

Mark Burridge and Robert Bradshaw

SOURCES AND USE OF MARKET INFORMATION: AN ANALYSIS OF SUCCESSFUL SMALL AND MEDIUM SIZED EXPORTERS

ABSTRACT

This paper shows that most small and medium sized exporters do not undertake international marketing research. Given this finding the research goes on to consider successful exporters. These firms do engage in such research and their activities are therefore explored in detail. The empirical work shows that the firms make much greater use of in-house rather than external sources of information. The research also shows that successful firms put much greater emphasis on the information required for long term strategic planning. In addition, evidence is presented to suggest that the extent to which information is collected as well as the sources used by these companies is at least partly determined by firm size.

Key Words: export performance, firm size, market information

Mark Burridge

University of Leicester, UK

Robert Bradshaw

De Montfort University, UK

Correspondence: Mark Burridge

School of Management, University of Leicester, Leicester, LE1 7RH, UK

E-mail: mb17@leicester.ac.uk

Tel: +44 (0) 116 2523954

Fax: +44 (0) 116 2525515

INTRODUCTION

Reductions in trade barriers and advances in information technology have enabled small and medium sized enterprises (SMEs) to play an increasingly important role in the internationalisation process during the last two decades (Kim and Marion 1997, Prasad 1999, George *et al.* 2005). Establishing the characteristics of such successful exporters has therefore become an important research topic (Cavusgil and Zou 1994, Zou and Stan 1998, Lu and Beamish 2001, Hollenstein 2005).

This paper considers international market research undertaken by small and medium sized exporters and then explicitly investigates the activities of the most successful. The research focuses upon the sources of market information most frequently used by these firms and the types of information that influences the decision making process.

LITERATURE REVIEW

It has long been recognized that decisions which are made in an informed manner are more likely to produce satisfactory outcomes than those made without an understanding of the issues involved (Fayol 1949, Lindblom 1959). The collection of such information has therefore been seen as central to organisational decision making (Nonaka 1994) and an essential requirement for the development of sound marketing strategies (Chisnall 1992), with marketing research lying at the centre of the decision making process (Cowan 1994).

There is a growing body of evidence in a domestic context which demonstrates the importance of market research for successful marketing practice (Schlegelmilch and Therivel 1988, Hart and Diamantopoulos 1993, Ganeshasundaram and Henley 2006). Empirical studies such as those undertaken by Moorman (1995), Li and Calantone (1998) and Han *et al.* (1998), Matsuno and Mentzer (2000), Pulendran *et al.* (2003) and Hult *et al.* (2005), all of which consider market information as one of the most important factors influencing market orientation, demonstrate the important effect that such information use has upon performance.

Most of these studies focus upon the US economy with many also being based upon large organisations. For example, survey results relate to the top 200 US advertisers (Moorman 1995), US banks (Han *et al.* 1998), 364 US manufacturing companies (Matsuno and Mentzer 2000) and 217 US publicly quoted companies (Hult *et al.* 2005). None

explicitly consider information use by small and medium size organisations or market information in an international context.

Less attention has been devoted to international marketing research activities despite the fact that lack of information on foreign markets (Yaprax 1985, Aaby and Slater 1989, Ford and Leonidou 1991, Styles and Ambler 1994, Leonidou 1995, Suarez-Ortega 2003) and uncertainties related to overseas rules and regulations (Bello, Urban and Verhage 1991, Moini 1997, Morgan and Katsikeas 1997, Leonidou 2004) are frequently cited as major restrictions to overseas expansion. It is only in recent years that such studies have begun to emerge which look systematically at export market information use.

Walters (1996) identified fourteen sources of export market information and found that information acquisition was not related to the perceived risk of doing business overseas when he considered a sample of thirty two Norwegian exporters, although the extent of overseas market involvement (exports relative to total sales) was positively related to the level of international market research.

Diamantopoulos and Souchon (1999) initially identify seventeen sources of information and with the aid of factor analysis classify these into 'export marketing research', 'export assistance' and 'export market intelligence'. They also discuss the differences between instrumental/conceptual and symbolic use of such information. Souchon *et al.* (2003) follow up this earlier work by conducting a multi-country study of the determinants of the use of these three different sources of information and find that instrumental/conceptual use of information is strongly associated with frequency of information acquisition. In a similar study looking at Norwegian exporters, Toften and Olsen (2004) found that perceived value was the main impetus for instrumental /conceptual use.

Richey and Myers (2001) look at only three generic sources of information, but present results which indicate that "those firms utilizing market information showed a significantly higher level of performance" (2001: 346).

Belich and Dubinsky (1995) focus on types of overseas market information and consider firm specific and market specific factors which are likely to determine whether this information is collected internally by in-house research teams or externally through outside sources.

Robertson and Wood (2001) look at the importance of seventeen different types of foreign market information which they group into six dimensions relating to political,

economic, market, culture, infrastructure and legal. Their empirical work considering experienced US exporters showed that information related to market potential was considered most important by these firms followed by information on the legal environment.

Williams and Chaston (2004) consider a number of different types of export information and the sources by which these could be acquired, but in a context that is explicitly looking at how these relate to the linguistic skills of export managers.

Toften and Rustad (2005) focus on types of information and their results based on twelve in-depth interviews with export managers suggest sixteen different types of information are all rated of high importance by these managers. They also suggest that other variables such as firm size could be examined in relation to export market information use, but to date there are relatively few studies that consider whether firm size has implications for the sorts of information which a company requires and the uses of such information.

Souchon and Diamantopoulos (1999) surveyed 198 UK exporters. While there is no specific analysis of information types the results of their factor analysis in relation to twenty three possible sources of information again leads to the grouping of these under three specific factors. Subsequent analysis then indicates export market research is positively related to firm size and that “exporters tend to consult export market intelligence sources much more frequently than export marketing research or export assistance sources” (1999: 161).

Hart *et al.* (1994) carried out a survey of SME exporters looking at the types of information used, where they identify sixteen possibilities (grouped under the headings of market feasibility, adaptation and background Information), and the sources used to gather this information, where they identify ten. The findings from this research indicate that information is collected from a very limited number of sources, that few of the companies surveyed engaged in “appropriate marketing research actions” (1994: 19) and that the extent of formal market research was positively related to firm size.

Williams (2003) also focused explicitly on information use in small and medium sized enterprises. She utilized the three scales developed by Souchon and Diamantopoulos (1999) and applies these to 376 exporters. Her results suggest that export managers in SMEs lack “awareness and understanding of the information sources available” and have

“very limited experience of using export marketing research and export assistance” (2003: 57).

Crick (2005) identifies seventeen types of information and sixteen sources. His empirical work which looked at a sample of 170 UK SMEs indicates that a number of different types of information were regarded as potentially useful but that such information was not being actively collected since the managers of these firms made very little use of the sources by which this information could be acquired.

Even fewer studies explicitly consider the effect which information acquisition and use has upon export success in the context of SMEs. Hart and Tzokas (1999) compared the information gathering activities and export performance of 50 UK SMEs. They identified ten information collection vehicles (sources) which are subsequently grouped into formal and informal sources, and sixteen information elements (types) grouped into export market attractiveness, adaptation requirements and background/infrastructure of the market. Their results suggest a range of information is potentially useful to these companies with informal research the major source used for gathering such information, but that only background/infrastructure information and formal research are significantly related to performance. Julien and Ramangalahy (2003) identify twenty one types of information which they classify into five categories (markets and products, competition, business opportunities, operating conditions, and export operations) and twenty eight sources grouped into five categories (markets, industry, trade organizations, assistance organizations and media). The results of their analysis relating to 346 Canadian exporting SMEs indicates that information search has an indirect effect upon export performance with this being mediated through strategy formulation. Again various types of information are perceived as important, but relatively few informal sources are actually used. In addition, more than half of the sample indicated that they needed to develop their export knowledge.

The studies so far discussed present different aspects of information acquisition and use. Nevertheless, this review of the literature suggests export market research is positively related to firm size (Walters 1996, Hart and Tzokas 1999, Richey and Myers 2001, Julien and Ramangalahy 2003) and export performance (Hart *et al.* 1994, Souchon and Diamantopoulos 1999), but that such activity is very limited within SMEs (Hart *et al.* 1994, Julien and Ramangalahy 2003, Williams 2003, Crick, 2005). Further evidence for this final conclusion comes from Piercy (1981) who argued small exporters are reluctant to

invest in information gathering, Diamantopoulos *et al.* (1990) who found that well over 50% of small and medium sized exports undertake no marketing research, and Crick *et al.* (1994) who suggest that company size is likely to be the differentiator between users and non-users of export marketing research. Together this would seem to lend support to the proposition that within an exporting context “the market research function in small organisations .. is sporadic and ad hoc” [and it is only] “as organisations grow .. [that] they will demand more unique and meaningful information” Sinkula (1994: 36).

METHODOLOGY

Given the findings of the literature review the study began by making a comparison of successful and less successful exporters to confirm that there are differences in relation to the extent of their international market research.

The first group were identified through their receipt of the UK's Queen's Award for International Trade (formerly Export). The exact reason for presentation in each particular case is not made public but to receive the award a company must show “outstanding achievement in international trade, sustained over not less than three years” or “continuous achievement in international trade, sustained over not less than six years” (www.queensawards.org.uk). In addition, the company must put itself forward for selection. The decision to choose Queens Award winners as the basis for success is therefore similar to the multifaceted performance measure discussed by Cavusgil and Zou (1994).

Three hundred firms were selected who had earned the award between 2000 and 2003. This time frame was used for three reasons. It was considered sufficiently short to ensure the information requested would still be available within the organisation and the sampling frame would continue to provide a reasonably accurate characterisation of successful firms. Further, four years was considered a sufficiently long period to build up a large enough sample for statistically valid analysis.

The questionnaire asked explicitly about their extent of international market research, but also contained additional questions derived from the literature relating to the sources used for gathering this information, such as in house research teams, government departments or international trade fairs, and the different aspects of the market to which this information related, such as buyer preferences, competitors currently operating in the market and potential barriers to entry. Tables 1 and 2 show how these various questions

relate to previous literature on export information acquisition and use. This questionnaire was pretested with the help of leading academics in the export marketing field.

Table 1: Details of Questions Relating to Sources of Information

Questions on sources	References
Agents in the domestic market	Walters (1996), Souchon and Diamantopoulos (1999), Richey and Myers (2001), Julien and Ramangalahy (2003).
Agents overseas	Hart <i>et al.</i> (1994), Walters (1996), Diamantopoulos and Souchon (1999), Hart and Tzokas (1999), Souchon and Diamantopoulos (1999), Richey and Myers (2001), Julien and Ramangalahy (2003).
Banks	Walters (1996), Diamantopoulos and Souchon (1999), Julien and Ramangalahy (2003), Crick (2005).
Business Advisors	Walters (1996), Souchon and Diamantopoulos (1999), Julien and Ramangalahy (2003), Crick (2005).
Business support services	Diamantopoulos and Souchon (1999), Souchon and Diamantopoulos (1999), Julien and Ramangalahy (2003), Crick (2005).
Chambers of Commerce	Diamantopoulos and Souchon (1999), Souchon and Diamantopoulos (1999), Crick (2005).
Department of Trade and Industry	Walters (1996), Diamantopoulos and Souchon (1999), Julien and Ramangalahy (2003).
Domestic sales force	Souchon and Diamantopoulos (1999), Richey and Myers (2001), Julien and Ramangalahy (2003), Crick (2005).
Foreign and Commonwealth Office	Walters (1996), Diamantopoulos and Souchon (1999), Souchon and Diamantopoulos (1999), Julien and Ramangalahy (2003).
In house marketing research team	Diamantopoulos and Souchon (1999), Souchon and Diamantopoulos (1999), Crick (2005).
Internet	Julien and Ramangalahy (2003), Williams and Chaston (2004), Crick (2005).
Library	Walters (1996), Souchon and Diamantopoulos (1999), Williams and Chaston (2004).
Market research agencies	Diamantopoulos and Souchon (1999), Souchon and Diamantopoulos (1999), Julien and Ramangalahy (2003).
Network of social contacts	Walters (1996), Diamantopoulos and Souchon (1999), Souchon and Diamantopoulos (1999), Crick (2005).
Sales force based overseas	Diamantopoulos and Souchon (1999), Souchon and Diamantopoulos (1999), Richey and Myers (2001), Julien and Ramangalahy (2003).
Trade Associations	Walters (1996), Diamantopoulos and Souchon (1999), Julien and Ramangalahy (2003).

The second group were selected randomly from the Bureau van Dijk database FAME once filtering had taken place to ensure that the firms' employed no more than 250 employees, were actively engaged in export markets and had not been in receipt of the Queen's Award.

Table 2: Details of Questions Relating to Types of Information

Questions on type	References
Adaptation requirements	Belich and Dubinsky (1995), Robertson and Wood (2001), Julien and Ramangalahy (2003), Williams and Chaston (2004).
Buyer preferences	Hart <i>et al.</i> (1994), Belich and Dubinsky (1995), Hart and Tzokas (1999), Julien and Ramangalahy (2003), Williams and Chaston (2004), Toften and Rustad (2005).
Competitors products	Hart <i>et al.</i> (1994), Hart and Tzokas (1999), Robertson and Wood (2001).
Distribution/storage	Robertson and Wood (2001), Julien and Ramangalahy (2003), Williams and Chaston (2004), Toften and Rustad (2005).
Economic background	Belich and Dubinsky (1995), Williams and Chaston (2004), Toften and Rustad (2005).
Exchange rates	Hart <i>et al.</i> (1994), Hart and Tzokas (1999), Crick (2005).
Government aid	Hart <i>et al.</i> (1994), Hart and Tzokas (1999), Julien and Ramangalahy (2003), Crick (2005).
International competition	Hart <i>et al.</i> (1994), Hart and Tzokas (1999), Robertson and Wood (2001), Julien and Ramangalahy (2003).
Legal requirements	Belich and Dubinsky (1995), Robertson and Wood (2001), Julien and Ramangalahy (2003), Toften and Rustad (2005).
Local competition	Hart <i>et al.</i> (1994), Hart and Tzokas (1999), Julien and Ramangalahy (2003), Crick (2005).
Market growth	Belich and Dubinsky (1995), Robertson and Wood (2001), Williams and Chaston (2004), Crick (2005).
Market size	Belich and Dubinsky (1995), Robertson and Wood (2001), Williams and Chaston (2004), Crick (2005).
Potential barriers	Belich and Dubinsky (1995), Robertson and Wood (2001), Williams and Chaston (2004), Toften and Rustad (2005).
Price trends	Hart <i>et al.</i> (1994), Hart and Tzokas (1999), Julien and Ramangalahy (2003), Toften and Rustad (2005).
Promotion	Belich and Dubinsky (1995), Williams and Chaston (2004), Crick (2005).
Social/political background	Robertson and Wood (2001), Williams and Chaston (2004), Toften and Rustad (2005).
Transportation infrastructure	Belich and Dubinsky (1995), Robertson and Wood (2001), Julien and Ramangalahy (2003), Williams and Chaston (2004).

The questionnaire in the case of the second group was considerably shorter and focused only on their international market research. It could be argued that an ideal comparison would be between excellent and poorly performing exporters, but collecting information on unsuccessful exporters is likely to be problematic. Firstly, constructing a sampling frame is likely to be difficult since such poor performance is frequently associated with bankruptcy and liquidation. Secondly, given the poor performance there could be a reluctance to provide the information requested. In addition, explicitly comparing high performing exporters with those that are more “average” highlights the

specific skills and resources which build competitive advantage and superior performance in export markets.

Contact names (in most cases this was the managing director or chief executive) in both groups of companies were sent the questionnaires together with a covering letter explaining the reasons for undertaking the research. The letter asked that in the event of export responsibility being handled by someone other than the contact person, the questionnaire is passed to the executive with responsibility in this area. Although the use of key informants can potentially lead to biased responses (Phillips 1981), it was hoped that in the case of the Queen's Award winners recognition of their achievements would make them more disposed to discussing their activities and in the case of the control group the brevity of the questionnaire would facilitate unbiased responses.

One month after the initial mailing follow up questionnaires were sent to all non-respondents. These two mailings resulted in 96 usable replies in the case of the high performing exporters, representing an overall response rate of 32%, and 333 usable replies in the case of the control group, representing a response rate of 33.3%. To assess the importance of non-response bias early and late respondents were compared in terms of various firm characteristics (size, export sales, etc.), and in the case of the Award winners in terms of information acquisition and use, through a series of χ^2 tests (Armstrong and Overton 1977). No significant differences were found between early responders and late responders.

Both samples cover consumer durables and non-durables as well as industrial products, but only the control group contains any service sector companies. In terms of technological sophistication there seems to be an approximately equal distribution of high and low technology firms in both samples.

All of the successful firms and 96% of the 'average' exporters have been actively exporting for at least three years. The vast majority (96%) of award winners export more than 25% of their sales volume, whereas only 45% of the control group achieve this level of export sales.

ANALYSIS AND RESULTS

The analysis began by comparing successful and average exporters to determine the extent to which they differ in relation to their international market research activity. Table 3 presents these results. It is clear that the vast majority of the award winning firms carry

out research on their export markets whereas only around 20% of the control group engage in this activity. The latter figure does not seem to relate to firm size and this would therefore seem to support Sinkula's assertion with regard to market research in small and medium sized companies, but the former indicates that such lack of research is not true of all such exporters. These findings also suggest that detailed focus upon the high performing exporters should provide insight into 'best practice'.

Table 3: Successful and 'Average' Exporters' Use of Market Research

	Successful (%)	Average (%)
Actively engage in research on overseas markets	95	22
Do not undertake market research	5	78
Number of firms	96	333
χ^2		**11601

** Significant at the 1% level.

Subsequent analysis therefore demonstrates the extent to which these successful experienced exporters have features in common in respect of market information acquisition and use, and the areas in which firm size seems to impact upon information requirements and utilisation. Firms were grouped into size bands on the basis of their employment data with 38 being classified as small and 58 as medium sized*.

The firms were asked to indicate the extent to which information derived from various different sources was used when making decisions about international activities. A five point scale was used ranging from 'not used' to 'extensively used'. Table 4 summarises these responses. The percentage figures show the extent to which the firms in question agree about the importance of a particular type of information.

It is immediately apparent that the majority of firms make most extensive use of in house sources of information whether this is their own research teams or simply the sales force. Very little use is made of outside individuals/bodies with around 10% of firms utilising business advisors and only 8% of medium sized firms indicating they employ external market research agencies. Social contacts also appear to be extensively used for

* These groups are based on the European Commission's definitions of small (less than 50 employees) and medium sized (50 to 250 employees) companies.

information gathering by almost half of the firms. The Friedman χ^2_{τ} tests indicate these are significant differences.

Table 4: Extent to Which Information is used for Decision-Making

	% of firms which found source useful for decision making		χ^2	Mann-Whitney
	Small	Medium		
In house marketing research team	84.2	60.7	**13.8	**4.4
Domestic sales force	76.5	69.2	**14.5	**3.7
Agents overseas	71.1	51.9	**15.2	**3.5
Network of social contacts	47.4	44.8	6.4	1.6
Sales force based overseas	43.8	52.0	*8.9	*2.2
Internet	42.1	35.7	*9.1	*2.1
Banks	17.6	10.7	6.3	1.5
SME support services	27.8	0.2	**17.1	**4.8
Foreign and Commonwealth Office	5.6	7.7	0.2	0.5
Market research agencies	0.1	8.0	**16.5	**3.7
Trade Associations	33.3	25.0	1.2	0.3
Department of Trade and Industry	16.7	17.9	4.0	0.9
Chambers of Commerce	22.2	18.5	1.5	0.4
Business Advisors	11.1	7.4	2.1	0.7
Library	16.7	10.7	3.0	0.6
Agents in the domestic market	12.5	4.2	3.4	0.8
	χ^2_{τ}	**139.5	**205.9	

Responses recorded on a five point scale ranging from 'not used' to 'extensively used'. χ^2 statistic based upon a 4 x 2 contingency table so as to conform to the guidelines laid down by Cochran (1954).

* Significant at the 5% level. ** Significant at the 1% level.

Hart and Tzokas (1999) argue that informal research activities have little effect upon success whereas formal activities are significantly related to export performance. In contrast, the findings from this study suggest that informal research through social contacts plays a very important role for smaller organisations and is strongly associated with export performance.

It is also clear from both the percentages and the statistics (χ^2 and Mann-Whitney) looking at differences between the groups that small firms rely much more heavily upon these in house sources for decision making compared to their larger counterparts. Medium sized firms appear to make use of a greater range of resources whereas small firms appear to base decisions very much upon information obtained from their own researchers, the domestic sales force and agents overseas.

Interestingly neither group of firms makes extensive use of the government agencies that exist to provide export assistance. For example, only 28% of small firms make use of the services specifically aimed at SMEs, with this agency proving the least used source in the case of the medium sized firms. Similarly, the overall figures for the Department of Trade and Industry and the Foreign and Commonwealth Office are even lower. This result for the UK seems consistent with that presented by Julien and Ramangalahy (2003) for Canada and could question the usefulness of such services.

The next step in the research was then to determine the sort of information which firms considered most useful when making decisions about overseas markets. This information was collected using a five point scale ranging from 'not at all important' through to 'extremely important'. Table 5 summarises the responses. The percentage figures show the extent to which the firms in question agree about the importance of a particular type of information. The Friedman χ^2_r tests again indicate significant differences in the importance assigned to these different types of information at both the 5% and 1% levels.

The items at the top of the table show all firms considered information on the competitive environment (competitor products, international and local competition) to be central to decision making, with between 79% and 93% of the firms surveyed indicating that this type of information is important. The items at the bottom of the table suggest far fewer firms considered information on the political environment and various operating functions (distribution, promotion, transportation) to be important.

Interestingly information on buyer preferences does not appear to be that important for either group, ranking 6th in the case of small firms and 10th in the case of medium, and adaptation requirements do not even appear in the top half of the table, suggesting that information on customer requirements is not considered to be of paramount importance.

In contrast to the widespread agreement on the importance (or lack of importance) of these types of information there is much less agreement on information related to the some aspects of the overall market (size and growth, price trends and potential barriers), and legal and fiscal requirements. Here statistics (χ^2 and Mann-Whitney) indicate significant differences between firms of different sizes. Medium sized firms seem to place much greater emphasis on information related to market growth (over 89% of firms) compared to their smaller counterparts (approximately 67% of firms). A similar picture

results when considering barriers and legal requirement with far fewer small firms indicating that this information is useful for decision making.

Table 5: Types of Information Required for Making Decisions about Overseas Activities

	% of firms indicating important or extremely important		χ^2	Mann-Whitney
	Small	Medium		
Competitors products	88.2	86.2	5.8	1.9
International competition	83.3	93.1	2.5	0.7
Price trends	83.3	89.7	2.2	0.5
Local competition	83.3	79.3	1.9	0.6
Market size	78.9	86.2	**13.9	**3.5
Market growth	66.7	89.7	**14.8	**3.4
Potential barriers	66.7	92.9	**15.7	**4.5
Legal requirements	61.1	82.8	**12.5	**3.8
Economic background	66.7	81.5	4.5	1.2
Buyer preferences	77.8	79.3	1.3	0.9
Adaptation requirements	50.0	44.8	1.5	0.4
Government aid	52.6	48.3	*8.6	1.8
Exchange rates	61.1	75.9	*8.2	*2.1
Social/political background	50.0	53.6	0.9	0.5
Distribution/storage	50.0	50.0	2.7	0.6
Promotion	44.4	44.8	0.8	0.4
Transportation infrastructure	33.3	35.7	6.5	1.2
	χ^2_r	**96.1	**226.1	

Responses recorded on a five point scale ranging from 'not at all important' through to 'extremely important'. χ^2 statistic based upon a 4 x 2 contingency table so as to conform to the guidelines laid down by Cochran (1954).

* Significant at the 5% level. ** Significant at the 1% level.

These findings suggest that when making decisions about overseas activities small firms rely upon very limited information mostly related to the competition, medium sized firms also consider potential barriers to entry, but none go beyond this and consider the needs and wants of the customer. In addition, the table shows that in all cases it is information related to the potential of the market which is of paramount importance for successful exporters since this is likely to affect their long term strategic planning, whereas knowledge of transportation provision and promotional requirements is secondary because this information relates much more closely to the day to day operations of the business.

CONCLUSIONS

The results presented in this paper suggest that successful small and medium sized exporters put much greater emphasis upon information required for long term strategic planning rather than information relating to the day to day operations of the business. Specifically, obtaining information related to the size and potential growth of the overseas market and the competition currently operating in the market place is much more important than the specific requirements of overseas customers or the logistics of operating in the market.

In addition, the vast majority of firms surveyed appear to make use only of in house sources of information such as dedicated market research teams and the sales force, and claim that information provided through these vehicles is far more useful for decision making than information provided from external providers such as the UK Government or market research agencies.

Informal market research also appears to be extensively used by about half of the award winning firms. This suggests that many SMEs may benefit from senior management involvement in customer/competitor visits, exhibitions, etc. as well as more generally from managements' network of social contacts.

Overall the findings of the study suggest small and medium sized firms are likely to be benefit in terms of their export performance if they engage in international marketing research, and that this research should focus more upon issues related to the current and future potential of the market rather than on the details of operating within it. It should be remembered, however, that these results are based upon the analysis of only a limited number of UK firms and that is it possible for causality to run in the opposite direction (the more successful firms have the resources to engage in such research).

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