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Exploring Market Orientation in New Export Ventures:
A case analysis of Irish Seafood firms

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‘Multidisciplinary insights into innovative change’

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Exploring Market Orientation in New Export Ventures: 
A case analysis of Irish Seafood firms

ABSTRACT

This paper is exploratory and offers insights into the way in which market orientation (MO) is manifested in small entrepreneurial exporters operating in the global seafood sector. Market orientation is used (Kohli and Jaworski, 1990) for conceptual guidance and rigorously applied to two cases of highly internationalised small seafood exporters - an understudied context in both international marketing and international entrepreneurship literatures. The studied case firms are found to be highly market-orientated from start-up demonstrated by their founders’ proactiveness and action-orientated behaviour to bring about successful implementation of market-orientated activities. MO for the case firms has been determined by their level of entrepreneurial orientation and the dynamic capability of the founder to mobilise and drive MO activities for export performance in seafood firms. The firm’s MO process also extends outside the firm through using network partners to assist in pursuing MO strategies.

Keywords: Market orientation; International new ventures; exporting; International entrepreneurship; Low technology sectors
**Introduction**

Market orientation refers to the firm’s attitude towards the promotion of and support for the collection, dissemination and responsiveness of market intelligence to serve customer needs for value creation (Kohl and Jaworski, 1990; 1993). Research on market orientation has been found to be a key determinant of a firm’s success (Narver and Slater, 1990; Kohli and Jaworski, 1990). Market orientated behaviour is also conceived as imperative for firms wishing to improve their export performance (Kwon and Hu, 2000; Cadogan et al, 1996). The study of market orientation (MO) has received limited attention in the literature on SME internationalisation (Armario, Ruiz and Armario, 2008; Kwon and Hu, 2000) with most research devoted to domestic market settings (Diamantopoulos and Cadogan, 1996; Kwon and Hu, 2000). No published studies currently exist on market-orientated behaviour amongst International entrepreneurial firms. Based on two in-depth cases of small seafood exporting firms, this paper offers exploratory insights into how market orientation is manifested in highly internationalised firms that have been exporting seafood from start-up. The purpose of this paper is to contribute to the development of the concept of market orientation (MO) and the ways in which market-orientated behaviour is demonstrated in small, highly internationalised and export-dependant ventures operating in a traditionally low-technology sector, seafood.

The seafood industry is a global one and exhibits a high degree of environmental turbulence and volatility. The sector is commodity driven, characterised by increasingly price-sensitive customers, hampered by supply issues pertaining to legal quotas and occasional ecological threats. On the down stream side, firms are exposed to greater challenges such as national and international health and safety food regulations, greater quality in products, and service delivery. The Irish economy is highly dependant on seafood exports with over 55% of total produce exported in 2007 (BIM, 2008). Moreover, the domestic demand for aquacultural
products – in particular shellfish – is miniscule, with over 95% of Irish shellfish produce being exported in 2007 (BIM, 2007). Irish seafood suppliers are faced with greater global competition coming from larger seafood producers in Asia and South America, leading to the cut-throat price competition typical of a resource-intensive, commodity-driven sector. Exporting is the most common foreign entry mode for Irish seafood SMEs. Export market orientation would be deemed prerequisite for successful foreign market entry and export development for small exporting seafood firms. However, limited research has been conducted on market orientation in small export ventures; moreover, the seafood industry itself has received limited attention in contrast to high technology international start-ups (Evers, 2006).

The Kirznerian approach to entrepreneurship suggests that individuals exhibit deliberate behaviours through identifying opportunities for firm creation (1973). Entrepreneurship originates from entrepreneurial alertness where entrepreneurship is market process based or market driven, in other words the entrepreneur is market orientated as opposed to product orientated and technology driven (Brannack et al, 2006). Entrepreneurs with higher levels of entrepreneurial orientation, display a propensity to take risks, a high level of innovation and an ability to recognise opportunities (Lumpkin and Dess, 1996). A wide variety of distinctive competencies allow entrepreneurial orientated firms enjoy high performance levels (Smart and Conant, 1994). The recent emergence of the study of international entrepreneurship (Zahra and George, 2000; Oviatt and McDougall, 1994) introduced firms enacting international entrepreneurial orientated behaviour, and engendering global vision, proactiveness and customer orientation from inception (Knight, 1997; Larimo, 2001; Moen 2002; Pulkkininen and Larimo, 2002).

This paper examines how market orientation is manifested in two case studies of Irish export ventures operating in a highly internationalised and niche sector of seafood, the
aquacultural sector. In the next section, a summary of the literature is presented along with a justification for studying marketing orientation to international seafood exporting firms. This leads to a conceptualisation of market orientation and its application to the exporting case firms. Next, case study methodology is summarised, followed by a description of the two case firms. Case findings are discussed in accordance with activities pertaining to market orientation (Kohli and Jaworski, 1990). The paper then concludes with a discussion of major findings and suggestions for future research.

The relationship between market orientation and internationally entrepreneurial firms

Internationalisation has been defined as “the process of adapting firms’ operations (strategy, structure, resources, etc.) to international markets” (Calof and Beamish, 1995:116). Internationalisation is now becoming not only an option for some firms, but a strategic necessity (McDougall, Shane and Oviatt, 1994). International new ventures (INVs) (McDougall and Oviatt, 1994) constitute a form of entrepreneurship, as they are entrepreneurial and internationally orientated from the outset (Knight and Cavusgil, 1996; Rialp et al, 2002). Sciascia et al (2006) found that market orientation (MO) is the main determinant of entrepreneurial orientation (EO) in SMEs operating in domestic markets. Harveston et al. (2000) pay strong attention to entrepreneurial orientation and international entrepreneurial ventures. Their findings on UK high-tech entrepreneurial firms revealed that the international proactiveness of the founder and their propensity to take risks is influenced by their international entrepreneurial orientation.

Market orientation provides an integrated perspective for evaluating export performance by assessing the ability of an organization to predict, react, and capitalize on changes in its environment (Cadogan et al, 2006). In the entrepreneurial literature, Sharma and Blomstermo (2003) found that new exporting ventures must improvise, adapt and show a
willingness to learn the needs of the individual buyers and the local distribution channels in foreign bases. Changes in direction can be environmental in nature; they can force the firm to re-adapt or re-invent its products for a particular market, or to seek out new customers to survive (Kuivalainen and Bell, 2004). The diverse geographical market base means different customer and business markets, institutional structures and cultural arrangements, all of which oblige the young firm to develop effective approaches to acquiring and exploiting knowledge effectively in order to conduct business in different national settings.

Scholars argue greater attention should be paid to the connection between Marketing and Entrepreneurship (Knight, 2000). The Marketing/Entrepreneurship Interface Model (Hills and Laforge, 1992) emphasises the relationship between EO and MO. The manner in which companies choose to orient themselves when exposed to competition in international markets, greater complexity, dynamism and uncertainty is critical to their survival. For instance, Cooper and Kleinschmidt (1985) found that Canadian electronic manufacturers who engaged in market orientation and actively segmented and adapted their products for export markets were more successful than those who did not. They made the distinction between a marketer and a seller. Piercy (1981) found that exporters fall into active and passive/reactor exporters.

International entrepreneurship would indicate that new export ventures need to be market orientated and action-orientated for its effective implementation such activities. Pursuing and maintaining entrepreneurial and marketing orientations are key factors in ensuring longevity (Miles and Arnold, 1991; Barret and Weinstein, 1998). Following this logic, seafood exporters must adapt, change and renew themselves in different markets. Entrepreneurs face increasing competition and hence must be more market focussed to compete for and retain customers. Small exporting firms need the flexibility to adapt to rapidly external market conditions and circumstances (Blomstermo and Sharma, 2003; Rialp
et al., 2002). There exists greater justification for international seafood export start-ups to be more market orientated in a highly competitive landscape characterised by high volatility, supply issues, and price sensitivity, which fuels cut-throat global competition.

**Conceptualising Market orientation for SME exporters**

Research into market orientation in the broader international marketing literature posits that firms exhibiting market-orientated behaviour in their export strategies are more successful in their exporting activities than their less market-orientated counterparts (Cadogan et al, 2001). Recent studies consider market orientation a vital practice for the international business performance of exporting SMEs (Cadogon et al, 2001; See Armario et al, 2008; (Ruokonen, 2008; Armario et al, 2008; Cadogan and Cui, 2004; Akyol and Akehurst, 2003; Kwon and Hu, 2000).

There is little dispute in the literature when it comes to the composition of market orientation. Kohli and Jaworski (1990) suggest market orientation involves three activities: “(1) the organization-wide generation of market intelligence pertaining to current and future customer needs; (2) dissemination of the intelligence across departments; and (3) organization-wide responsiveness to it”. Narvar and Slater (1993: 21) state that market orientation involves ‘acquiring information about buyers and competitors in the target market … disseminating it throughout [the organisation], and the business’s coordinated efforts … to create superior value for its buyers’. Market orientation is an action-orientated approach.

This concept of the marketing orientation construct can be easily identified and extended to export marketers: it requires greater attention from small exporters operating in markets that are more culturally, institutionally and geographically distant and diverse. Drawing on Kohli and Jaworski’s definition (1990), Cadogan et al (2001) suggest that the construct of MO behaviour can be termed ‘exporting market behaviour (EMO)’, which is the
firm’s level of market orientation in export markets. They say (p. 264) ‘the generic activities that make up the construct of market-orientated behaviour have as much validity in the context of the firm’s exporting operations as they do in the context of its domestic operations.’ Cadogan and Diamantopoulos (1995: 50) add ‘the basic nature of the construct should not be affected as a result of merely modifying a setting in which it is applied’. Cadogan et al (2001: 265) expound this viewpoint by stating “the nomological net of the concept of market orientation does not differ, whether a firm operates solely in its domestic market, or whether it (also) operates in international markets; only the qualitative focus of the activities comprising EMO behaviour will differ from those market-orientated activities conducted in the domestic markets”. Exporting firms focus on foreign markets and customers, and are ultimately exposed to exogenous factors (competition, technology, institutional and economic factors) of a greater scope, and hence greater complexity and diversity in international market environments.

For the purpose of the study, Kohli and Jaworski’s (1990) definition of market orientation is applied to two cases of highly internationalised Irish seafood export ventures. This definition is most used in studies because it has been extensively validated (Kohli et al, 1993) and applied (Armario et al, 2008; Cadogan et al, 2001; Selnes et al, 1996).

**Case Study Methodology**

A qualitative case study methodology was selected. Qualitative data has a strong advantage over quantitative data in drawing insights that could not be gained with ‘hard’ data only (e.g., Mintzberg 1979; Smirchich 1983; Orum et al, 1991). Qualitative data is rich and holistic, with strong potential for revealing complexity. Chetty (1996) has promoted the case study method for allowing researchers to study exporting as a dynamic process. Its strength lies in facilitating the study of the internationalization process from several perspectives and therefore facilitating a more thorough analysis of each firm than is possible in survey
research. If the research problem necessitates rich, deep information, then a small set of case studies are appropriate; and, providing that generalisability is not assumed, meaningful findings can still result (Coveillo and Jones, 2004).

For this study, the seafood industry was chosen to allow the opportunity to look at firms in a traditionally ‘low-technology’ sector, a context underrepresented in International marketing and entrepreneurship research. The case firms selected can be classified as international new ventures (INVs) using the criteria used in previous studies of this phenomenon (Oviatt and McDougall, 1994; Knight and Cavusgil, 1996). To be classified as an INV the firm must have had at least 25% of its total sales in multiple foreign countries within the first year of firm inception. An in-depth case analysis was conducted on two Irish indigenous shellfish farming and processing firms that internationalized from start-up. The scope was limited to shellfish firms as the Irish Fisheries Board (BIM) indicated that this sector would be more conducive to the emergence of early internationals given the poor home market for such products; less that three percent of total shellfish production in Ireland was sold in the home market (BIM, 2004). Two indigenous shellfish producers were selected that internationalized within one year of founding and were highly export orientated (see Table I).

**Data collection and analysis**

For the case data collection, industry reports and secondary documentation was reviewed, and the web sites of Irish seafood firms and support/research associations. In-depth interviews were conducted to provide background knowledge on the sector with three industry experts: the managing director of a mature seafood firm who had internationalized and had first-hand knowledge of the industry; a marketing executive with BIM; and a business development officer in Enterprise Ireland (the State indigenous business development agency).
For each case extensive personal interviews with the managing directors/owners were carried out. One firm had appointed an international marketing manager so she was also interviewed. Three individual interviews were held with the Marketing Director of BIM, and two BIM marketing executives, who had close working relationships with the case firms. In collecting the case data, the interviews were framed around a series of questions relating to the following topics: what was the background of the founder; the origins of the firm; the internationalization of the firm in terms of how it internationalised and why it had internationalised; the market orientation of the firms in terms of knowledge acquisition strategies; and the nature of action taken in response to such market information and intelligence being acquired. If relevant, the founding entrepreneurs of the case firms were invited to comment on how they shared such information within their small firms.

Drawing on the work of Sharma and Blomstermo (2003) case methodology studying the internationalisation process of INVs, the paper proceeds directly with two illustrative case examples of Irish seafood exporters that have internationalised from start-up (See Table 1 for case firm descriptions). Thereafter, the concept of market orientation under each component is discussed in the context of the findings. A sample of critical incidents selected to exemplify data to describe how market orientation is manifested to illustrate the process of market oriented. The critical incident technique (CIT), focuses on capturing process through a series of discrete events. CIT was originally used in the 1950s in occupational settings. CIT refers to “a set of procedures for collecting direct observations of human behaviour in such a way as to facilitate their potential usefulness in solving practical problems” (Flanagan 1954: 327).

CIT was used as a research method in organisational studies (Chell 2002, Chell 1998, Chell and Allman 1998). Chell (2004) has modified the CIT method by using the interview technique as the main procedure for gathering qualitative data. CIT has been effective for exploring the dynamics of processes, the delivery of and acting on that information and the
outcome of the event. Authors have used the CIT to identify a critical episode rather than an isolated event (Cope and Watts, 2000). The nature of the incident can be extended to consider the complexity of the event and can instead be interoperrated as a ‘critical episode’. Bell et al. (2001) also identify this as a critical epoch in small firm internationalisation, suggesting that critical epochs help bring about internationalisation. Also, it can be difficult to identify the chronological and perceptual factors surrounding the critical event since such occurrence can be inextricably linked to a set of circumstances and actions (Cope, 2003: 447). Market orientation is a dynamic process and cannot be captured using quotations alone as in previous qualitative studies (Diamantopoulos and Cadogan, 1996). Using critical incidents provide a better understanding of market-orientated activities in the case firms. Acquisition of knowledge and responsiveness to it is a process-driven activity as shown in the incident and thus cannot be isolated in practice.

INSERT TABLE 1 HERE

Case A¹

Strategically located near its natural resources on the south coast of Ireland, Case A was founded by current managing owner, Peter, who co-founded the company in 1990 with five others, who have since left. The firm is one of the four largest mussel producers in Ireland, and mussels form the major component of about 80% of its products. They specialises in the production, processing and exporting of processed seafood products for three customer market segments: international consumer retail, catering distributors and secondary processors in over 10 markets all over Europe, the USA, Asia and Japan. The

¹ Names of case firms and their founders have been changed to preserve anonymity
company has grown to a workforce of 40, with an annual turnover has grown to €4 million in 2004, all of which is exported since inception.

**Background of Company**

Since late seventies, Peter had already been a well-established businessman in the fashion retail trade with outlets in Cork and Dublin. As a sideline commercial activity, Peter dived for sea urchins, which he exported occasionally. In the mid 1980s, he spotted the opportunity for mussels and discovered through contacts in the industry that there existed a large market for them in France. After successful growth trials, Peter discovered that he had a very commercially viable product. The large supply of a marketable product and the undersized market at home necessitated exporting from the start. He explains ‘we had a product, we had to sell the goddamn product somewhere; as there was no market here I had to go abroad’. He adds 'Irish sales were non-existent … Nothing worth talking about, it was more beer money than anything else'.

**International market strategy**

Product development through diversification has constituted a range of milestones in the firm’s internationalisation. From its humble beginnings as a supplier of fresh commodity mussels, the firm has shifted its business to high value-added in response to customer and market demands. By late 1990s, Case A was selling to France, Belgium and the UK, Denmark, Malta, Germany and Italy. The development of product lines through intensive R&D and information searching took on more strategic importance. The founder saw the value of not only delivering to the processing market, but also developing lines of value-added product for caterers, processors and distributors. In 2001, the firm further diversified into more value-added product range for retail groups and opened new customers segments
globally. The firm also won a €1 million contract to supply a French manufacturer with finished processed product for retail. This would then be rebranded under their French client’s name for sale to the French market.

Peter says ‘Our whole business has shifted and our growth from 1 million up (to €4 million in 2004) has been with these added-value products’. Product line expansion and product diversification into more value-added products have led the firm to extend its foreign customer base and hence grow internationally. When asked to mention one of the key success factors for Case A’s internationalisation. A executive from Irish Seafood State Agency (BIM) says: ‘Product diversification and constant work, they have moved away from what they started with … By diversification and the drive, like Peter pushing boundaries out … you need the type of energy with someone like him.’

Case B

Situated on the West coast of Ireland, Case B is a micro firm, a one-man operation, employs four low skilled and specialises in producing and exporting live seafood to customers all over the world such as Europe, Asia and the Middle East. Joe its founder a marine biologist by profession established the company in 1998, in direct response to international niche demand for live high quality seafood in the restaurants and hotel catering sectors. The firm operates in a high-value niche market in the global seafood as fresh produce is considered a luxury/delicacy and is in the high-priced segment in the seafood market. The key buyers of this product are restaurants, hotel chains and distributors which Joe deals directly with and bypasses any agent intermediaries in the sales process. Since inception, the firm's export sales have accounted for 99% of its business and hence its total turnover, which stood at approximately at €1 million for 2004. It operates globally in at least ten foreign markets.
Background of the company

Prior to starting the firm, Joe had been working in the R&D venture in production of live species in the Bay he now operates from. At the time, the venture was not commercially orientated enough to aggressively target foreign sales; however, he attended trade fairs purely out of commercial 'curiosity' about dealing in foreign markets. During his time, he made several international business trips to key European markets and attended a number of international trade fairs where he picked up knowledge of foreign markets. Joe realised from his travels that the future and survival of the company lay in traversing the international markets. Joe originally recognised that if the firm were to survive as a seafood producer, it would have to understand the market and aggressively seek out foreign customers, as the domestic demand was too small and only seasonal.

The founder recalls, ‘I have never chased the home market; the sales here are miniscule…. the market is international, so I follow the market’. He also adds that at the time (prior to starting up) ‘It was really was an uphill battle to convince the Europeans that somebody in Ireland would send out what they said they would … In the past, we (Ireland) had a terrible reputation in this industry … of not sending out what was asked for’.

International Marketing Strategy

Joe has placed large emphasis on product quality, professionalism, reliability, on-time delivery and consistency in customer service in his marketing strategy. The company premises are conveniently situated at the edge of a bay with EU classified Grade A waters where it runs its own oyster- and clam-breeding and growing operations for live export abroad. The EU certification of Grade A waters has been a major selling point of product quality all over the world and 'makes things a lot easier' as Joe explains selling to foreign markets. All the products have been maintained in purified waters. The firm has free access
to a prime ecological setting and unlimited access to clean waters in the bay. Essentially, Joe buys in grade B raw material and uses his tanks to store and purify the material until it is of Grade A standard. The founder also sees the firm’s key success factors as being the access to clean, grade A waters to produce live seafood and product quality (freshness, properly graded as required, well packed) on arrival.

When asked to describe his critical success factors, he replied: ‘At the end of the day my success or failure would depend on myself. Your success or failure in sales depends on the relationship you build with your customers, can you deliver, can you deliver what he wants, can you deliver on time, and can you deliver to the standard?’

Case Findings

This section examines case findings of market orientation as defined by acquisition of market intelligence, its dissemination within the firm, and the firm’s responsiveness to it. The overall degree of market orientation for exporters can be enhanced by engaging in all or any of the three activities pertaining to market orientation (Kwon and Hu, 2000). The data is presented using quotations to illustrate the firm’s, particularly the owner-founder’s market orientated behaviour. This is followed by a number of critical incidents to illustrate how market orientation behaviour is manifested in the case firms.

The case firms supply specialised seafood product to global niche markets. ‘We had a specialised product for specialised markets (Case A). However, the two case firms operate in different segments of the seafood market: Case B supplies live seafood shellfish products, which is a high value-added niche market commanding premium prices in export markets. Case A started off (1990-1995) supplying commodity low value-added process shellfish, rendering price and volume a priority. In response to market and growth opportunities, the firm began to diversify into higher value-added processed segments, where quality, service offering and relationships were core to competitiveness. Notwithstanding this, both case
founders adopted similar market orientation behaviours in terms of their acquisition, sharing and responsiveness to knowledge of customers and market exogenous forces. Before proceeding into case data, some evidence is provided on the nature of the international seafood sector by industry experts from BIM.

Describing the highly demanding and competitive nature of the sector, firms need to be in constant search and user mode for market information. As described by BIM official working with these firms:

They (exporters) need to be out there and you also need to be a people’s person. Because this business is small even though it’s a global industry, the family network of hubs are so intertwined, everyone knows everyone, you go to Brussels at the trade show. You know people from India to USA to Korea to where it is ... It’s very old fashioned … I think it’s just seafood. There’s an association with seafood whereby people who are in seafood are very passionate about it and tend to be loyal, unlike pharmaceutical, IT, which are very transient. People in this business are in it for 20, 30, 40 50, years … And it is relatively global, personalities of companies have been established.’

He adds:
The product, you need the drive to develop, work and travel a lot, and they need to be out there. It’s a small family network of firms, it’s very high contact business ... it’s just seafood; it’s the passion with seafood.

He further says that proactiveness and international mobility of the founder are critical requirements for Irish seafood exporters. He says:

You need to travel to meet contacts and build client and relationships within the industry … entering a market is something you need to be out there.’ He further comments on Peter’s (Case A) approach to internationalisation and the networking nature of the international seafood business that necessitates these qualities that the founder possesses.

He says:
But it’s an extremely difficult market and anyone who has done well in it has worked hard and travels a lot … they need to be out there ...

**Market intelligence and knowledge acquisition strategies**

Prior to start-up, both case firm founders had no exporting experience, yet they acquired knowledge of foreign market opportunities and customers through two sources: International trade shows and the BIM International Market Intelligence Unit.

**Trade shows**
Prior to start-up, the founder refers to trade shows as vital to acquire market information. He says:

‘getting a feel and knowledge the type of supplier foreign customers wanted to deal with’.

‘The biggest learning experience from going to trade shows was “don’t ask them (Irish) to send you anything”.’

Case B

Generally there are seafood exhibitions and you start off by going to an exhibition or to a specific place where the market is, then you work back from the end-user depending on the type of product …

Case A

_BIM Market Intelligence Unit_

BIM has a committed team devoted researching international markets in Ireland and through their international office network in Europe, USA and Asia. Both case firms depended on this resource which provided a constant stream of up to date market intelligence. In first year of start-up, Peter (Case A) firstly approached the BIM office in Paris after attending a trade show in Paris, who then supplied him with a list of potential buyers of fresh mussels: mainly mussel importers who bought fresh mussels. He then organised a business trip to take samples of the product to each of them.

I actually went to France and went to BIM Paris through sea fairs … and the guy inside there gave me the number of importers of mussels … and out of that, I put together a trip where I started to work with a broker.

BIM are still used for market intelligence by case firms for gathering knowledge on opportunities and foreign market and institutional knowledge.

But, Linda, has been there years (in BIM) and she works in the Marketing Intelligence section. She is great for information.’

‘They would, like they go out there, they do a lot of background information. They do client, trustworthiness as they have a list of firms that may be worth visiting. They understand the distribution channels, market structure.’

We go to them and get information … Such as market information knowing what do they (customers) want.’

Case A
I would be in regular contact with the Dublin office and submit my marketing budget for the year … trade shows also.

**Case B**

We definitely work with *Case A* on a regular basis, I would be in contact with them, we talked about having one point of contact but queries are so specific, there are several people they deal with …

Some firms wouldn't use us as much as these would … they (case firms) have really capitalised on our service at BIM.

*BIM Market Intelligence Executive*

*Foreign exchange partners (Agents and Customers)*

The founders also adopt an ad-hoc approach to gathering market intelligence through their agents and customers. They proactively sought out information on product needs of export prospects through their contacts for anticipating market needs, seeking opportunity and developing new markets.

Peter usually works with an export agent in each country who in turn works with catering distributors in foreign markets. Peter is highly dependent on the knowledge of these agents and distributors for understanding client/end-user product needs in the foreign market. Agents have been the preferred mode of foreign market entry for *Case A* however still takes control of his market. He says:

I would go with my agent to every client … I would go to my customers … but I like to see what that person wants, then I can understand what they want … it’s a long term relationship … I don’t sell a load of stuff for the sake of selling it.

I take ownership of the market … I need to know what that market (customer) wants … I want to be one step ahead of the market, anticipating customer needs.

**Case A**

*Case B* sells directly to his customers which are an informal but vital source of market intelligence for case firms.

If dealing with an agent in Milan I am careful about relationships with wholesalers in Italy … I’d ring up existing customer … to check if they are a competitor and to screen them.
I am always seeing to have a look to see what’s happening.

Case B

The Case A founder is proactively is in pursuit for information on customer and competitors

If I see a market I want to get into, I will get my head around it and I’ll find the information.

Every day you are faced with a challenge. If there is an end user out there I will make as many calls as I have to…

Case A

The founder also qualifies his approach to information in that it is only as good and you use it and depends on his gut felling to run with an idea or opportunity.

People tend to play to their strengths. I couldn’t turn on a computer today … when you talk about emails, networks, market research, the availability of information today is absolutely huge and I would get ideas, but I would work more with personality and a gut feeling more than anything else.

Case A

The founder sees customer as well as agent relationships as being critical to the business strategy of the firm, and works very closely with the end client with and through the agent. On the commercial end of it:

I always try to meet the customer …I take ownership of the market. I can’t rely on agents.
I want to know the user of my product … everything about how the customer feels about product …

I’d have a relationship with most of my customers. I make it my business to find out who they are and what they are doing…

Case A

Dissemination and sharing of acquired market intelligence

Disseminate of intelligence inside the firm

The case firm entrepreneurs were responsible for disseminating information to the rest of firm. In the case of Case firm B, the sharing of knowledge was not relevant given the small size of the firm and manual nature of staff. The entrepreneur Joe was hands-on in all aspects of the business so information was rapid and he was key decision maker and acted on when
opportunity arose. He describes himself as ‘the general dogsbody’, from packing boxes to dealing and marketing his company internationally. He says:

My operational staff wouldn’t have a clue how to run the office.

At the end of the day, my success or failure would depend on myself. Your success or failure in sales depends on the relationship you build with your customers, can you deliver, can you deliver what he wants, can you deliver on time, and can you deliver to the standard.

For Case A, the entrepreneur has always been hands-on: from himself in start-up years to now having a workforce of 40. Evidence shows that he adopts an informal line of communication with his staff in the New Product Development Unit and his Marketing Manager as opposed to using technology to support any formal means of information sharing. Given the size of the firm he can disseminate information and make decisions more easily and with greater flexibility than a medium size or large company. Here, the BIM executive comments on the founder’s laissez-faire approach to organising and communicating information within the firm and the importance of his marketing manager in co-ordinating it. He says:

It’s a great balance ... He thrives and gets up and does things, but does not put it into detail and it’s a mess, you need someone to cross the Ts and dot the Is and put all the pieces he has created into proper order, they seem to have got the balance there.

Disseminate of intelligence outside the firm

Although there is less urgency to implement formal knowledge sharing processes in the case firms as described above, what is common is that dissemination of information also takes place outside the firm. For example, the case firms engage in an information exchange process with officials in the BIM offices for export market development. These horizontal lines of communication are important for the international growth and expansion of both case firms. Their liaisons with BIM offices abroad assist these firms by informing the BIM officials of market intelligence and vice-versa. These firms are resource dependant on their network State partner, BIM, for information as well as to disseminate it to benefit from assistance. Referring to the seafood exporters, the Marketing Director of BIM comments:
We are a business knowledge partner ... in terms of, I suppose, giving them advice and assistance ... and then in terms of overseas, our contacts on the ground get over the language, where people can’t obviously put their own people in place, they can’t afford to have their own agents on the ground, people like Louis (BIM Paris) step in and that is important from a customer’s perspective, it’s great support

The interaction between BIM and (the) industry is quite ‘businesslike … BIM would look after the development of the sector, so we have a more businesslike relationship with the industry.

Where as informal methods occurred inside the firm, formal lines of knowledge sharing take place out side the firm with the BIM. These findings are unique in that the MO literature does not refer to intelligence dissemination outside the firm.

Market responsiveness

Responsiveness denotes target marketing; adapting the marketing mix, product design and development, pricing policies, and distribution modes to satisfy the market in order to promote positive export performance. Market responsiveness has manifested itself in the form of product adaptability through diversification and flexibility in satisfying customer requirements.

Peter (Case A) integrates customer satisfaction into his international product strategy. His product strategy depends on each market (customer), he says:

There is a strategy for each market (customer group).

I like to know who’s eating my product so I can understand where they are ... I would send my product to a customer, I would contact customers directly. If they don’t like it, I ring them and ask what was crap about my product ... Tell me exactly. Why whose product was better ... I would compensate that person or send them out some more product ... Obviously there was something wrong along the way ... but I like to try and talk to those end -users that weren’t happy with it … or what did they really like about on the other side.

Case A
I would build my reputation on delivering what the customer wants, when the customer wants it.

Case B

How the seafood exporters acquired and responded to market intelligence is processual and cannot be treated as separate activities. The processual nature of market orientation can be best illustrated using a sample of critical episodes from the case data. For Case A, the entrepreneur responded in the form of committing time and resources to breaking into the export market and developing new products as well as diversifying. The changing and evolving nature of the seafood market means the firm has had to be very active in researching and developing new products, as this is where growth lies, and it is the source of the firm’s core revenue. 1996 signalled turning points in the firm’s history its diversification towards high valued-added product. The product, NOVA, was created by Case A in response to European seafood processors. France accounts for 60% of total firm sales with remainder in other European markets, USA and Japan.


Previously having conducted market research, Peter had identified the opportunity for new product but knew it required customer input to bring the product to completion and ready for market. He recounts ‘We had the product, we went through the development. I knew what I wanted to produce, and yet we were producing the product at that stage … But yet it took some fine tuning, shall we say.’ He says: ‘We decided we had a product and took on a marketing consultant in France and she rang up companies and said “there is a guy in Ireland who asks me to do research to investigate the possibility of selling this product to France”… and your man (the French processor) said, “well, my God if he can produce that, that is what I am looking for”.

Such collaboration between both parties was a win-win situation, he says: ‘We solved a lot of problems for him, so he was as interested in getting working from his point of view, as we were from our point of view … and he just came from his factory over to us to help us to say this is what should be presented, this is what we needed to do so, we had a user in mind and he was able to tell us what he wanted. So from that we developed on to that.’ Following successful collaboration and acceptance of NOVA with the French processor, the NOVA product was patented and ready for full launch. ‘1996’ became a turning point in the firm’s history. It was able to deliver a cooked and frozen, ready-to-use ingredient to the market.
**Case A: Acquiring Market intelligence and responding to Market opportunities in the USA (2002)**

Peter, identified an opportunity in the USA from attending Boston trade show. He met up with former acquaintance, Mike, at the show, who was currently working as director of the aquaculture division in the World Bank. In chatting Peter asked Mike to introduce him to a few people in the sector at the show. A few months later, when Peter had identified specific opportunities in the USA, he called up Mike to accompany him to the next Boston seafood show and make a list of potential buyers to whom he could be introduced. He asked Mike to come to Boston and said: ‘Go back and think about people you were working with.’ Mike already had a large network in the USA due to prior experience with the World Bank. He made a list of US contacts, screening those with whom he thought Peter might like to work prior to the trade show in February, 2004. Mike then emailed these buyers on behalf of Aquarius. At the trade show, a deal was made to take samples of product, and thus led to regular sales.

**Case B : Buildinglogistically capability in response to opening of Chinese markets**

Joe became proactively engaged in two R&D projects with a university and BIM to improve the technology for transportation of live animals. Joe, being a global company, recognised the need to advance technology in logistics for live seafood, which is the core of his business. The first project ran in 2000 with the outcome of producing logistician equipment to deliver live crabs to China. He also instigated a second project with the same business ties.

The knowledge acquired from this project was critical for his breaking into the Chinese market. He says: ‘I was able to land live produce from the bay to Beijing, which hadn’t been done before. So the Chinese saw these new species coming in … everyone is interested in new species, exotic ranges available.’ In China, they like the new species of crab. Since 2002, he has been working on a further, related R&D project with Trinity College Dublin, funded and managed by BIM, on lowering crab mortality in transportation. The knowledge has created and acquired by both these R&D projects has added substantial value to Joe’s products in overseas markets in terms of ensuring their freshness and quality by arriving alive and intact to clients.

**Case B : Breaking into the Chinese market**

Joe was alerted to live seafood opportunities in China via the BIM’s industry newsletter and email communications in early 2000. A BIM association executive envoy had previously gone out on a trip to China and returned with market information, establishing that there would be a market for live crabs out there and subsequently informing the industry, including Case B. She’s says: ‘The Chinese only eat live fish’. A dominant feature of oriental seafood markets is that the business buyer and consumer require live seafood for preparation immediately prior to eating. In contrast to western markets, the demand for processed non-live seafood is miniscule. Having the logistically the technology to transport live seafood fro his R&D collaborations as described earlier, Joe decided to follow up this opportunity ‘seriously’. He immediately notified BIM (and they initially financially supported him and co-ordinated his trade fair visits to Chinese seafood shows. At his first trade fair in Dalion, China, in 2000, Joe brought his crabs and noticed particular interest in crabs when he was there. Joe says ‘I went over with three or four Irish firms ... but was the only one dealing with crabs’. He attended two trade shows in Shanghai in 2001. He remarked that he was the only Irish supplier to attend trade shows accompanied by BIM rep. Joe says: ‘I took an aquarium, to show off live project’. He got both inquiries and sales there and started exporting out after that.
Discussion and conclusions

Case evidence shows that market orientation is crucial for the case firms’ export strategies (Armario et al, 2008; Cadogan et al, 2006; Cadogan et al, 2002; Kwon and Hu, 2000). The study suggests that several capability factors are related to market orientation in the case seafood firms. The firms studied are led by entrepreneurs who have a strong international focus coupled with internationally proactive, market-orientated strategies – particularly in activities pertaining to foreign intelligence-gathering and market responsiveness. A number of observations can be made in this regard.

Firstly, the case findings present clear evidence that the entrepreneurial orientation of the firms is influential in the successful implementation of market-orientated activities in export markets. The owner-founders are shown to be highly receptive to and proactive in gathering market intelligence through formal and informal channels. Formal channels were the international Market Intelligence Unit of the Irish Seafood State Agency, BIM, export agents and customers, whilst the informal channels of information-gathering was demonstrated by the founders’ proactive, ad-hoc approach to leveraging knowledge of their business and industry contacts in the industry and informally at trade shows (Evers and Knight, 2008). This finding supports that INVs utilise these network relationships to obtain information, resources, capabilities and the access to exchange partners for market entry required for rapid internationalisation (Loane and Bell, 2008; Evers and O’Gorman, 2008; Johansson and Vahlne, 2003; Dana et al., 1999; Jolly et al., 1992; Sharma and Johanson, 1987). Both case founders demonstrate the ability to use and act on market intelligence in a highly entrepreneurial, orientated manner. The case firms show that implementation of MO activities cannot be isolated activities but are processual in nature and their realisation. The evidence shows that both entrepreneurs are action-orientated in implementing such activities. This is shown by their dynamic capability to mobilise network sources for intelligence.
Bateman and Crant (1993) refer to the construct of a proactive personality, which is defined as the extent to which individuals ‘take action to influence their environments’ (p.35). Proactive entrepreneurs are said to ‘scan for opportunities, show initiative, take actions, and persevere until they reach closure by bringing about change’ (Bateman and Crant, 1993:36). The case firms employ knowledge to create and deliver a better marketing offering to its customers.

However, the acquisition of such knowledge is not as significant as the firm’s capability to understand, analyse and respond to it to the extent that this responsive is converted into an action that delivers value for the firm (Armario et al, 2008). Following the logic of the resource-based view of the firm (Barney, 1991), market orientation can be considered as a strategic resource (Armario et al, 2008). Market orientation is an intangible asset of the firm that enables it to manage information and deliver value to customers (Hunt and Lambe, 2000). This paper extends this view and suggests that the dynamic capabilities perspective (Teece et al, 1996; Zuchella et al, 2005) can underpin the importance of the founder in this process of delivering market-orientated firms. In our case firms, market orientation is more than a resource, it is a capability tempered by entrepreneurial orientation and the entrepreneur’s capability to mobilise network ties to help bring about a successful market-orientated implementation for the firm. Studies have suggested that new firms internationalise successfully due the entrepreneurs’ specific capabilities (Knight and Cavusgil, 1996; Oviatt and McDougall, 1994). For example, findings across the studies refer to the importance of networking activities to leverage resources thereby requiring the founder to possess the ability to utilise and mobilise his/her networks for firm advantage.

Thirdly, the findings conclude that international small firms have flexibility to adapt to rapidly changing external market conditions and circumstances (Blomstermo and Sharma, 2003; Rialp et al., 2002). That these firms can adapt and renew themselves in international
markets and for survival renders adaptability as a dynamic capability (Teece et al, 1996). The case firms display this adaptability, this high level of responsiveness to new market segments, through product diversification strategies for foreign market penetration and expansion. Product diversification demonstrates a strategic response to market intelligence acquired for new market development and new customer channels. Product diversification into more value-added products has led the firm to extend its foreign customer base and hence grow internationally. These findings support the position that high performing global firms show timely responsiveness and flexibility (Teece, 2000; Nooteboom, 2002). Customer requirements may dictate the necessity for flexibility in exporting for different product markets. International small firms deliver to narrowly defined customer groups (Rialp et al., 2002), and thus each group in each customer market may require specific modes of distribution.

Next, dissemination of information within the organisation is less practiced amongst the case firms. These firms are characterised by small size and owner-founder’s hands-on approach as the key decision-maker for the firm. A formalised approach to intelligence distribution does not occur in the case firms: rather, there is an ad-hoc approach to this dimension of market orientation. In case B, information is gathered by the founder – who is the key decision-maker and who shares market intelligence with a small group of people within the firm, particularly the managers in marketing, new product development, and production. The entrepreneur’s commitment to internationalisation from start-up cultivates an environment sensitises the employees to be responsive to export market developments for survival and growth of the firm (Kwon and Hu, 2000). Commitment to internationalisation is that the entrepreneur is internationally focussed from start-up and devises the strategy to build on foreign sales – the greater the internationalisation, the greater the international market orientation.
Finally, an important discovery is that knowledge is shared outside the firm with their network ties. The firm disseminates intelligence to its network ties to assist the firm in developing a strategic response to such intelligence and also to materially support the firm in engaging with the information as in the case of BIM. There is also a lot of information sharing between suppliers in relation to customer check-ups, and this is considered vital in a volatile sector such as the seafood sector. Such efforts by the case entrepreneurs help their firms to implement a market-responsive and action-orientated approach to exploiting the opportunities and intelligence. Networks are leveraged by the entrepreneurs to pursue customer-focused and export market-oriented strategies tempered by their firm’s adaptability to respond to market conditions. The firm’s network ties are influential in successful market-orientated practices amongst the case firms in terms of acting as and providing a source of international market intelligence to the specific context.
Future research directions

There is a paucity of research into market-orientated behaviour amongst internationalised entrepreneurial firms in low- and medium-technology sectors. This research paper, however, is a first step in investigating how small seafood exporters devise market-orientated activities for export performance. It also suggests a number of areas requiring further study. First, for small exporting firms, evidence from this study not only revalidates the importance market orientation for small exporting firms but also suggests market orientation activities are processual: this is exemplified by the case firms. The nature of the international seafood market and the exogenous demands they are exposed make market orientation crucial for survival. The findings in this study suggest that further studies are needed to investigate the relationship between dynamic capabilities perspective of the firm (Teece et al, 1996; Zuchella et al, 2005) and level of market orientation in internationalised SMEs.

Second, the construct of international entrepreneurial orientation of the firm through its founder(s) required further investigation into understanding why and how firms implement successful market-orientation strategies and why and how some firms do not. Another area that has emerged from the findings is that the influence of their network ties in influencing their market orientation activities also needs to be further explored. We find that successful implementation of market-orientated activities for the firm can extend outside the firm. The engagement of case firm’s horizontal and vertical network ties were influential in implementing effective market-orientated activities, and this requires further study in the sector.

Also market intelligence needs to be conceptualised and operationalised in relation to the types of intelligence and knowledge, its sources, and the means in which it is acquired.
Following the logic of SME internationalisation theory put forward by Uppsala school (Johansson and Vahlne, 1977; 1990), experiential knowledge for internationalisation is a necessary condition for small firms. Typologies and frameworks on knowledge, and how it is acquired by small export-orientated firms operating in internationalised food markets, needs to be investigated.

References


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