84</td>
<td>.77</td>
</tr>
<tr>
<td>Overseas market feedback from our local representatives can be misleading</td>
<td></td>
<td>3</td>
<td>25</td>
<td>43</td>
<td>27</td>
<td>2</td>
<td>2.99</td>
<td>.85</td>
</tr>
<tr>
<td>*It is difficult to work out why we've grown in certain export markets</td>
<td>(1) (2) (3) (4) (5)</td>
<td>2</td>
<td>18</td>
<td>25</td>
<td>48</td>
<td>6</td>
<td>*3.37</td>
<td>.93</td>
</tr>
<tr>
<td>*We are too busy with the day-to-day practicalities of exporting to make long term plans</td>
<td></td>
<td>4</td>
<td>21</td>
<td>25</td>
<td>44</td>
<td>7</td>
<td>*3.30</td>
<td>.99</td>
</tr>
<tr>
<td>*We are pleased to get export orders wherever they come from</td>
<td></td>
<td>31</td>
<td>48</td>
<td>12</td>
<td>9</td>
<td></td>
<td>*2.00</td>
<td>.90</td>
</tr>
</tbody>
</table>

** Less than 1%

Whilst positive and negative items are fairly evenly spread across the three dimensions, Table C.11. demonstrates that negative statements form almost all of those used to tap EM sales orientation. Reasons for this are two-fold. Firstly, the phrases as they stand are in a 'natural' context for SMEs, as multiple references, couched in these terms, were used by respondents at the qualitative stage of fieldwork. Secondly, as with the symbolic dimension of the EMI use construct discussed earlier, 'reversing' some of these phrases would have altered the item's meaning. For example, changing 'We know what our customers want without having to ask' to 'We don't know what our customers want without asking them' illustrates a subtle but discernible change. Examples of more extreme changes of meaning, which render the items as nonsense, occur if one tries to reverse 'The specific export information we need is too expensive to collect using marketing research', or 'Our industry is too specialist to warrant teaching marketing researchers about it....'
Table C.11. below indicates that opinions were balanced on the item ‘We are too busy chasing and processing orders to so export marketing research’ (mean: 2.98). There was slight overall disagreement with the view that ‘Customers find us, we don’t find them’, and higher levels of disagreement (mean: 3.66) with ‘We know what our customers want without having to ask’. These patterns, combined with respondents’ tendency to agree that ‘Export marketing research is best done by specialists’ (mean: 3.24), may support the view that, in engineering and related sectors, amongst this sample of SME decision-makers at least, there is little appreciation of the relevance of EMR.

Table C.11. Sales Orientation

<table>
<thead>
<tr>
<th>Item</th>
<th>SA</th>
<th>A</th>
<th>N</th>
<th>D</th>
<th>SD</th>
<th>Mean</th>
<th>s.d.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Export marketing research is best done by specialists</td>
<td>3</td>
<td>40</td>
<td>36</td>
<td>19</td>
<td>2</td>
<td>3.24</td>
<td>.84</td>
</tr>
<tr>
<td>*Customers find us, we don’t find them</td>
<td>6</td>
<td>24</td>
<td>28</td>
<td>38</td>
<td>4</td>
<td>*3.10</td>
<td>1.02</td>
</tr>
<tr>
<td>*We know what our customers want without having to ask</td>
<td>1</td>
<td>11</td>
<td>16</td>
<td>63</td>
<td>8</td>
<td>*3.66</td>
<td>.84</td>
</tr>
<tr>
<td>*We are too busy chasing and processing orders to do export marketing research</td>
<td>4</td>
<td>31</td>
<td>31</td>
<td>33</td>
<td>2</td>
<td>*2.98</td>
<td>.94</td>
</tr>
</tbody>
</table>

Despite the proportion of negative items, across this dimension of the construct, it should be noted that mean scores are at the same level as for process orientation, which has the highest proportion of positive items. It seems unlikely then, that the bias towards ‘negative’ items measuring industry-orientation unduly influenced responses.
C.3. COMPANIES' EXPORT EXPERIENCE

The number of years companies had been exporting, as well as export destinations, constituted two of the measures of export experience. A third measure, designed to provide a more subjective dimension of export experience, was achieved by asking respondents which of five statements best described the current level of their companies' export operations. (See Diamantopoulos and Schlegelmilch 1990).

C.3.1. Number of Years Exporting

The table below categorises the companies surveyed by their number of years experience in exporting, alongside their total number of years trading.

<table>
<thead>
<tr>
<th>No. of Years</th>
<th>Trading % (No. of responses)</th>
<th>Exporting %</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;10 years</td>
<td>6 (374)</td>
<td>14</td>
</tr>
<tr>
<td>10 – 19 years</td>
<td>23 (372)</td>
<td>40</td>
</tr>
<tr>
<td>20 – 29 years</td>
<td>27 (373)</td>
<td>24</td>
</tr>
<tr>
<td>30 – 39 years</td>
<td>13 (374)</td>
<td>9</td>
</tr>
<tr>
<td>40 – 49 years</td>
<td>8 (373)</td>
<td>6</td>
</tr>
<tr>
<td>50+ years</td>
<td>23 (373)</td>
<td>8</td>
</tr>
<tr>
<td>Mean</td>
<td>36.6</td>
<td>22.3</td>
</tr>
<tr>
<td>Median</td>
<td>26</td>
<td>17</td>
</tr>
<tr>
<td>Mode</td>
<td>30</td>
<td>10</td>
</tr>
<tr>
<td>Min - Max</td>
<td>5 - 200</td>
<td>3 - 185</td>
</tr>
</tbody>
</table>

On average, the companies surveyed were reasonably mature, having been trading for almost thirty-seven years. The overall range of experience was quite wide, at one hundred and ninety five years, with the youngest company having been trading for five years. Whilst only 6% of the sample had been operating for less than 10 years, the median of twenty-six years reflects the skew towards companies that, though established, are still fairly young, half of them having been trading for between ten and twenty-nine years. The distribution of
companies has a long right-hand tail, comprising the 23% of companies in existence for between fifty and two hundred years.

The range of experience in exporting was also wide, from three years for the least experienced exporter to one hundred and eighty-five years for the most experienced. Within this, companies had been exporting for an average of just over twenty-three years. The mode of ten years, and the median of seventeen, reflects the concentration of companies with between ten and nineteen years exporting experience (40%). Over three-quarters (78%) of the sample had been exporting for less than thirty years.

C.3.2. Export Destinations
Respondents were asked to indicate one region of the world to which they had exported most in the past two years (their main export market). This was designed as a measure of the companies' 'export distance' (i.e. the distance from the home market in which exports are concentrated). They were then asked what other regions they currently export to. The main export market responses were combined with those for other export markets at the editing stage, to produce an aggregate of current export destinations; this acts as a measure of export performance.

<table>
<thead>
<tr>
<th><strong>% Value of Exports</strong></th>
<th>Export Destination</th>
<th>% Main</th>
<th>% Current Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Destination)</td>
<td>(No. of responses)</td>
<td>(376)</td>
<td>(376)</td>
</tr>
<tr>
<td>56</td>
<td>European Union</td>
<td>52</td>
<td>95</td>
</tr>
<tr>
<td>7</td>
<td>Other Europe</td>
<td>5</td>
<td>66</td>
</tr>
<tr>
<td>4</td>
<td>Middle East</td>
<td>5</td>
<td>54</td>
</tr>
<tr>
<td>9</td>
<td>Far East</td>
<td>6</td>
<td>59</td>
</tr>
<tr>
<td>2</td>
<td>Africa</td>
<td>2</td>
<td>39</td>
</tr>
<tr>
<td>18</td>
<td>USA/Canada</td>
<td>19</td>
<td>65</td>
</tr>
<tr>
<td>2</td>
<td>South America</td>
<td>1</td>
<td>31</td>
</tr>
<tr>
<td>2</td>
<td>Australia/New Zealand</td>
<td>1</td>
<td>47</td>
</tr>
<tr>
<td>-</td>
<td>No answer/multiple response</td>
<td>10</td>
<td>*</td>
</tr>
</tbody>
</table>

* Less than 1%
** Source: Direction of Trade Statistics Yearbook, 2000
The profile of main export destinations reflects that of manufacturing goods from the UK as a whole (Direction of Trade Statistics Yearbook, 2000). Almost all (95%) of the sample currently exported to the European Union, and over half of companies named it as their main export destination. Whilst just over two thirds of companies exported to other European destinations, these were named as main export markets by only 5%. The USA and Canada represent the most important export market destinations after Europe, with almost two thirds of companies exporting to these markets (65%), and almost a fifth of companies (19%) claiming this region as their main export destination. The Far East (59%) and Middle East (54%) were current markets for well over half the companies surveyed, though these constituted only 6% (in the case of the Far East) and 5% (for the Middle East) of main export markets.

Similarly, whilst Australia and New Zealand were important markets, with almost half (47%) of companies exporting to there, only 1% of respondents cited this region as their companies' most important export destination. Africa (39%) and South America (31%), whilst providing export markets for a fair proportion of companies, were unimportant main markets.

The table overleaf indicates that the companies surveyed appear to spread rather than concentrate their export efforts. Only 7% of companies concentrated on one region only, while almost twice this proportion (13%) claimed to currently export to all regions of the world. The mean (4.5) median (3) and mode (4) all reflect the finding that almost half the sample (47%) exported to between three and five of the eight world regions categorised in the questionnaire.
### Table C.14. Export Reach

<table>
<thead>
<tr>
<th>Export Reach (No. of destinations)</th>
<th>% of Companies</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 region</td>
<td>7</td>
</tr>
<tr>
<td>2 regions</td>
<td>12</td>
</tr>
<tr>
<td>3 regions</td>
<td>17</td>
</tr>
<tr>
<td>4 regions</td>
<td>15</td>
</tr>
<tr>
<td>5 regions</td>
<td>15</td>
</tr>
<tr>
<td>6 regions</td>
<td>13</td>
</tr>
<tr>
<td>7 regions</td>
<td>8</td>
</tr>
<tr>
<td>All regions</td>
<td>13</td>
</tr>
<tr>
<td>Mean</td>
<td>4.58</td>
</tr>
<tr>
<td>Median</td>
<td>4</td>
</tr>
</tbody>
</table>

C.3.3. Management Perception of Current Export Operations

Respondents were asked to choose the one statement from the list in the table below which best described their companies’ current export operations.

### Table C.15. Level of Export Operations

<table>
<thead>
<tr>
<th>Description of Exporting</th>
<th>% of companies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Our overseas business comes from unsolicited orders only</td>
<td>13</td>
</tr>
<tr>
<td>We are actively examining export market possibilities</td>
<td>10</td>
</tr>
<tr>
<td>Our company is exporting experimentally at the moment</td>
<td>3</td>
</tr>
<tr>
<td>Our company is experienced in exporting</td>
<td>30</td>
</tr>
<tr>
<td>Exporting is part of our company’s global strategy</td>
<td>38</td>
</tr>
<tr>
<td>No answer/multiple response</td>
<td>6</td>
</tr>
</tbody>
</table>

Over two thirds of respondents (68%) saw their companies as experienced in exporting, or incorporating exporting within a global strategy.

C.4. EXPORT COMMITMENT

Two measures of export commitment (sometimes referred to as ‘export involvement’) were included in the questionnaire. These relate to companies’ commitment of their employees’ time, and their financial commitment to exporting.
The first measure was arrived at by asking respondents to record the number of employees in their companies whose work involved exporting, part or all of the time, and comparing this to the number of company employees as a whole.

Table C.16. Company Employees

<table>
<thead>
<tr>
<th>Employees in total</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Full time:</strong></td>
<td></td>
</tr>
<tr>
<td>&lt; 10</td>
<td>6</td>
</tr>
<tr>
<td>10 - 19</td>
<td>18</td>
</tr>
<tr>
<td>20 - 29</td>
<td>14</td>
</tr>
<tr>
<td>30 - 39</td>
<td>13</td>
</tr>
<tr>
<td>40 - 49</td>
<td>9</td>
</tr>
<tr>
<td>&lt;50</td>
<td>60</td>
</tr>
<tr>
<td>50 - 99</td>
<td>23</td>
</tr>
<tr>
<td>100 - 149</td>
<td>10</td>
</tr>
<tr>
<td>&gt;150</td>
<td>7</td>
</tr>
<tr>
<td><strong>Mean</strong></td>
<td>56.33</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Part time:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>None</td>
<td>42</td>
</tr>
<tr>
<td>&lt;5</td>
<td>42</td>
</tr>
<tr>
<td>5 - 9</td>
<td>10</td>
</tr>
<tr>
<td>&gt;10</td>
<td>5</td>
</tr>
<tr>
<td><strong>Mean</strong></td>
<td>2.45</td>
</tr>
</tbody>
</table>

N = 372

The sample was skewed towards smaller companies, with three fifths of those surveyed employing fewer than fifty full-time people, and 83% having fewer than 100 employees. In addition, use of part-time staff was limited, with over two-fifths of companies using no part-time employees, and the same proportion again employing fewer than five part-timers.

More than a third of those responding had no employees engaged full-time in exporting; and three-quarters of the sample employed fewer than five people on full-time exporting activities. A third of respondents had no employees partially engaged in exporting, with 82% of companies employing less than five people on export activities part-time.
A comparison of the means for employees as a whole with those in exporting is illuminating. The average number of employees in the companies surveyed was fifty-six full-time, with a further six part-time; the average number employed in full-time in exporting, however, was just two, with a further six engaged in this activity for part of the time.

The second measure was based on answers to two dichotomous questions relating to the existence of exporting and/or marketing budgets within the companies. As illustrated in the table below, just under two fifths of companies claimed to have a separate marketing budget, compared to just over one-fifth with a separate budget for exporting.

<table>
<thead>
<tr>
<th>Table C.17. Employees in Exporting</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>All the time:</strong></td>
</tr>
<tr>
<td>None</td>
</tr>
<tr>
<td>&lt; 5</td>
</tr>
<tr>
<td>5 – 9</td>
</tr>
<tr>
<td>10 +</td>
</tr>
<tr>
<td>Mean</td>
</tr>
<tr>
<td><strong>Part of the time:</strong></td>
</tr>
<tr>
<td>None</td>
</tr>
<tr>
<td>&lt; 5</td>
</tr>
<tr>
<td>5 – 9</td>
</tr>
<tr>
<td>10 +</td>
</tr>
<tr>
<td>Mean</td>
</tr>
</tbody>
</table>

* N = 361

<table>
<thead>
<tr>
<th>Table C.18. Marketing and Exporting Budgets</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Budget</strong></td>
</tr>
<tr>
<td>------------------</td>
</tr>
<tr>
<td>Yes</td>
</tr>
<tr>
<td>No</td>
</tr>
<tr>
<td>Don’t Know/ No answer</td>
</tr>
</tbody>
</table>
C.5. EXPORT PERFORMANCE

Export performance was assessed by means of four criteria. Most importantly, percentages of turnover currently accounted for by exports was recorded. It should be borne in mind, however, that these proportions were based on total company turnover figures, which themselves might vary. Therefore turnover trends over the previous three years were also requested, as was the extent to which the proportion of turnover attributed to exporting had shifted over the previous three years. Finally, as high turnover alone can be a misleading measure of financial success, the relative profitability of exports compared to UK sales was measured.

C.5.1. Export as a Proportion of Company Turnover

Companies responding ranged from those deriving 1% of their turnover from exports to those deriving 100%. However, a quarter of companies surveyed derived 10% or less of their turnover from exports; whilst almost three-quarters of the sample (73%) derived 50% or less of their turnover from exports. The mode (10) and median (25) reflect the fact that the sample was skewed towards lower proportions of exports to turnover. The mean of 34.65, however, indicates that, despite this, the contribution of export earnings to turnover is important.

<table>
<thead>
<tr>
<th>Table C.19. Exports as % of Turnover</th>
</tr>
</thead>
<tbody>
<tr>
<td>%</td>
</tr>
<tr>
<td>10%&lt;</td>
</tr>
<tr>
<td>11 - 20%</td>
</tr>
<tr>
<td>21 - 30%</td>
</tr>
<tr>
<td>31 - 40%</td>
</tr>
<tr>
<td>41 - 50%</td>
</tr>
<tr>
<td>51 - 60%</td>
</tr>
<tr>
<td>61 - 70%</td>
</tr>
<tr>
<td>71 - 80%</td>
</tr>
<tr>
<td>81 - 90%</td>
</tr>
<tr>
<td>91 - 100%</td>
</tr>
</tbody>
</table>

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Mean</td>
<td>34.65</td>
</tr>
<tr>
<td>Median</td>
<td>25.00</td>
</tr>
<tr>
<td>Mode</td>
<td>10</td>
</tr>
</tbody>
</table>

694
C.5.2. Trends in Turnover and Profitability: Total Company versus Exports

Although ‘Don’t know/No answer’ and ‘Too erratic to say’ responses are excluded from later analyses, it is worth including them initially, to demonstrate the rather volatile nature of overall company turnover, as well as export turnover, in sampled companies over the past three years.

Table C.20. Turnover and Profitability

<table>
<thead>
<tr>
<th>Trends – Total Turnover</th>
<th>%</th>
<th>Trends – Exports as % Turnover</th>
<th>%</th>
<th>Trends – Export v. UK profitability</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increased considerably (by 10% or more)</td>
<td>22</td>
<td>Increased considerably (30% or more)</td>
<td>34</td>
<td>Much more profitable (10%-+)</td>
<td>29</td>
</tr>
<tr>
<td>Increased slightly (c. 5%)</td>
<td>8</td>
<td>Increased (up to 30%)</td>
<td>13</td>
<td>Slightly more profitable (c. 5%)</td>
<td>21</td>
</tr>
<tr>
<td>Stayed about the same</td>
<td>13</td>
<td>Stayed about the same</td>
<td>9</td>
<td>About equally profitable</td>
<td>24</td>
</tr>
<tr>
<td>Decreased slightly (c. 5%)</td>
<td>2</td>
<td>Decreased (up to 30%)</td>
<td>1</td>
<td>Slightly less profitable (c. 5%)</td>
<td>6</td>
</tr>
<tr>
<td>Decreased considerably (10% or more)</td>
<td>*</td>
<td>Decreased considerably (30% or more)</td>
<td>*</td>
<td>Much less profitable (10%-+)</td>
<td>*</td>
</tr>
<tr>
<td>Too erratic to say</td>
<td>19</td>
<td>Too erratic to say</td>
<td>28</td>
<td>Too erratic to say</td>
<td>11</td>
</tr>
<tr>
<td>Don’t know/no answer</td>
<td>36</td>
<td>Don’t know/no answer</td>
<td>15</td>
<td>Don’t know/no answer</td>
<td>9</td>
</tr>
</tbody>
</table>

n = 376; * = Less than 0.5%.

Looking at company turnover as a whole first of all, almost a fifth (19%) of respondents chose the ‘too erratic to say’ option, and only 45% of the sample gave a definitive answer from the options available.

The measure of value of export trends as a proportion of overall turnover over the same three-year period reveals an even more volatile situation. Though considerably more respondents claimed that exports as a proportion of turnover had increased (34%) than said the same of turnover as a whole (22%), 28% said that export earnings to turnover had been too erratic to say. The fact that only 13% claimed that company turnover had stayed about the same over the previous three years, and even fewer (9%) said that exports to turnover had remained stable over the same period, vindicates the inclusion of these questions in the survey.

Having said that, both of these sets of frequencies are skewed towards the positive, indicating an overall increase, both in company turnover and value of
exports as a proportion of this turnover attributable to exports, amongst the SMEs sampled.

Half the respondents claimed that exports were more profitable than UK sales. Almost a further quarter (24%) indicated that exports were equally profitable; though 11% said that export profitability was too erratic to say. Taken as a whole then, the frequencies for all three questions recorded in Table C.20. above reveal a positive, if volatile, picture for exporting amongst the SMEs surveyed.

C.6. RESPONDENT HISTORY
A filter question at the start of the questionnaire acted as a check to ensure that those responding were responsible for the exporting decisions made by their company. As the background of export decision-makers has been identified as a factor in companies' export performance (for example, see Schlegelmilch and Therivel 1988), two of the three closing questions related to the career histories of respondents.

Table C21: Job Title

<table>
<thead>
<tr>
<th>Job Title</th>
<th>(n = 374)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Managing Director (CEO/Chairman)</td>
<td>60</td>
</tr>
<tr>
<td>Marketing/Sales Manager/Director</td>
<td>11</td>
</tr>
<tr>
<td>Export (European/International Sales) manager/director</td>
<td>6</td>
</tr>
<tr>
<td>Finance/Other/Unspecified</td>
<td>23</td>
</tr>
</tbody>
</table>

The majority (60%) of export decision makers within these SMEs were managing directors of their companies (Hart and Tzokas 1999; Carson, 1985). In some cases these respondents also designated themselves as chairmen, with the title of Chief Executive Officer used in a very few cases. Relatively few of those responsible for the export decisions had managerial or directorial titles specific to marketing or sales (11%); even fewer had titles relating to exporting or international sales in particular (6%). The job titles of almost a quarter of respondents (23%) made no reference to either marketing or exporting; the majority of those in this category, in fact, had job titles relating to financial management.
C.6.1. Company and Professional Career Backgrounds

Table C.22. Career Histories

<table>
<thead>
<tr>
<th>Number of years</th>
<th>With company N=373</th>
<th>In present post N=374</th>
<th>Years in marketing N=362</th>
<th>Years in exporting N=370</th>
</tr>
</thead>
<tbody>
<tr>
<td>None</td>
<td>-</td>
<td>-</td>
<td>6</td>
<td>-</td>
</tr>
<tr>
<td>&lt; 1 year</td>
<td>8</td>
<td>4</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>2 – 5 years</td>
<td>22</td>
<td>10</td>
<td>8</td>
<td>11</td>
</tr>
<tr>
<td>6 – 10 years</td>
<td>22</td>
<td>20</td>
<td>13</td>
<td>25</td>
</tr>
<tr>
<td>11 – 15 years</td>
<td>17</td>
<td>18</td>
<td>17</td>
<td>21</td>
</tr>
<tr>
<td>16 – 20 years</td>
<td>14</td>
<td>17</td>
<td>16</td>
<td>17</td>
</tr>
<tr>
<td>21 – 25 years</td>
<td>8</td>
<td>13</td>
<td>12</td>
<td>8</td>
</tr>
<tr>
<td>26 – 30 years</td>
<td>4</td>
<td>10</td>
<td>15</td>
<td>11</td>
</tr>
<tr>
<td>&lt; 30 years</td>
<td>5</td>
<td>9</td>
<td>12</td>
<td>5</td>
</tr>
<tr>
<td>Mean</td>
<td>16.39</td>
<td>12.21</td>
<td>18.70</td>
<td>15.71</td>
</tr>
<tr>
<td>Median</td>
<td>15</td>
<td>10</td>
<td>20</td>
<td>15</td>
</tr>
<tr>
<td>Mode</td>
<td>10</td>
<td>10</td>
<td>20</td>
<td>10</td>
</tr>
</tbody>
</table>

Interestingly, 6% of those responsible for exporting decisions in their company indicated that they had never worked in sales or marketing. Given that non-response to this question was slightly higher than the other three questions referred to in this table, (n = 362, as opposed to n = 370-374), it is possible that those considering themselves never to have worked in marketing may be even higher (up to 8% of the sample as a whole).

Although 30% of respondents had been with their company for five years or less, less than half this proportion (14%) had held their present post for five years or less. Indeed, the means here are quite high, at over sixteen years with present company, and over twelve years in current posts.

Almost a quarter (27%) of the sample claimed over twenty-five years experience in marketing, with two thirds (67%) in their present posts for over ten years. The
mean for marketing experience is quite high, at 'almost nineteen years, and the mode is twenty. Respondents also claimed an average of almost sixteen years experience in exporting. Add to these the 32% of respondents having held their present posts for over twenty years, and it seems fairly safe to conclude that, on balance, respondents have been engaged in their current activities for a considerable time, with a low rate of job turnover.

Table C.23. below reinforces this picture. It summarises the samples’ responses when asked to indicate their career experience with small and medium-sized companies as opposed to large multi-national organisations, and shows that 15% of respondents had spent their whole careers with their current SME. There was a strong bias here in favour of SME experience, with 83% of the sample having worked for SMEs for most or all of their careers.

Table C.23. Careers - SME/MNE Split

<table>
<thead>
<tr>
<th></th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td>Worked in this company since completing education</td>
<td>15</td>
</tr>
<tr>
<td>Always worked in *small and medium-sized companies</td>
<td>30</td>
</tr>
<tr>
<td>Mostly worked in small and medium-sized companies</td>
<td>38</td>
</tr>
<tr>
<td>Mostly worked in large multi-national organisations</td>
<td>15</td>
</tr>
<tr>
<td>Equal/other</td>
<td>3</td>
</tr>
</tbody>
</table>

C.6.2. Education

The levels of education achieved by respondents are summarised overleaf. 29% of the sample were educated up to A level standard. Close to half (45%) had HNC/HND or degree qualifications, and a further 17% had acquired a postgraduate qualification.
An examination of the subject areas of those continuing education to HNC/HND or above, produces some interesting findings. 81% of HNC/HND qualifications and 62% of degrees were in science subjects, particularly sciences relating to their companies' industrial sector i.e. engineering, electronics and technology (66% and 28% respectively). Only 13% of those responding had HNC/HNDs or degrees in business, marketing or exporting. However, this bias is somewhat compensated for by respondents with postgraduate, vocational or other qualifications: over three-quarters of postgraduate qualifications mentioned were in business and related areas, including accounting. This brought the overall proportion with a business-related qualification up to a quarter. Languages, however, appear to be an area neglected for study by those responding to this question, with only 5% overall (10% of the graduates) having a language qualification at HNC level or above.
Table C.25. Education (Subjects)

<table>
<thead>
<tr>
<th>SUBJECT</th>
<th>HNC/HND</th>
<th>Degree</th>
<th>Postgraduate Qualification</th>
<th>Vocational/Other Qualification</th>
<th>TOTAL RESPONDING</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>N = 70 %</td>
<td>N = 50 %</td>
<td>N = 26 %</td>
<td>N = 40 %</td>
<td>N = 186 %</td>
</tr>
<tr>
<td>Engineering/electronics/technology</td>
<td>66</td>
<td>28</td>
<td>12</td>
<td>20</td>
<td>38</td>
</tr>
<tr>
<td>Chemistry/metallurgy</td>
<td>9</td>
<td>12</td>
<td>4</td>
<td>-</td>
<td>7</td>
</tr>
<tr>
<td>Other science</td>
<td>6</td>
<td>22</td>
<td>4</td>
<td>5</td>
<td>10</td>
</tr>
<tr>
<td>Accounting</td>
<td>1</td>
<td>-</td>
<td>8</td>
<td>25</td>
<td>7</td>
</tr>
<tr>
<td>Business/marketing/exporting</td>
<td>13</td>
<td>12</td>
<td>69</td>
<td>33</td>
<td>25</td>
</tr>
<tr>
<td>Languages</td>
<td>1</td>
<td>10</td>
<td>4</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Social sciences</td>
<td>1</td>
<td>4</td>
<td>-</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>Law/other arts</td>
<td>3</td>
<td>12</td>
<td>-</td>
<td>10</td>
<td>6</td>
</tr>
</tbody>
</table>

C.7. RESPONDENTS' INTERNATIONAL ORIENTATION

To examine whether or not the international orientation of export decision-makers has any influence on export commitment, performance and success, respondents were asked about the extent of their ability to speak foreign languages, as well as about their experiences, if any, of living/working overseas.

C.7.1. Language Skills

Almost three fifths of respondents (59%) had no foreign language knowledge. Table C.26. below illustrates the concentration of linguists within the sample.

Table C.26. Languages (Summary)

<table>
<thead>
<tr>
<th>Languages (n = 374)</th>
<th>Fluent</th>
<th>Partial</th>
</tr>
</thead>
<tbody>
<tr>
<td>NO</td>
<td>59</td>
<td>59</td>
</tr>
<tr>
<td>YES</td>
<td>36</td>
<td>9</td>
</tr>
</tbody>
</table>

Number spoken:

<table>
<thead>
<tr>
<th>Number spoken</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5+</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>21</td>
<td>11</td>
<td>2</td>
<td>1</td>
<td>1</td>
</tr>
</tbody>
</table>

* Less than 1%
Of the 41% of export decision makers who spoke at least one foreign language, 31% spoke French, with just over a quarter (27%) claiming to speak this fluently. The next most known language was German, with 20% claiming to speak at least some. 16% of the sample claimed to speak another European language; while 4% claimed at least some knowledge of a non-European language such as Japanese or Arabic.

Table C.27. Main Languages Spoken

<table>
<thead>
<tr>
<th>Language Spoken</th>
<th>(n = 374)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>%</td>
</tr>
<tr>
<td>NO</td>
<td>59</td>
</tr>
<tr>
<td>YES:</td>
<td>41</td>
</tr>
<tr>
<td>FLUENT</td>
<td>36</td>
</tr>
<tr>
<td>PARTIAL</td>
<td>9</td>
</tr>
<tr>
<td>Total French:</td>
<td>31</td>
</tr>
<tr>
<td>Fluent</td>
<td>27</td>
</tr>
<tr>
<td>Partial</td>
<td>4</td>
</tr>
<tr>
<td>Total German:</td>
<td>20</td>
</tr>
<tr>
<td>Fluent</td>
<td>17</td>
</tr>
<tr>
<td>Partial</td>
<td>3</td>
</tr>
<tr>
<td>Total Other European:</td>
<td>16</td>
</tr>
<tr>
<td>Fluent</td>
<td>11</td>
</tr>
<tr>
<td>Partial</td>
<td>5</td>
</tr>
<tr>
<td>Total Other:</td>
<td>4</td>
</tr>
<tr>
<td>Fluent</td>
<td>3</td>
</tr>
<tr>
<td>Partial</td>
<td>1</td>
</tr>
</tbody>
</table>

C.7.2. International Experience

Almost a third (32%) of respondents had experience of living overseas; and almost half (15% of the total sample) had lived in more than one country. Table C.28 shows the most frequently mentioned countries to be German-speaking (9% of the sample had lived in Germany, Austria or Switzerland), or English-speaking, with 8% of respondents having lived in the USA and/or Canada.
Table C.28. Lived/Worked Overseas

<table>
<thead>
<tr>
<th></th>
<th>(n = 373)</th>
</tr>
</thead>
<tbody>
<tr>
<td>NO</td>
<td>68</td>
</tr>
<tr>
<td>YES:</td>
<td>22</td>
</tr>
<tr>
<td>1 country</td>
<td>32</td>
</tr>
<tr>
<td>2 countries</td>
<td>12</td>
</tr>
<tr>
<td>3 or more countries</td>
<td>3</td>
</tr>
<tr>
<td>Germany/Austria/Switzerland</td>
<td>9</td>
</tr>
<tr>
<td>France</td>
<td>5</td>
</tr>
<tr>
<td>Scandinavia/Netherlands</td>
<td>3</td>
</tr>
<tr>
<td>Other Europe</td>
<td>4</td>
</tr>
<tr>
<td>USA/Canada</td>
<td>8</td>
</tr>
<tr>
<td>Australia/New Zealand</td>
<td>3</td>
</tr>
<tr>
<td>Middle/Far East</td>
<td>7</td>
</tr>
<tr>
<td>Other/Military Service</td>
<td>8</td>
</tr>
</tbody>
</table>

Table C.29. focuses specifically on those who had lived overseas. The range of time they spent abroad was wide, from one month to fifty years, with the mean of 4.33 years indicating the existence of a few long-term ex-patriots in this group. However, the mode of one year, and median of two, illustrate that respondents’ overseas experience tended to be short-term.

Table C.29. Years Overseas

<table>
<thead>
<tr>
<th>Years Overseas</th>
<th>(n = 118)</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; 1 year</td>
<td>8</td>
</tr>
<tr>
<td>1 – 4 years</td>
<td>68</td>
</tr>
<tr>
<td>5 – 9 years</td>
<td>10</td>
</tr>
<tr>
<td>10-14 years</td>
<td>6</td>
</tr>
<tr>
<td>15 – 19 years</td>
<td>3</td>
</tr>
<tr>
<td>20&gt; years</td>
<td>5</td>
</tr>
<tr>
<td>Mean</td>
<td>4.33</td>
</tr>
<tr>
<td>Median</td>
<td>2</td>
</tr>
<tr>
<td>Mode</td>
<td>1</td>
</tr>
</tbody>
</table>
Appendix D

CLUSTER ANALYSIS

"We need to know what behaviors people perform before we can explain why they perform them" (Peter 1981). The primary objective of the research presented here is therefore to define EMI gathering and EM decision making behaviours in terms of their frequency and quality. Comprehensive lists of EMI sources and data collection methods, as well as types of EM decision and information, were generated (see Chapter 5), so that some data reduction was highly desirable, in order to clarify these complex issues (Babbie et al 2000). However, the use of factor analysis is precluded here, because behaviours rather than attitude are measured (Kline 2000). Where possible, therefore composite variables containing "classes of behaviours" (Peters 1981) were derived using cluster analysis.

Cluster analysis is used widely in the sciences and social sciences, to group similar objects or individuals (Everitt 1980; Hair et al 1998). Its usefulness in developing and describing taxonomies has led to its increasing use in marketing (Churchill 1995), where its application has been particularly in terms of segmenting markets, both consumer and industrial (Arimond and Elfessi 2001; Sargeant and Mohamad 1999; Nakip 1999; Birkinshaw and Hood 2000; Miller and Besser 2000).

However, it can also be used to cluster variables or attributes (George and Mallery 1999), as well as simultaneously to cluster both objects and attributes (Vakharia and Mahajan 2000), adding to its broad appeal and usefulness to exploratory data analysis (Jain et al 1999).

It must be emphasised that the use of cluster analysis in this study was purely for data simplification and exploration (Everitt 1980; Hair et al 1998). It is accepted
that clustering is a difficult problem combinatorially (Jain et al 1999), and that its procedures are not supported by an extensive body of statistical reasoning (Aaker et al 1998). However, given the desire to produce classes of behaviours from exhaustive original lists, a technique that groups variables according to the measure of their similarity or distance, and allows classification according to "natural relationships" (Hair et al 1998; Punj and Stewart 1983) has considerable appeal.

Unfortunately, the use of realistic frequency scales precluded the collection of the data at interval level. It is axiomatic that relative (in the sense of 'greater than' or 'less than') measurements were used to derive these scales (Cooper and Emory, 1995, Kent 1993). Frequencies were labelled as 'occasional' (anchored at 'less than once a year'), 'regular' ('once or twice a year') and 'frequent' ('three times or more a year'). Therefore, whilst the intervals between these points are not equal, neither are they grossly unequal (Kerlinger 1986).

The question of whether or not ordinal measurements may be treated as interval for the purposes of statistical testing, has been hotly debated by behavioural scientists. Arguments for such use are primarily based on quite close similarities in significance level and power between parametric tests and their non-parametric equivalents (Anderson 1961). Opponents argue that the use of parametric techniques makes assumptions not supported by the data (Siegel and Castellan 1988; Diamantopoulos and Schlegelmilch 1997); though the latter concede that interval measures may also not always be appropriate. Bearing in mind that researchers sometimes blur the line between ordinal and interval scaling, particularly with regard to assumptions of equal intervals (Martilla and Carvey 1975; Babbie 1995), pragmatic arguments can prevail. For example Green et al (1997) give examples of ordinal-level data used in parametric factor analysis.
Kerlinger (1986) is one of the most persuasive advocates of the middle ground, arguing that parametric measures may be used to test ordinal data, provided that this is done with caution. The latter, moderate, position is taken in this present study.

Cluster analysis requires a representative sample, and a reasonable sample size. These assumptions were met, in that 376 responses were generated from a random sample of UK SME exporters in the engineering and related sectors, whose export destinations closely reflected those of UK manufacturers as a whole. Also, the presence of significant outliers amongst the cases examined did not present a problem.

Data was standardised to z scores. Squared Euclidean distance was then used to measure the distances between variables.

When clustering variables, it is inevitable that multicollinearity between these will be reflected in the clustering process to some extent. In fact, examination of correlation matrices between the variables indicated that this was not a problem, with $r < .9$ in all cases (Hair et al 1998).

An agglomerative hierarchical procedure was used to form clusters, whereby each variable starts as its own cluster and, in a series of steps, joins with other variables (Hair et al 1998, Child 1995, Churchill 1995, Everitt 1980).

The stopping procedure is illustrated by the use of dendrograms, which display the cluster structures visually. The objective was to establish the simplest variable structures possible. A vertical line has been drawn at the point on each dendrogram which provides the 'best', or 'simplest' solution for clustering the variables. The number of clusters is revealed as the number of horizontal lines.
crossed by the vertical line; and cluster membership can be established by tracing back through the branches to the variable name (George and Mallery 1999).

As the number of clusters decrease, the less homogenous they become. Large increases in the overall similarity measure between the clusters indicates that combining these would result in the formation of a single cluster markedly less homogenous than the originals from which they were formed. Therefore, a simple rule of cluster solution is to select the cluster prior to such large increases in squared Euclidean distance (Hair et al 1998, Aaker et al 1998). This general rule was considered when deciding when to stop each of the following clustering procedures.

However, given the difficulties associated with interpretation of cluster analysis, (Everitt 1980) a priori criteria, as well as those based on marketing theory, were combined with this stopping rule when addressing the “perplexing issue” of how many final clusters should be formed (Hair et al 1998). This heuristic approach is one generally advocated in the literature (Child 1995, Churchill 1995, George and Mallery 1999), though clearly its outcomes need to be treated with caution. Clusters are therefore not carried forward to further analysis where doubt as to their content is raised. Validity is established by splitting the sample and comparing the results of each half with those of the total (Hair et al 1998, Aaker et al 1998).

Details of these clustering procedures are given in each of the five sections below.
D.1. SOURCES OF EMI

The agglomeration schedule in Table D.1. overleaf reveals the first two variables, with the least squared Euclidean distance between them, to be gathering export market information (EMI) from trade magazines/journals, and from general magazines/newspapers. As the agglomeration progresses no large increases in squared Euclidean distance appear between clustering stages. The cluster solution obtained at stage 7 would, at first sight, appear to provide a reasonable solution. This would produce five clusters.

<table>
<thead>
<tr>
<th>Stage</th>
<th>Cluster Combined</th>
<th>Coefficients</th>
<th>Stage Cluster First Appears</th>
<th>Next Stage</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Cluster 1</td>
<td>Cluster 2</td>
<td>Cluster 1</td>
<td>Cluster 2</td>
</tr>
<tr>
<td>1</td>
<td>4</td>
<td>5</td>
<td>194.528</td>
<td>0</td>
</tr>
<tr>
<td>2</td>
<td>6</td>
<td>7</td>
<td>269.727</td>
<td>0</td>
</tr>
<tr>
<td>3</td>
<td>1</td>
<td>10</td>
<td>307.274</td>
<td>0</td>
</tr>
<tr>
<td>4</td>
<td>8</td>
<td>9</td>
<td>321.854</td>
<td>0</td>
</tr>
<tr>
<td>5</td>
<td>11</td>
<td>12</td>
<td>339.648</td>
<td>0</td>
</tr>
<tr>
<td>6</td>
<td>2</td>
<td>4</td>
<td>348.233</td>
<td>0</td>
</tr>
<tr>
<td>7</td>
<td>6</td>
<td>8</td>
<td>355.221</td>
<td>2</td>
</tr>
<tr>
<td>8</td>
<td>1</td>
<td>2</td>
<td>384.841</td>
<td>3</td>
</tr>
<tr>
<td>9</td>
<td>1</td>
<td>11</td>
<td>399.693</td>
<td>8</td>
</tr>
<tr>
<td>10</td>
<td>1</td>
<td>6</td>
<td>419.430</td>
<td>9</td>
</tr>
<tr>
<td>11</td>
<td>1</td>
<td>3</td>
<td>429.230</td>
<td>10</td>
</tr>
</tbody>
</table>

\[ N=331 \]
These clusters can be described as gathering EMI from:

**Published secondary reports 1:**
- Trade magazines/journals
- General magazines/newspapers
- Trade/export directories

**Published secondary reports 2:**
- Country/market sector reports
- International trade statistics

**Trade Gatherings:**
- Trade fairs/missions/exhibitions
- Conferences/seminars

**Competitors and customers:**
- Competitors' publications
- Talking to competitors
- Customers' publications
- Talking to customers

The final, one variable cluster, consists of information from company records/internal data.

The dendrogram in Figure D.1. below clarifies this, and labels the individual variables.

**Figure D.1. Sources of EMI: Dendogram**

Rescaled Distance Cluster Combine

<table>
<thead>
<tr>
<th>CASE Label</th>
<th>Num</th>
</tr>
</thead>
<tbody>
<tr>
<td>GATRMAG</td>
<td>4</td>
</tr>
<tr>
<td>GAGENMAG</td>
<td>5</td>
</tr>
<tr>
<td>GATRDIR</td>
<td>2</td>
</tr>
<tr>
<td>GANKTREP</td>
<td>1</td>
</tr>
<tr>
<td>GAITS</td>
<td>10</td>
</tr>
<tr>
<td>GAEXHIB</td>
<td>11</td>
</tr>
<tr>
<td>GACONF</td>
<td>12</td>
</tr>
<tr>
<td>GACOMPUB</td>
<td>6</td>
</tr>
<tr>
<td>GATKGCOM</td>
<td>7</td>
</tr>
<tr>
<td>GACUSPUB</td>
<td>8</td>
</tr>
<tr>
<td>GATKGCUS</td>
<td>9</td>
</tr>
<tr>
<td>GACODATA</td>
<td>3</td>
</tr>
</tbody>
</table>
This illustrates that a 4-cluster solution, combining all five variables relating to published secondary sources, can be achieved by adopting the solution obtained at stage 8, without affecting the other cluster structures.

Given the lack of appropriate tests for statistical reliability of clusters (Aaker et al 1998; Arabie and Hubert 1994), and the fact that variables rather than cases were clustered here, dimensionality was tested in the same way as for factor analysis (de Vellis 1991; Spector 1992) using Cronbach's alpha coefficient (1951). Results are shown in Table D.2. as follows:

<table>
<thead>
<tr>
<th>Table D.2, Sources of EMI: Dimensionality</th>
</tr>
</thead>
<tbody>
<tr>
<td>Published secondary reports</td>
</tr>
<tr>
<td>Trade gatherings</td>
</tr>
<tr>
<td>Competitors and customers</td>
</tr>
<tr>
<td>Company records/internal data.</td>
</tr>
</tbody>
</table>

The internal consistency of the cluster produced from published secondary reports was very acceptable, and that produced from combining competitive and customer information was also acceptable (de Vellis 1991, Nunnally and Bernstein 1994). That achieved by combining the two variables relating to trade gatherings, however, was less convincing. Principal component analysis extracted only one component for each of the clusters.

The sample was then split into two, and cluster combinations compared:
Given the difficulties involved in validating cluster analyses (Aaker et al. 1998; Hair et al. 1998) the split samples provided reasonably consistent solutions. The first half-sample produced the five-variable cluster of published secondary reports, as described above; while the second half-sample produced two clusters containing these variables. The first half-sample contained a cluster of three of the four competitor/customer variables (excluding talking to customers), whilst the second half-sample replicated the four-variable cluster from the original solution. The two variables included in ‘trade gatherings’ sources were replicated in the second-half sample. Company records/internal data were identified separately in both half-samples.

In the light of all of the above, it was decided to proceed with the analysis combining the five variables relating to published secondary reports and the four variables relating to customer/competitive information. Trade fairs/missions/exhibitions and conferences/seminars were kept separate, as of course, was the variable relating to company records/internal data.
D.2. EMI DATA COLLECTION METHODS

The average linkage between groups of data collection methods is illustrated in the agglomeration schedule in Table D.7., and would suggest a cluster solution obtained at stage 3. This would indicate a natural grouping between the two secondary data collection methods (Internet and library research) as well as between telephone interviews, personal interviews and mail questionnaires, methods of primary data collection. A cluster solution selected at stage 4 would add focus groups to the other three primary research methods, producing two clusters supported by both marketing theory and practice (Douglas and Craig 2000; Cavusgil 1984b).

Table D.4. Data Collection Methods: Agglomeration Schedule

<table>
<thead>
<tr>
<th>Stage</th>
<th>Cluster Combined</th>
<th>Coefficients</th>
<th>Stage Cluster First Appears</th>
<th>Next Stage</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Cluster 1</td>
<td>Cluster 2</td>
<td>Cluster 1</td>
<td>Cluster 2</td>
</tr>
<tr>
<td>1</td>
<td>3</td>
<td>4</td>
<td>407.376</td>
<td>0</td>
</tr>
<tr>
<td>2</td>
<td>1</td>
<td>2</td>
<td>435.228</td>
<td>0</td>
</tr>
<tr>
<td>3</td>
<td>3</td>
<td>6</td>
<td>457.847</td>
<td>1</td>
</tr>
<tr>
<td>4</td>
<td>3</td>
<td>5</td>
<td>513.915</td>
<td>3</td>
</tr>
<tr>
<td>5</td>
<td>1</td>
<td>3</td>
<td>539.657</td>
<td>2</td>
</tr>
</tbody>
</table>

$N=340$

The dendrogram in Figure D.2. overleaf illustrates this, as well as highlighting homogeneity between the use of personal interviews and telephone surveys to collect EMI.
Figure D.2. Data Collection Methods: Dendogram

Rescaled Distance Cluster Combine

<table>
<thead>
<tr>
<th>CASE</th>
<th>Label</th>
<th>Num</th>
</tr>
</thead>
<tbody>
<tr>
<td>COLPERS</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>COLTEL</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>COLMAIL</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td>COLFOC</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>COLNET</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>COLLIB</td>
<td>2</td>
<td></td>
</tr>
</tbody>
</table>

Despite the inherent appeal of a two-cluster (primary/secondary research) solution, dimensionality could be considered questionable for primary research, and was undesirable for secondary research (de Vellis 1991).

Table D.5. Data Collection Methods: Dimensionality

<table>
<thead>
<tr>
<th></th>
<th>Alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary research</td>
<td>.6296</td>
</tr>
<tr>
<td>Secondary research</td>
<td>.4996</td>
</tr>
</tbody>
</table>

The comparative schedule in Table D.6. below indicates that the first half-sample replicated that of the whole almost perfectly; whilst the second half-sample clusters telephone surveys, mail questionnaires and personal interviews, with focus groups being added only at the final stage.

Table D.6. Data Collection Methods; Split Samples

<table>
<thead>
<tr>
<th>Stage</th>
<th>1st-half cluster combined</th>
<th>2nd-half cluster combined</th>
<th>Total cluster combined</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Cluster 1</td>
<td>Cluster 2</td>
<td>Cluster 1</td>
</tr>
<tr>
<td>1</td>
<td>3</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>2</td>
<td>3</td>
<td>6</td>
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</tr>
<tr>
<td>3</td>
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<td>2</td>
<td>3</td>
</tr>
<tr>
<td>4</td>
<td>3</td>
<td>5</td>
<td>1</td>
</tr>
<tr>
<td>5</td>
<td>1</td>
<td>3</td>
<td>1</td>
</tr>
</tbody>
</table>

Bearing in mind the above, it was decided to proceed with caution here; so the derived clusters were not taken forward to the next stage of analyses. Instead, all six methods of data collection were dealt with independently.
D.3. EMI DATA COLLECTORS

The next group of variables to undergo cluster analysis was that used to identify those who help companies to gather EMI. The average linkage between groups is shown in Table D.7. below.

### Table D.7. Those Used to Gather EMI: Agglomeration Schedule

<table>
<thead>
<tr>
<th>Stage</th>
<th>Cluster Combined</th>
<th>Stage Coefficients</th>
<th>Stage Cluster First Appears</th>
<th>Next Stage</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Cluster 1</td>
<td>Cluster 2</td>
<td></td>
<td>Cluster 1</td>
</tr>
<tr>
<td>1</td>
<td>7</td>
<td>11</td>
<td>282.915</td>
<td>0</td>
</tr>
<tr>
<td>2</td>
<td>4</td>
<td>5</td>
<td>308.097</td>
<td>0</td>
</tr>
<tr>
<td>3</td>
<td>6</td>
<td>8</td>
<td>354.457</td>
<td>0</td>
</tr>
<tr>
<td>4</td>
<td>7</td>
<td>10</td>
<td>373.160</td>
<td>1</td>
</tr>
<tr>
<td>5</td>
<td>1</td>
<td>6</td>
<td>395.274</td>
<td>0</td>
</tr>
<tr>
<td>6</td>
<td>1</td>
<td>3</td>
<td>445.376</td>
<td>5</td>
</tr>
<tr>
<td>7</td>
<td>2</td>
<td>9</td>
<td>449.935</td>
<td>0</td>
</tr>
<tr>
<td>8</td>
<td>1</td>
<td>7</td>
<td>476.020</td>
<td>6</td>
</tr>
<tr>
<td>9</td>
<td>2</td>
<td>4</td>
<td>497.881</td>
<td>7</td>
</tr>
<tr>
<td>10</td>
<td>1</td>
<td>2</td>
<td>540.977</td>
<td>8</td>
</tr>
</tbody>
</table>

N=346

This illustrates some above average increases in squared Euclidean distance between stages 2 and 3, 5 and 6, and 9 and 10. As the dendrogram in Figure D.3. overleaf illustrates, a solution derived at stage two would combine the use of the two government sources, the BTI and Business Link, as well as the two professional marketing sources of help (market research companies and marketing consultancies). The two-cluster solution derived at stage 9 is too general to be readily interpretable. Stopping at stage 7 provides a solution creating four clusters, the first comprising of company personnel (i.e. sales teams,
agents/distributors, overseas subsidiaries, permanent staff). The second cluster comprises government/professional sources of help, adding professional associations to the BTI/Business Link grouping mentioned above. As well as the professional marketing cluster, there is a final two-item cluster containing sporadic sources of help (temporary staff and universities/business schools. This solution provides a classification with some theoretical support (McAuley 1993; Chaudhry and Crick 1998).

As Table D.8. illustrates, Cronbach's alpha for the first two clusters are acceptable; the marketing professionals cluster provides a barely acceptable level of internal consistency; whilst that of the 'sporadic help' cluster is quite unacceptable (de Vellis 1991).
Principal component analysis extracted only one component for each of these factors.

Table D.9. Those Used to Gather EMI: Split Samples

<table>
<thead>
<tr>
<th>Stage</th>
<th>1st-half cluster combined</th>
<th>2nd-half cluster combined</th>
<th>Total cluster combined</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Cluster 1</td>
<td>Cluster 2</td>
<td>Cluster 1</td>
</tr>
<tr>
<td>1</td>
<td>4</td>
<td>5</td>
<td>7</td>
</tr>
<tr>
<td>2</td>
<td>7</td>
<td>11</td>
<td>4</td>
</tr>
<tr>
<td>3</td>
<td>1</td>
<td>8</td>
<td>6</td>
</tr>
<tr>
<td>4</td>
<td>7</td>
<td>10</td>
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</tr>
<tr>
<td>5</td>
<td>1</td>
<td>6</td>
<td>2</td>
</tr>
<tr>
<td>6</td>
<td>1</td>
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<td>7</td>
</tr>
<tr>
<td>7</td>
<td>4</td>
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</tr>
<tr>
<td>8</td>
<td>1</td>
<td>7</td>
<td>1</td>
</tr>
<tr>
<td>9</td>
<td>2</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>10</td>
<td>1</td>
<td>2</td>
<td>1</td>
</tr>
</tbody>
</table>

Although the choice of stopping point depended on whether the cluster structure was taken from the total sample, or the first or second half-samples, the same two multi-variable clusters emerged from analysis. In the light of the evidence above, the first two multi-variable clusters were carried forward to the next stage of analysis; while marketing professionals and sporadic help were treated as four separate variables in further analysis.

D.4. EMI DECISIONS

The agglomeration schedule in Table D.10. overleaf shows the average between-groups linkage when cluster analysis was conducted on export marketing (EM) decisions. A large increase in squared Euclidean distance can be observed between stages 4 and 5.
A stopping point between stages 4 and 5 would cluster all EMI decisions except those to pull out of overseas markets. As such, this cluster solution *per se* does little to clarify the relationship between decision variables. However, the dendrogram in Table D.4. illustrates the situation graphically, indicating homogeneity between the two market entry decisions (assessing the potential of new export destinations, and methods of entering new markets), and the two main types of current market decisions (prioritising existing markets and consolidating companies' positions within them).

### Table D.10: EM Decisions: Agglomeration Schedule

<table>
<thead>
<tr>
<th>Stage</th>
<th>Cluster Combined</th>
<th>Coefficients</th>
<th>Stage Cluster First Appears</th>
<th>Next Stage</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Cluster 1</td>
<td>Cluster 2</td>
<td>Cluster 1 Cluster 2</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>1</td>
<td>3</td>
<td>183.304</td>
<td>0 0 3</td>
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<td>2</td>
<td>2</td>
<td>4</td>
<td>200.231</td>
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<tr>
<td>3</td>
<td>1</td>
<td>2</td>
<td>236.221</td>
<td>1 2 4</td>
</tr>
<tr>
<td>4</td>
<td>1</td>
<td>5</td>
<td>298.649</td>
<td>3 0 5</td>
</tr>
<tr>
<td>5</td>
<td>1</td>
<td>6</td>
<td>504.931</td>
<td>4 0 0</td>
</tr>
</tbody>
</table>

$N=346$

### Figure D.4. EM Decisions: Dendogram

Rescaled Distance Cluster Combine

<table>
<thead>
<tr>
<th>CASE</th>
<th>Num</th>
</tr>
</thead>
<tbody>
<tr>
<td>DECPOT</td>
<td>1</td>
</tr>
<tr>
<td>DECENTRY</td>
<td>3</td>
</tr>
<tr>
<td>DECPRIOR</td>
<td>2</td>
</tr>
<tr>
<td>DECCONS</td>
<td>4</td>
</tr>
<tr>
<td>DECSSELL</td>
<td>5</td>
</tr>
<tr>
<td>DECPULL</td>
<td>6</td>
</tr>
</tbody>
</table>
Alpha values for these two clusters were very good (de Vellis 1991) at .8358 for new market decisions, and .8195 for the two combined current market decisions. Comparisons between the second split-half and total sample results illustrate almost identical structures. The first-half sample results show the same homogeneity of market entry decisions, but link current market consolidation decisions more closely to those organising the selling function than those prioritising companies’ positions.

**Table D.11. EM Decisions: Split Samples**

<table>
<thead>
<tr>
<th>Stage</th>
<th>1st-half cluster combined</th>
<th>2nd-half cluster combined</th>
<th>Total cluster combined</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Cluster 1</td>
<td>Cluster 2</td>
<td>Cluster 1</td>
</tr>
<tr>
<td>1</td>
<td>1</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>2</td>
<td>2</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>3</td>
<td>1</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>4</td>
<td>1</td>
<td>5</td>
<td>1</td>
</tr>
<tr>
<td>5</td>
<td>1</td>
<td>6</td>
<td>1</td>
</tr>
</tbody>
</table>

Despite some evidence supporting the use of the market entry cluster at least, it was decided to proceed with caution here; so no clusters of EMI decision-making variables were carried through to the next stage of analysis.

**D.5. TYPES OF EMI USED IN DECISION-MAKING**

This was the only clustering procedure where the presence of case outliers was considered to present a potential problem. These were removed on the basis of Mahalonobis distance ($D_2<.001$, Hair 1998), leaving a sample size of 289.

The final agglomeration schedule (Table D.12. overleaf) illustrates the average between-groups linkage between types of export market information (EMI) used in decision-making. Unfortunately, apart from some increase between stages 1 and 2, the distance coefficients do not provide a clear indicator of where the stopping decision between clusters should be made.
### Table D.12. Types of EMI: Agglomeration Schedule

<table>
<thead>
<tr>
<th>Stage</th>
<th>Cluster Combined</th>
<th>Coefficients</th>
<th>Stage Cluster First Appears</th>
<th>Next Stage</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Cluster 1</td>
<td>Cluster 2</td>
<td>Cluster 1</td>
<td>Cluster 2</td>
</tr>
<tr>
<td>1</td>
<td>14</td>
<td>15</td>
<td>116.707</td>
<td>0</td>
</tr>
<tr>
<td>2</td>
<td>19</td>
<td>20</td>
<td>156.134</td>
<td>0</td>
</tr>
<tr>
<td>3</td>
<td>22</td>
<td>23</td>
<td>178.126</td>
<td>0</td>
</tr>
<tr>
<td>4</td>
<td>18</td>
<td>19</td>
<td>197.904</td>
<td>0</td>
</tr>
<tr>
<td>5</td>
<td>10</td>
<td>11</td>
<td>207.032</td>
<td>0</td>
</tr>
<tr>
<td>6</td>
<td>21</td>
<td>22</td>
<td>228.640</td>
<td>0</td>
</tr>
<tr>
<td>7</td>
<td>4</td>
<td>14</td>
<td>247.855</td>
<td>0</td>
</tr>
<tr>
<td>8</td>
<td>5</td>
<td>6</td>
<td>254.946</td>
<td>0</td>
</tr>
<tr>
<td>9</td>
<td>10</td>
<td>12</td>
<td>268.166</td>
<td>5</td>
</tr>
<tr>
<td>10</td>
<td>18</td>
<td>21</td>
<td>269.282</td>
<td>4</td>
</tr>
<tr>
<td>11</td>
<td>4</td>
<td>13</td>
<td>276.240</td>
<td>7</td>
</tr>
<tr>
<td>12</td>
<td>4</td>
<td>18</td>
<td>291.820</td>
<td>11</td>
</tr>
<tr>
<td>13</td>
<td>5</td>
<td>10</td>
<td>293.610</td>
<td>8</td>
</tr>
<tr>
<td>14</td>
<td>4</td>
<td>7</td>
<td>304.850</td>
<td>12</td>
</tr>
<tr>
<td>15</td>
<td>2</td>
<td>3</td>
<td>310.258</td>
<td>0</td>
</tr>
<tr>
<td>16</td>
<td>16</td>
<td>17</td>
<td>316.080</td>
<td>0</td>
</tr>
<tr>
<td>17</td>
<td>4</td>
<td>16</td>
<td>325.849</td>
<td>14</td>
</tr>
<tr>
<td>18</td>
<td>4</td>
<td>5</td>
<td>338.981</td>
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<td>4</td>
<td>357.468</td>
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<td>8</td>
<td>399.790</td>
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<td>2</td>
<td>413.682</td>
<td>0</td>
</tr>
</tbody>
</table>

N=289

The dendrogram in Figure D.5. indicates that stopping the clustering process between stages 13 and 14 would provide one cluster of ten information types relating to market/structure and buyer preferences, and another cluster of five relating to more immediate practical issues of exporting (e.g. legal issues, technical standards). These clusters are, however, rather general in their definition of decision types.
A more interpretable solution would be achieved by stopping the cluster formation between stage 11 and 12. This would provide the following natural groupings, supported by a substantial body of previous research (see Chaudhry and Crick 1998; Bodur and Cavusgil 1985; Hart and Diamantopoulos 1993; McAuley 1993):

<table>
<thead>
<tr>
<th>Market conditions:</th>
<th>Buyer behaviour:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market size/structure</td>
<td>How purchasing decisions are made locally</td>
</tr>
<tr>
<td>Sales potential/market growth</td>
<td>Local service expectations</td>
</tr>
<tr>
<td>Local competition</td>
<td>Local price conditions</td>
</tr>
<tr>
<td>Local agents/distributors</td>
<td>Local perceptions of the company</td>
</tr>
<tr>
<td></td>
<td>Customer satisfaction levels</td>
</tr>
<tr>
<td></td>
<td>Product end-uses</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Socio-cultural:</th>
<th>Entry barriers:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local business practices</td>
<td>Potential barriers to entry</td>
</tr>
<tr>
<td>Legal issues</td>
<td>Technical standards</td>
</tr>
<tr>
<td>Political conditions</td>
<td></td>
</tr>
</tbody>
</table>

An additional eight single variables remain at this stage.
Table D.13. below illustrates that alpha values for the first two clusters, relating to market conditions and buyer behaviour, are very good, and the alpha value relating to socio-cultural conditions was respectable. The value for the two-variable 'entry-barrier' cluster also acceptable (de Vellis 1991).
Principal component analysis extracted one component for each of these clusters.

The final table of this appendix (Table D.14.) illustrates the results of a split-half validation procedure:

<table>
<thead>
<tr>
<th>Stage</th>
<th>1st-half cluster combined</th>
<th>2nd-half cluster combined</th>
<th>Total cluster combined</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Cluster 1</td>
<td>Cluster 2</td>
<td>Cluster 1</td>
</tr>
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<tr>
<td>7</td>
<td>4</td>
<td>14</td>
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</tr>
<tr>
<td>8</td>
<td>2</td>
<td>6</td>
<td>4</td>
</tr>
<tr>
<td>9</td>
<td>4</td>
<td>14</td>
<td>5</td>
</tr>
<tr>
<td>10</td>
<td>4</td>
<td>18</td>
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</tr>
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</tr>
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</tr>
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<td>9</td>
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</tr>
<tr>
<td>17</td>
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<td>1</td>
</tr>
<tr>
<td>22</td>
<td>1</td>
<td>8</td>
<td>1</td>
</tr>
</tbody>
</table>

There are strong similarities in the cluster pattern between the total sample and first split-half in the early stages. Variables relating to market conditions, buyer behaviour and socio-cultural conditions still form clusters, though with a rather different pattern. The second split half sample replicates the market conditions cluster content at stage 11. Two separate clusters containing the buyer behaviour variables form at the early stages: local purchasing, company perceptions and service expectations cluster at stage 4; and local price conditions, customer satisfaction levels and product end-use information cluster at stage 10. The socio-cultural cluster is formed at stage 9.
In the light of the combined evidence above, it was decided to carry the market conditions, buyer behaviour and socio-cultural information structures to the next stage of analysis.

The risks associated with the decision to incorporate cluster analysis into this research process are accepted, and have already been identified in this chapter. However, the above examination has, to an extent, vindicated the decision to utilise it, in this exploratory research, as a method of data simplification (Churchill 1995). A number of highly interpretable, reasonably reliable clusters emerge, which have a priori justification, supported by previous marketing theory and empirical research. Considering the five sets of clusters examined above overall then, content validity is encouraging (Carmines and Zeller 1979; Peter 1981; Peter and Churchill 1986; Bohrnstedt, 1971). With the necessary caution, therefore, a number of these have been selected for inclusion in the main statistical analysis, using composite variables derived from them. It would be interesting to see whether or not the same or similar combinations of variables emerged from future studies into the nature and uses of EMI.
Appendix E

SCALE DEVELOPMENT AND FACTOR ANALYSIS

As well as investigating export market information (EMI) collection, and export market (EM) decision-making behaviour, two scales were developed: one measuring the way that EMI is used in SMEs (Hart and Diamantopoulos 1993; Souchon 1996; Souchon and Diamantopoulos 1999); the other, attitudes towards it (Cavusgil 1984a, 1985). These were administered as part of the questionnaire to the 376 respondents in the sample.

E.1. EMI USE

E.1.1. Scale Development

Items used to measure the construct of export information use drew heavily on the comprehensive scale of EMI use developed by Souchon (1996) and Souchon and Diamantopoulos (1999). This scale had the virtue of recent development and validation, having been used to assess the use of export market intelligence, and EMR, as well as export assistance. A key issue of concern, however, was the fact that it had not been especially developed for SME application. During piloting of the questionnaire, therefore, particular attention was paid to the applicability of scale items to the experiences of SME respondents.

Dimensionality and reliability assessments for this scale replicated those conducted in its original development (Souchon 1996; Diamantopoulos and Souchon 1999). Cronbach’s alpha coefficients are presented, along with inter-item correlations. Common factor analysis (Principal Component Analysis with VARIMAX rotation) was conducted, for the items on each scale separately, then in combination. Results of this exploratory factor analysis are then explained and examined. Finally, issues relating to construct validity are considered.
Three dimensions within the construct of export marketing information use were explored: instrumental, conceptual, and symbolic. Instrumental use relates to the use of information to directly guide decisions (Dunn 1980; Diamantopoulos and Souchon 1998), while conceptual use refers to the information that provides enlightenment to decision-makers. The extent to which these two are, in fact, separate dimensions of the export information use construct, and the extent to which it is difficult to disassociate them, has been the subject of much debate (Deshpande 1981; Weiss, 1977; Dunn, 1986). As this was the first time that the scale was applied to SMEs, there was no way of predicting their independence or dependence. It was therefore decided to analyse these factors separately in the first instance.

Symbolic use of information represents use for its own sake rather than for a purpose. It is perhaps best explained by the notion that “instrumental/conceptual use represents ‘good’ use of information, while symbolic use reflects ‘bad’ use” (Diamantopoulos and Souchon 1999; see also Menon & Varadarajan, 1992). Feedback from respondents to the pilot questionnaire indicated that items relating to the symbolic use of EMI were difficult to understand. Two items included in Souchon’s original scale (1996) which seemed to replicate others, and caused particular confusion, were therefore eliminated from this study.

These were:

- Information used to justify export decisions is often collected/interpreted after the decision is made;
- Information is often used to reinforce expectations.

Care was taken in the questionnaire to ensure that the order of negative and positive items, as well as conceptual/instrumental and symbolic scale items, were as evenly interspersed as possible (Bailey 1994). Scale items used, with their derivations, are listed in Table E.1 overleaf.
<table>
<thead>
<tr>
<th><strong>INSTRUMENTAL/CONCEPTUAL AND SYMBOLIC USE</strong></th>
<th><strong>DERIVATION</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>We actively seek out particular EMI for specific decisions</td>
<td>Souchon, 1996</td>
</tr>
<tr>
<td>We store EMI so that it can be used by others at a later date</td>
<td>Souchon, 1996; Sinkula, 1994</td>
</tr>
<tr>
<td>EMI is translated into significant practical action in this company</td>
<td>Souchon 1996; Knorr 1977</td>
</tr>
<tr>
<td>The same piece of EMI is often used for more than one decision</td>
<td>Souchon 1996</td>
</tr>
<tr>
<td>EMI is often collected specifically for a particular export decision</td>
<td>Souchon 1996; Feldman and March 1981</td>
</tr>
<tr>
<td>We rarely produce written reports on export markets</td>
<td>Cavusgil, 1984; Hart Webb and Jones 1994</td>
</tr>
<tr>
<td>* EMI often has little relevance to our decisions</td>
<td>Souchon 1996; Feldman and March 1981</td>
</tr>
<tr>
<td>* EMI is rarely considered when making decisions for which it was originally requested</td>
<td>Feldman and March 1981</td>
</tr>
<tr>
<td>* EMI becomes increasingly difficult as a result of too much information</td>
<td>Qualitative study; Wood &amp; Goolsby 1987; Hart Webb &amp; Jones 1994</td>
</tr>
<tr>
<td>Our confidence in making export decision is increased as a result of marketing information</td>
<td>Souchon 1996; Lee Acito &amp; Day 1987</td>
</tr>
<tr>
<td>Decisions based on EMI are more accurate than wholly intuitive ones</td>
<td>Souchon 1996; Schoemaker &amp; Russo 1993</td>
</tr>
<tr>
<td>Without EMI the decisions we make would be very different</td>
<td>Souchon 1996; Deshpande &amp; Zaltman 1982</td>
</tr>
<tr>
<td>Marketing information greatly reduces the uncertainty associated with our exporting activities</td>
<td>Qualitative study; Cavusgil 1984; Souchon 1996</td>
</tr>
<tr>
<td>No export decision would be taken in this company without detailed marketing information</td>
<td>Souchon 1996; Deshpande &amp; Zaltman 1982</td>
</tr>
<tr>
<td>EMI is often gathered to maintain good relationships with suppliers</td>
<td>Souchon 1996</td>
</tr>
<tr>
<td>* As it is passed round the company, EMI can become distorted</td>
<td>Souchon 1996</td>
</tr>
<tr>
<td>EMI frequently supports decisions made for other reasons</td>
<td>Souchon 1996; Deshpande &amp; Jeffries 1981</td>
</tr>
<tr>
<td>* Our organisation acquires more EMI than it uses</td>
<td>Deshpande &amp; Zaltman 1982; Souchon 1998</td>
</tr>
<tr>
<td>Information is sometimes manipulated to justify company decisions really made on the basis of instinct</td>
<td>Souchon 1996</td>
</tr>
<tr>
<td>We sometimes take account of EMI, to justify the cost of having acquired it</td>
<td>Souchon 1996</td>
</tr>
<tr>
<td>EMI is often collected to justify a decision already made</td>
<td>Souchon 1996</td>
</tr>
<tr>
<td>Instinct/intuition is often combined with EMI when making decisions</td>
<td>Souchon 1996; Louter, Ouwerkerk &amp; Bakker 1991</td>
</tr>
<tr>
<td>If EMI is difficult to obtain, assumptions are make instead</td>
<td>Qualitative study; Souchon 1996; Schoemaker &amp; Rosso 1993</td>
</tr>
</tbody>
</table>

* Negatively scored
E.1.2. Dimensionality and Reliability

The scales were then examined for dimensionality and reliability (De Vellis 1991; Spector 1992). Cronbach's (1951) alpha and inter-item and item-to-total correlations were examined to explore the internal consistency of the scales (Peter 1979). Common factor analysis (principal axis factoring with VARIMAX rotation) was then used to test the relationships between the variables (Kline 2000).

The items intended to measure instrumental use were examined first. Two factors emerged with eigenvalues greater than one, at 2.99 and 1.22 respectively. The first factor accounted for 33.21% of the common variance, and the second for 13.60%. An examination of the scree plot of eigenvalues, tended to confirm the two-factor solution (Cattell 1965) with two factors plotted on the steep portion of the graph (George and Mallory 1999).

Though almost all inter-item correlations were acceptable at >0.3 (Nunnally 1978), the negative score for one item - highlighted in bold on the table below – indicated that its presence may weaken the dimensionality of the scale. In addition, the measure of internal consistency for the scale (Cronbach’s alpha coefficient) was .67 for all items. This value is considered acceptable (deVellis 1991). However, the alpha value increased to .74 when the negatively correlated item was removed, bringing the internal consistency to a generally agreed level of acceptability (deVellis 1991; Nunnally and Bernstein 1994; George and Mallery 1999). Along with the method pursued by Diamantopoulos and Souchon (1999), therefore, it was decided to omit this item from the scale.
The items intended to measure conceptual use were considered next. When examining the dimensionality and reliability of this scale, a similar situation occurred as with the earlier scale developed to measure instrumental use of EMI. Principal axis analysis with VARIMAX rotation again produced a two-factor solution for the seven items in this case, with eigenvalues of 2.59 and 1.24 respectively. The first factor accounted for 36.97% of the common variance, and the second for 17.66%. Again the scree plot of eigenvalues tended to confirm a two-factor solution. The alpha value for all seven items is reasonably acceptable at .66 (Finkelstein 1992). However when the final item listed below, which has a near-zero item total correlation, is removed, the internal consistency of the scale improves to a respectable level (.71).
Table E.3. Conceptual Use of EMI: Dimensionality

<table>
<thead>
<tr>
<th>Items: Conceptual</th>
<th>Item-total Correlation</th>
<th>Alpha if item deleted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Our confidence in making export decisions is increased as a result of marketing information</td>
<td>.4785</td>
<td>.5946</td>
</tr>
<tr>
<td>Decisions based on export marketing information are more accurate than wholly intuitive ones</td>
<td>.5146</td>
<td>.5799</td>
</tr>
<tr>
<td>Marketing information greatly reduces the uncertainty associated with our export activities</td>
<td>.4422</td>
<td>.6027</td>
</tr>
<tr>
<td>Without export marketing information, the decisions we make would be very different</td>
<td>.5737</td>
<td>.5530</td>
</tr>
<tr>
<td>No export decision would be taken in this company without detailed marketing information</td>
<td>.3577</td>
<td>.6271</td>
</tr>
<tr>
<td>Export decision-making becomes difficult as a result of too much marketing information</td>
<td>.2242</td>
<td>.6635</td>
</tr>
<tr>
<td>* As it is passed around the company, export marketing information can become distorted</td>
<td>.0469</td>
<td>.7127</td>
</tr>
</tbody>
</table>

* Negatively scored

It was therefore decided to proceed after eliminating this item from the scale. When this was done, only one factor emerged, with an eigenvalue of 2.63 accounting for 43.89% of variance.

Diamantopoulos and Souchon (1999) concluded that, for their stratified random sample of exporters, instrumental and conceptual use were best treated as a single dimension. In order to examine the possibility that this might also be the case within SMEs, items for both ‘purified’ scales above were combined, as illustrated overleaf.
Table E.4. Instrumental/Conceptual Use of EMI: Dimensionality

<table>
<thead>
<tr>
<th>Items: Instrumental/Conceptual combined</th>
<th>Item-total Correlation</th>
<th>Alpha if item deleted</th>
</tr>
</thead>
<tbody>
<tr>
<td>We actively seek out particular export marketing information for specific decisions</td>
<td>.5138</td>
<td>.8260</td>
</tr>
<tr>
<td>We store export marketing information so that it can be used by others at a later date</td>
<td>.4762</td>
<td>.8283</td>
</tr>
<tr>
<td>Export marketing information is translated into significant practical action in this company</td>
<td>.5620</td>
<td>.8233</td>
</tr>
<tr>
<td>The same piece of export marketing information is often used for more than one decision</td>
<td>.4066</td>
<td>.8324</td>
</tr>
<tr>
<td>Export marketing information is often collected specifically for a particular export decision</td>
<td>.3579</td>
<td>.8353</td>
</tr>
<tr>
<td>Export marketing information often has little relevance to our decisions</td>
<td>.5418</td>
<td>.8237</td>
</tr>
<tr>
<td>We rarely produce written reports on export markets</td>
<td>.3894</td>
<td>.8371</td>
</tr>
<tr>
<td>Export marketing information is rarely considered when making decisions for which it was initially requested</td>
<td>.5279</td>
<td>.8251</td>
</tr>
<tr>
<td>Our confidence in making export decisions is increased as a result of marketing information</td>
<td>.6180</td>
<td>.8204</td>
</tr>
<tr>
<td>Decisions based on export marketing information are more accurate than wholly intuitive ones</td>
<td>.5489</td>
<td>.8237</td>
</tr>
<tr>
<td>Marketing information greatly reduces the uncertainty associated with our export activities</td>
<td>.4945</td>
<td>.8272</td>
</tr>
<tr>
<td>Without export marketing information, the decisions we make would be very different</td>
<td>.5877</td>
<td>.8204</td>
</tr>
<tr>
<td>No export decision would be taken in this company without detailed marketing information</td>
<td>.4396</td>
<td>.8307</td>
</tr>
<tr>
<td>Export decision-making becomes difficult as a result of too much marketing information</td>
<td>.2471</td>
<td>.8419</td>
</tr>
</tbody>
</table>
An alpha coefficient of .84 was recorded for this combined scale, generally agreed to be a very acceptable indicator of scale reliability (deVellis 1990; Nunnally and Bernstein 1994).

When examining the dimensionality and reliability of the scale for symbolic use of EMI, some concerns arose initially, as to the unidimensionality of the scale. Three factors with eigenvalues greater than one emerged; problematic in a data-reduction exercise consisting of nine initial items. These values were 2.32, 1.23 and 1.06 respectively. The first factor accounted for 33.16% of the common variance, the second for 17.54%, and the third for 15.07%. Examination of the scree plot indicated two factors on the steepest portion of the graph, followed by a gradual levelling off of other factors.

Negative correlations were observed for the items re-classified from Souchon’s original symbolic scale; these were therefore removed. Inter-item and item-to-total correlations were still weak for all but the three highlighted in the table below. The alpha value for all seven items is .64, a level considered acceptable for exploratory research by some experts (Finkelstein 1992; McDougall and Robinson 1990). No real improvement appears when one item is deleted.

<table>
<thead>
<tr>
<th>Items: Symbolic</th>
<th>Item-total Correlation</th>
<th>Alpha if item deleted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Export marketing information is often gathered to maintain good relationships with information suppliers</td>
<td>.2304</td>
<td>.6387</td>
</tr>
<tr>
<td>Export marketing information frequently supports decisions made for other reasons</td>
<td>.2277</td>
<td>.6318</td>
</tr>
<tr>
<td>Information is sometimes manipulated to justify company decisions really made on the basis of instinct</td>
<td>.4896</td>
<td>.5475</td>
</tr>
<tr>
<td>We sometimes take account of export marketing information, to justify the cost of having acquired it</td>
<td>.5099</td>
<td>.5448</td>
</tr>
<tr>
<td>Export marketing information is often collected to justify a decision already made</td>
<td>.5346</td>
<td>.5365</td>
</tr>
<tr>
<td>Instinct/intuition is often combined with export marketing information when making decisions</td>
<td>.1997</td>
<td>.6382</td>
</tr>
<tr>
<td>If export marketing information is difficult to obtain, assumptions are made instead</td>
<td>.2520</td>
<td>.6287</td>
</tr>
</tbody>
</table>
This result is inconsistent with Diamantopoulos and Souchon (1999), who achieved a coefficient alpha of .73 for their scale when applied to a stratified random sample of UK exporters. It may be that, in the context of SMEs, symbolic use of export marketing information lacks the meaning and/or relevance it has in larger companies; and that business to business companies in particular may have problems with the concept.

When the symbolic use and the purified instrumental/conceptual scales described above were combined, an alpha of .77 was achieved. The symbolic item EMIREL (maintaining good relationships) at this stage achieved a negative correlation of 0.71, so this was then excluded. At the next iteration EMIASSUM (if EMI is difficult to obtain, assumptions are made) achieved a negative correlation of -0.05. A final combined scale of the other 19 items achieved a good alpha coefficient of .80. This scale of nineteen items in combined form was therefore carried forward to the next stage of analysis.
<table>
<thead>
<tr>
<th>Items: Instrumental/Conceptual/Symbolic combined</th>
<th>Item-total Correlation</th>
<th>Alpha if item deleted</th>
</tr>
</thead>
<tbody>
<tr>
<td>We actively seek out particular export marketing information for specific decisions</td>
<td>.4947</td>
<td>.7846</td>
</tr>
<tr>
<td>We store export marketing information so that it can be used by others at a later date</td>
<td>.4780</td>
<td>.7848</td>
</tr>
<tr>
<td>Export marketing information is translated into significant practical action in this company</td>
<td>.5445</td>
<td>.7821</td>
</tr>
<tr>
<td>The same piece of export marketing information is often used for more than one decision</td>
<td>.4905</td>
<td>.7861</td>
</tr>
<tr>
<td>Export marketing information is often collected specifically for a particular export decision</td>
<td>.3742</td>
<td>.7917</td>
</tr>
<tr>
<td>* Export marketing information often has little relevance to our decisions</td>
<td>.4281</td>
<td>.7882</td>
</tr>
<tr>
<td>* We rarely produce written reports on export markets</td>
<td>.3236</td>
<td>.7971</td>
</tr>
<tr>
<td>* Export marketing information is rarely considered when making decisions for which it was initially requested</td>
<td>.4263</td>
<td>.7886</td>
</tr>
<tr>
<td>Our confidence in making export decisions is increased as a result of marketing information</td>
<td>.6392</td>
<td>.7771</td>
</tr>
<tr>
<td>Decisions based on EMI are more accurate than wholly intuitive ones</td>
<td>.4996</td>
<td>.7842</td>
</tr>
<tr>
<td>Marketing information greatly reduces the uncertainty associated with our export activities</td>
<td>.4936</td>
<td>.7848</td>
</tr>
<tr>
<td>Without EMI, the decisions we make would be very different</td>
<td>.5762</td>
<td>.7779</td>
</tr>
<tr>
<td>No export decision would be taken in this company without detailed marketing information</td>
<td>.4162</td>
<td>.7890</td>
</tr>
<tr>
<td>* Export decision-making becomes difficult as a result of too much information</td>
<td>.1546</td>
<td>.8042</td>
</tr>
<tr>
<td>EMI frequently supports decisions made for other reasons</td>
<td>.4805</td>
<td>.7863</td>
</tr>
<tr>
<td>Information is sometimes manipulated to justify company decisions really made on the basis of instinct</td>
<td>.0232</td>
<td>.8135</td>
</tr>
<tr>
<td>We sometimes take account of EMI, to justify the cost of having to acquire it</td>
<td>.0609</td>
<td>.8095</td>
</tr>
<tr>
<td>EMI is often collected to justify a decision already made</td>
<td>.1093</td>
<td>.8069</td>
</tr>
<tr>
<td>Instinct/intuition is often combined with EMI when making decisions</td>
<td>.2025</td>
<td>.8006</td>
</tr>
</tbody>
</table>

* Negatively scored
Principal components analysis (principal axis factoring) with VARIMAX rotation produced the following solution. It can be seen that the two main factors extracted, achieving eigenvalues of >1.0 (Child 1995), are interpretable as instrumental/conceptual, and symbolic use of information.

Table E.7. EMI Use: Factor Loadings

<table>
<thead>
<tr>
<th></th>
<th>Factor 1</th>
<th>Factor 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Export decision-making becomes difficult as a result of too much EMI</td>
<td>.248</td>
<td>-.307</td>
</tr>
<tr>
<td>We actively seek out particular EMI for specific decisions</td>
<td>.569</td>
<td>-1.510E-02</td>
</tr>
<tr>
<td>Our confidence in making export decisions is increased as a result of marketing information</td>
<td>.714</td>
<td>.125</td>
</tr>
<tr>
<td>We store EMI so that it can be used by others at a future data</td>
<td>.531</td>
<td>5.682E-02</td>
</tr>
<tr>
<td>Decisions based on EMI are more accurate than wholly intuitive ones</td>
<td>.597</td>
<td>-4.969E-02</td>
</tr>
<tr>
<td>Without EMI the decisions we make would be very different</td>
<td>.651</td>
<td>7.737E-02</td>
</tr>
<tr>
<td>EMI is translated into significant practical action in this company</td>
<td>.622</td>
<td>1.903E-02</td>
</tr>
<tr>
<td>EMI often has little relevance to our decisions</td>
<td>.586</td>
<td>-.279</td>
</tr>
<tr>
<td>Marketing information greatly reduces the uncertainty associated with our export activities</td>
<td>.561</td>
<td>5.065E-02</td>
</tr>
<tr>
<td>The same piece of EMI is often used for more than one decision</td>
<td>.494</td>
<td>.299</td>
</tr>
<tr>
<td>No export decision would be taken in this company without detailed marketing information</td>
<td>.479</td>
<td>5.446E-02</td>
</tr>
<tr>
<td>We rarely produce written reports on export markets</td>
<td>.401</td>
<td>-.183</td>
</tr>
<tr>
<td>EMI is rarely considered when making decisions for which it was originally requested</td>
<td>.567</td>
<td>-.333</td>
</tr>
<tr>
<td>EMI is often collected specifically for a particular export decision</td>
<td>.379</td>
<td>.101</td>
</tr>
<tr>
<td>EMI frequently supports decisions made for other reasons</td>
<td>.272</td>
<td>.347</td>
</tr>
<tr>
<td>Information is sometimes manipulated to justify company decisions really made on the basis of instinct</td>
<td>-6.707E-02</td>
<td>.575</td>
</tr>
<tr>
<td>We sometimes take account of EMI to justify the cost of having acquired it</td>
<td>-5.159E-02</td>
<td>.695</td>
</tr>
<tr>
<td>EMI is often collected to justify a decision already made</td>
<td>-1.906E-02</td>
<td>.736</td>
</tr>
<tr>
<td>Instinct/intuition is often combined with EMI when making decisions</td>
<td>.202</td>
<td>.209</td>
</tr>
<tr>
<td>Eigenvalue</td>
<td>4.267</td>
<td>1.989</td>
</tr>
</tbody>
</table>
Factor loadings are usually regarded as high at >0.6 and medium at >0.3 (Kline 2000). As can be seen from the table above, thirteen items relating to instrumental/conceptual use load onto Factor 1, which accounts for 22.46% of the total variance of the scale. A further four items, relating to symbolic use, and accounting between them for 10.47% of the variance, are loaded onto Factor 2.

Items loaded onto Factor 1 consist of a number of those identified by Souchon (1996) as tapping instrumental/conceptual use of information; whilst Factor 2 represents aspects of symbolic use.

E.1.3. Validity
Content validity, as a measure of the representativeness of a scale, is an important, if subjective, process (Carmines and Zeller 1979; Peter 1981; Peter and Churchill 1986; Bohrnstedt, 1971). However, given the a priori assumptions about EMI use, and the consistency of the above results with those of Souchon's 1996 study, it appears that the above scale has content validity.

Convergent validity examines internal consistency, and is demonstrated by the extent to which the measures themselves are highly correlated (Parameswaran et al 1979; Peter 1979; Churchill 1995). Table E.8. overleaf demonstrates at least moderate, occasionally strong inter-correlations between the items measuring instrumental/conceptual EMI use.
<table>
<thead>
<tr>
<th></th>
<th>Confidence increased with EMI</th>
<th>Store EMI for use by others later</th>
<th>EMI decisions more accurate than intuition</th>
<th>Without EMI decisions would be different</th>
<th>EMI translated into practical action</th>
<th>EMI little decision relevance (NEG)</th>
<th>EMI reduces export uncertainty</th>
<th>Same EMI for more than one decision</th>
<th>No decision without EMI</th>
<th>Rarely produce written reports (NEG)</th>
<th>EMI rarely used for requested (NEG)</th>
<th>EMI collected for specific decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>Seek out EMI for specific decisions</td>
<td>.493***</td>
<td>.316***</td>
<td>.365***</td>
<td>.318***</td>
<td>.415***</td>
<td>.284***</td>
<td>.281***</td>
<td>.224***</td>
<td>.184***</td>
<td>.264***</td>
<td>.366***</td>
<td>.306***</td>
</tr>
<tr>
<td>Confidence increased with EMI</td>
<td>.340***</td>
<td>.455***</td>
<td>.452***</td>
<td>.406***</td>
<td>.449***</td>
<td>.387***</td>
<td>.270***</td>
<td>.200***</td>
<td>.354***</td>
<td>.274***</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Store EMI for use later</td>
<td>.358***</td>
<td>.370***</td>
<td>.382***</td>
<td>.274***</td>
<td>.234***</td>
<td>.292***</td>
<td>.263***</td>
<td>.212***</td>
<td>.285***</td>
<td>.278***</td>
<td></td>
<td></td>
</tr>
<tr>
<td>EMI decs accurate c/f intuition</td>
<td>.533***</td>
<td>.353***</td>
<td>.334***</td>
<td>.333***</td>
<td>.274***</td>
<td>.273***</td>
<td>.194***</td>
<td>.284***</td>
<td>.203***</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>W/out EMI decs would be different EMI into prac. action</td>
<td>.381***</td>
<td>.382***</td>
<td>.417***</td>
<td>.291***</td>
<td>.428***</td>
<td>.174***</td>
<td>.243***</td>
<td>.257***</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EMI little dec. relev. (NEG)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EMI reduces exp uncert</td>
<td>.314***</td>
<td>.344***</td>
<td>.295***</td>
<td>.298***</td>
<td>.317***</td>
<td>.323***</td>
<td>.191***</td>
<td>.191***</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Same EMI for &gt; dec.</td>
<td>.390***</td>
<td>.215***</td>
<td>.305***</td>
<td>.266***</td>
<td>.478***</td>
<td>.206***</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>No decision without EMI</td>
<td>.370***</td>
<td>.302***</td>
<td>.187***</td>
<td>.287***</td>
<td>.175**</td>
<td>.265***</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rarely prod written reps (NEG)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>.252**</td>
<td>.096</td>
<td>.171**</td>
<td>.265**</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EMI rarely used for requested (NEG)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>.276**</td>
<td>.187**</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

N = 365-373; ** = < 0.01; *** = < 0.001
Additionally, Table E.9. indicates moderate and strong correlations, all of which are again highly significant, between the items measuring symbolic use of EMI.

Table E9: Symbolic Use of EMI: Item Correlations

<table>
<thead>
<tr>
<th>Symbolic EMI items</th>
<th>Manipulated</th>
<th>Used to justify cost</th>
<th>To justify decisions</th>
</tr>
</thead>
<tbody>
<tr>
<td>EMI supports decisions made for other reasons</td>
<td>.180***</td>
<td>.185***</td>
<td>.243***</td>
</tr>
<tr>
<td>EMI manipulated to justify decisions</td>
<td>.361***</td>
<td></td>
<td>.430***</td>
</tr>
<tr>
<td>EMI used to justify cost</td>
<td></td>
<td></td>
<td>.598***</td>
</tr>
</tbody>
</table>

N= 342-360; *=p<0.05; **=p<0.01; ***=p<.0001

Discriminant validity requires that a measure does not correlate too highly with measures with which it is expected to differ (Campbell and Fiske 1971; Peter 1981). The Pearson’s moment correlation coefficient between instrumental/conceptual use of EMI, and symbolic use, was weak (at .070); and non-significant (p>.10).

It appears that, on all the above criteria, that the use of EMI scales has an acceptable level of overall validity. Items loaded onto Factors 1 and 2 were therefore used to derive composite variables to be carried forward to further analysis.

E.2. ATTITUDES TO EMI

It seemed clear that managerial attitudes to information gathering and export marketing research also needed to be measured. Any model not incorporating these would ignore important variables that might well prove critical to the collection and subsequent use of information.

Clearly the use of a pre-existing scale, with reported reliability and validity (Bourque and Fielder 1995; Spicer, 2000) would have been the preferred method of examining EMI orientation. However, a search of the literature revealed a dearth of published information examining managerial attitudes to export information, except as single items (e.g. Hart
Webb & Jones, 1994). A newly developed export market orientation scale (Cadogan et al 1999), was considered too general for the purpose, and contained a number of items of little relevance to SMEs. A scale was therefore developed using statements extracted at the qualitative stage of fieldwork (Churchill 1996; Aaker et al 1998). There are obvious shortcomings in using a questionnaire as both a measurement instrument in itself and a method of validating a newly developed construct. It was deemed necessary, however, in order to complete the model.

E.2.1. Scale Development

Transcripts of the qualitative interviews were therefore examined, and a list of eighty-three attitude statements related to EMI and EMR were extracted. By coincidence, the origin of these was almost equally divided between the SME industrial companies and the marketing research suppliers interviewed. Much of the content of the supply company interviews related to SME motives for using or not using export marketing research, whilst SME interviews were much more concerned with information search and decision-making behaviours. This may explain the relatively high proportion of items selected from research suppliers, compared to the number of interviews conducted.

According to the procedure recommended by de Vellis (1991), the nature of the broad construct was then defined. A priori classification of items became apparent at this stage:

- A concern, within the SME exporting context, to "chase sales" in the short-term. This was linked to a respondents' beliefs in the 'uniqueness' of their product/sector/market, and faith in their present market(ing). Related statements about the perceived value of EMI, and its cost, in terms of both time and money, were included here (Hooley and West 1984; Cavusgil 1984a; Dunn 1989);

- Concern about process, containing statements on the relative merits of different information gathering methods, and the perceived quality of various information sources (Cavusgil 1985, Sinkula 1992; Menon and Wilcox 1994; Diamantopoulos and Souchon 1995);
Concern about planning, which was closely linked to a recognition of the need for EMI. This brought together a number of statements relating to company reasons for exporting, the ways in which export markets developed, and the extent to which this process was subject to managerial control (Daft and Huber 1987; Goldstein and Zack 1989; Sinkula 1994).

This left a pool of forty-eight items which were evaluated as recommended by de Vellis (1991) to establish that they reflected the purpose of the scale; as well as to identify similar specificity/generality within the putative dimensions of the construct; and sensitivity of these items in terms of tapping construct dimensions.

This item pool was then shown to a number of colleagues (six academic and three marketing researchers), as a result of whose comments twenty-five items were short-listed (de Vellis 1991; Nunnally 1978). Five of these were particularly aimed at measuring attitudes to export marketing research. After piloting amongst the small sample of SME decision-makers a further eight items were removed: most commonly because of perceived ambiguity, leading to confusion with other items measuring export information use (Nunnally 1978). The items used in the final questionnaire were therefore:

**Short-term, sales orientation:**

Customers find us, we don't find them

We know what our customers want without having to ask

We are too busy chasing and processing orders to do EMR

Personal contacts in other companies always give us honest market feedback

We are pleased to get export orders wherever they come from

Our industry is too specialist to warrant teaching market researchers about it before they start
Process orientation:

Published information on export markets is very reliable

* Published information on export markets is too general for our company’s needs

EMR findings are worth the money

Export market research is best done by specialists

* The specific EMI we need is too expensive to collect using MR

* Overseas market feedback from our local representatives can be misleading

Planning/information orientation:

* We are too busy with the day-to-day practicalities of exporting to make long term plans

We have a clear picture of where our company is going in export markets

Finding out about buyers’ attitudes and behaviour is important to our company

* It is difficult to work out why we have grown in certain export markets

We focus our export efforts on those markets with the most potential

*= Negative scoring

E.2.2. Dimensionality and Reliability

For consistency, dimensionality and reliability assessments for this scale replicated those conducted for the previous scale, relating to EMI use. Again, Cronbach’s alpha coefficients are presented, along with inter-item correlations. Common factor analysis (principal axis factoring with VARIMAX rotation) was once again used to identify dimensionality. As no previous work was available to confirm that items in the pool above did, in fact, tap the construct dimensions, reliability for the overall scale, as opposed to the individual traits it attempted to measure, was assessed.
### Table E.10. Attitudes to EMI/R: Dimensionality (all items)

<table>
<thead>
<tr>
<th>Items: Attitudes to EMI/R</th>
<th>Item-total correlation</th>
<th>Alpha if item deleted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Published information on export markets is very reliable</td>
<td>.0819</td>
<td>.6348</td>
</tr>
<tr>
<td>We have a clear picture of where our company is going in export markets</td>
<td>.3040</td>
<td>.6075</td>
</tr>
<tr>
<td>Customers find us, we don’t find them</td>
<td>.3721</td>
<td>.5945</td>
</tr>
<tr>
<td>Personal contacts in other companies always give us honest market feedback</td>
<td>-.0876</td>
<td>.6605</td>
</tr>
<tr>
<td>Finding out about buyers' attitudes and behaviour is important to our company</td>
<td>.1376</td>
<td>.6285</td>
</tr>
<tr>
<td>* It's difficult to work out why we've grown in certain export markets</td>
<td>.3076</td>
<td>.6062</td>
</tr>
<tr>
<td>* We are too busy with the day-to-day practicalities of exporting to make long term plans</td>
<td>.4802</td>
<td>.5764</td>
</tr>
<tr>
<td>We know what our customers want without having to ask</td>
<td>.2766</td>
<td>.6115</td>
</tr>
<tr>
<td>We focus our export efforts on those markets with the most potential</td>
<td>.0478</td>
<td>.6403</td>
</tr>
<tr>
<td>* Overseas market feedback from our local representatives can be misleading</td>
<td>.2238</td>
<td>.6187</td>
</tr>
<tr>
<td>* Published information on export markets is too general for our company's needs</td>
<td>.2028</td>
<td>.6217</td>
</tr>
<tr>
<td>We are pleased to get export orders wherever they come from</td>
<td>.1012</td>
<td>.6368</td>
</tr>
<tr>
<td>EMR findings are worth the money</td>
<td>.3125</td>
<td>.6092</td>
</tr>
<tr>
<td>EMR is best done by specialists</td>
<td>.0332</td>
<td>.6442</td>
</tr>
<tr>
<td>We are too busy processing and chasing orders to do EMR</td>
<td>.4267</td>
<td>.5870</td>
</tr>
<tr>
<td>* The specific information we need is too expensive to collect using MR</td>
<td>.4141</td>
<td>.5906</td>
</tr>
<tr>
<td>Our industry is too specialist to warrant teaching market researchers about it before they start</td>
<td>.3693</td>
<td>.5961</td>
</tr>
</tbody>
</table>

* = Negatively scored
The alpha value for the scale consisting of all seventeen original items was .63, just below the acceptable level indicated by de Vellis (1991) and Nunnally (1978), but acceptable by Finkelstein (1992) and McDougall and Robinson (1990). At this stage the items highlighted in the above table indicated low internal consistency, confirmed by a number of negative inter-item correlations. With these removed, a respectable alpha value of .71 was obtained.

Table E.11. Attitudes to EMIR: Dimensionality (purified scale)

<table>
<thead>
<tr>
<th>Items: Attitudes to EMIR/R</th>
<th>Item-total correlation</th>
<th>Alpha if item deleted</th>
</tr>
</thead>
<tbody>
<tr>
<td>We have a clear picture of where our company is going in export markets</td>
<td>.3092</td>
<td>.6987</td>
</tr>
<tr>
<td>Customers find us, we don't find them</td>
<td>.4255</td>
<td>.6803</td>
</tr>
<tr>
<td>* It's difficult to work out why we've grown in certain export markets</td>
<td>.3442</td>
<td>.6938</td>
</tr>
<tr>
<td>* We are too busy with the day-to-day practicalities of exporting to make long term plans</td>
<td>.5331</td>
<td>.6614</td>
</tr>
<tr>
<td>We know what our customers want without having to ask</td>
<td>.3155</td>
<td>.6978</td>
</tr>
<tr>
<td>* Overseas market feedback from our local representatives can be misleading</td>
<td>.2234</td>
<td>.7108</td>
</tr>
<tr>
<td>* Published information on export markets is too general for our company's needs</td>
<td>.1757</td>
<td>.7176</td>
</tr>
<tr>
<td>EMR findings are worth the money</td>
<td>.2345</td>
<td>.7075</td>
</tr>
<tr>
<td>We are too busy processing and chasing orders to do EMR</td>
<td>.4948</td>
<td>.6692</td>
</tr>
<tr>
<td>* The specific information we need is too expensive to collect using MR</td>
<td>.4438</td>
<td>.6786</td>
</tr>
<tr>
<td>Our industry is too specialist to warrant teaching market researchers about it before</td>
<td>.3974</td>
<td>.6853</td>
</tr>
<tr>
<td>they start</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* = Negatively scored

Some inter-item correlations remained low. However, due to the exploratory nature of this research, it was decided to proceed with the factor analysis using these eleven items.

This decision was somewhat vindicated when principal axis factoring with VARIMAX rotation was conducted. Three factors with eigenvalues of <1.0 emerged, as demonstrated in Table E.12. overleaf.
### Table E.12. Attitudes to EMI: Factor Loadings

<table>
<thead>
<tr>
<th></th>
<th>Factor 1</th>
<th>Factor 2</th>
<th>Factor 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customers find us, we don’t find them</td>
<td>.427</td>
<td>.124</td>
<td>.327</td>
</tr>
<tr>
<td>We are too busy with the day-to-day practicalities of exporting to make long term plans</td>
<td>.486</td>
<td>.156</td>
<td>.446</td>
</tr>
<tr>
<td>We know what our customers want without having to ask</td>
<td>.712</td>
<td>7.267E-02</td>
<td>-4.005E-02</td>
</tr>
<tr>
<td>We are too busy processing and chasing orders to do EMR</td>
<td>.474</td>
<td>.105</td>
<td>.445</td>
</tr>
<tr>
<td>Published information on export markets is too general for our company’s needs</td>
<td>-.137</td>
<td>.426</td>
<td>.115</td>
</tr>
<tr>
<td>EMR findings are worth the money</td>
<td>5.260E-02</td>
<td>.411</td>
<td>4.050E-02</td>
</tr>
<tr>
<td>The specific information we need is too expensive to collect using MR</td>
<td>.192</td>
<td>.624</td>
<td>.166</td>
</tr>
<tr>
<td>Our industry is too specialist to warrant teaching market researchers about it before they start</td>
<td>.279</td>
<td>.690</td>
<td>-1.984E-02</td>
</tr>
<tr>
<td>We have a clear picture of where our company is going in export markets</td>
<td>-9.220E-03</td>
<td>9.865E-02</td>
<td>.589</td>
</tr>
<tr>
<td>It’s difficult to work out why we’ve grown in certain export markets</td>
<td>.270</td>
<td>-1.549E-02</td>
<td>.443</td>
</tr>
<tr>
<td>Overseas market feedback from our local representatives can be misleading</td>
<td>1.192E-02</td>
<td>7.108E-02</td>
<td>.338</td>
</tr>
<tr>
<td><strong>Eigenvalues</strong></td>
<td>2.929</td>
<td>1.547</td>
<td>1.243</td>
</tr>
</tbody>
</table>

Factor loadings are not consistently high on any of the three factors. Indeed, the items

- We are too busy with the day-to-day practicalities of exporting to make long term plans

and

- We are too busy processing and chasing orders to do EMR

load only slightly more onto Factor 1 than Factor 3. However, these results are highly interpretable in the light of the *a priori* assumptions about the nature of the construct. In this context the items loaded onto Factor 1 represent a short term sales orientation; items loaded onto Factor 2 represent an EMI/R process orientation; whilst the items loaded onto Factor 3 represent a planning orientation. Reliability, however, does not necessarily imply validity (Nunnally 1970).
E.2.3. Validity

Content validity can only be implied in terms of the process used to derive the above scale, and its internal consistency (Churchill 1995). In this context, the domain of the construct was specified; a set of items relevant to the breadth of the domain generated, the items refined, and the final eleven items demonstrated to be internally consistent (de Vellis 1991). Also, factor structure was interpretable in a form consistent with the a priori assumptions underlying scale development. In addition, interpretation of the scales reflects the EM orientation scale developed by Cadogan et al (1999). To this extent at least, content validity can be deemed to be acceptable for such exploratory research. Having said that, the scale did not have “reliability to spare” (de Vellis 1991); and the final scale length gives cause for concern regarding its inclusivity (Peter and Churchill 1986; Kline 2000).

Convergent validity is assessed by the extent to which the individual items on each trait correlate. Tables E.13. to E.15 illustrate moderate and strong inter-correlations, all of which are highly significant, for items designed to measure each individual orientation:

<table>
<thead>
<tr>
<th>Sales orientation</th>
<th>* Too busy for long term plans</th>
<th>Know what customers want</th>
<th>Too busy chasing orders</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customers find us</td>
<td>.321***</td>
<td>.293***</td>
<td>.413***</td>
</tr>
<tr>
<td>* Too busy to plan</td>
<td></td>
<td>.350***</td>
<td></td>
</tr>
<tr>
<td>Know customers</td>
<td></td>
<td></td>
<td>.453***</td>
</tr>
</tbody>
</table>

* = negative scoring

$N=368-373; ***=p<0.001; * = negative scoring$
Table E.14. Process Orientation: Item Correlations

<table>
<thead>
<tr>
<th>Process orientation</th>
<th>EMR worth money</th>
<th>* EMR too expensive</th>
<th>Too specialist</th>
</tr>
</thead>
<tbody>
<tr>
<td>* Published info. too general</td>
<td>.193***</td>
<td>.239***</td>
<td>.235***</td>
</tr>
<tr>
<td>Worth the money</td>
<td></td>
<td>.268***</td>
<td>.285***</td>
</tr>
<tr>
<td>* Too expensive</td>
<td></td>
<td></td>
<td>.498***</td>
</tr>
</tbody>
</table>

N=368-372; *= negative scoring; ***=p<0.001

Table E.15. Planning Orientation: Item Correlations

<table>
<thead>
<tr>
<th>Planning orientation</th>
<th>* Difficult to work out growth</th>
<th>* O'seas reps' feedback misleads</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clear picture of where going</td>
<td>.272***</td>
<td>.171**</td>
</tr>
<tr>
<td>* Difficult to work out why grown</td>
<td></td>
<td>.242***</td>
</tr>
</tbody>
</table>

N=368-373; *= negative scoring; **=p<0.01; ***=p<0.001

Discriminant validity requires that a measure does not correlate too highly with measures with which it is expected to differ (Churchill 1995). The Pearson’s moment correlation coefficient between the three orientations is:

Table E.16. EM/R Orientations: Correlations

<table>
<thead>
<tr>
<th>Orientations</th>
<th>Sales</th>
<th>Process</th>
</tr>
</thead>
<tbody>
<tr>
<td>Planning</td>
<td>.379***</td>
<td>.084</td>
</tr>
<tr>
<td>Sales</td>
<td></td>
<td>.158*</td>
</tr>
</tbody>
</table>

N=362-367; * =p<0.05; ***=p<0.001

Table E.16. indicates a weak non-significant correlation between planning and process orientation, with a slightly closer correlation between sales and process orientations (at p<0.05). To this extent, therefore, discriminant validity is supported. However, moderate, highly significant correlations between sales and planning orientations were recorded.
It is accepted that high or low correlations “cannot be interpreted as supporting or invalidating evidence unless interpreted in terms of what constructs were measured...and what the theory indicates is the appropriate relationship” (Peter 1981), and that “researchers need to pay much greater attention to non-empirical evidence when judging construct validity” (Peter and Churchill 1986). However, in terms of validity, results for the EMI orientation scale are moderately encouraging. Content lacks breadth but does have considerable a priori validity. Results for convergent validity are encouraging. The same is true for discriminant validity between sales and planning orientations, and process orientation.

In view of the exploratory nature of this research, it was decided to proceed with further analysis using composite variables derived from these orientation scales. Results, however, particularly for hypotheses relating to process orientation, should be treated with some caution. Further research into these constructs is needed to provide more conclusive evidence of validity.