Business-to-Business Relationships in Sweden
A Case Study of SMEs and International Trade Intermediaries

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    Lucy Anne Poortman
# ABSTRACT

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| University | Mälardalen University  
School of Sustainable Development of Society and Technology |
| Course     | EFO705 Master Thesis |
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| Problem    | What factors do small and medium-sized enterprises in Sweden consider when selecting and cooperating with Swedish international trade intermediaries (ITIs)? How can a Swedish international trade intermediary develop and expand its customer relationship network in order to increase its turnover within five years? |
| Purpose    | To identify and analyze the factors that improve B2B relationships between Swedish SMEs and ITIs. Moreover, how Swedish ITIs can improve their B2B relationships and increase their turnover. |
| Method     | A qualitative and quantitative research approach combining primary data obtained from ten interviews and nine questionnaires, secondary data collected from the case company's website and Google searches and theories compiled from academic articles, textbooks and e-books. This results in an organizational single descriptive case study with a realistic standpoint approach. |
| Conclusion | The selection process for B2B relationships between SMEs and ITIs encompasses multiple factors for cooperation. Some of these factors include quality, price and overseas capabilities, among others. For the expansion of the case company's customer base, the strategic implementations of competitive pricing, effective communication and openness are potential factors to increase their turnover within a five year period. |
| Keywords   | Business-to-Business, Relationships, Business Networks, (Trade) Intermediary, Small and Medium-Sized Enterprises, Supplier Performance, Selection Criteria, Customer Relationship Management, Development |
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<td>B2B</td>
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<td>CRM</td>
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<td>GDP</td>
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INTRODUCTION

This chapter presents the background information to provide an understanding of this study. A problem specification, the research and strategic question in reference to both the theoretical and conceptual framework as well as the purpose are presented in this Chapter. To conclude, the limitations and an outline of this research study is provided.

1.1 BACKGROUND

Though most business relations tend to be complex, they are frequently concerned with factors based on company performance and willingness to develop or adapt to specific requirements (Ford, Gadde, Håkansson & Snehota, 2011). Often times, the relationships between two organizations influence other connected relationships (Achrol, Reve & Stern, 1983; Anderson, Håkansson & Johanson, 1994; Håkansson & Snehota, 1995). These connected relationships are often underestimated and can affect the main relationship that influences managerial choices as they create possibilities or limitations (Blankenburg & Johanson, 1992). Such limitations can consist of intermediaries having difficulty carrying out agreements to clients because of issues with suppliers (Blankenburg & Johanson, 1992; Fung, Chen & Yip, 2007). Therefore, the development and performance of these relationships are typically seen as a dynamic process where multiple dimensions of a relationship interact and organize into a consistent pattern of performance, perceptions and attitudes representing the dynamics of a relationship (Wilkinson & Young, 1999). Thus, the outcome of these dynamic processes depends wholly on both parties’ perception of the specific dyadic business relationship, resulting in a mutual dependence of both parties (Svensson, 2002).

Essentially, trade intermediaries play a crucial role in assisting the expansion of global trade, which can increase and contribute to the development of world trade if the performance of these trade intermediaries were to be improved (Fung et al., 2007). As follows, due to supply chain members operating inconsistently and in different countries, trade intermediaries encounter difficulties when attempting to develop partnerships with organizations (Bello & Gilliland, 1997; Cavusgil, 1998; Morgan & Katsikeas, 1998). The competition between supply chains has therefore increased the need for the coexistence of management within multiple relationships (Fung et al., 2007). As companies put their main focus on their core activities, they outsource the remaining activities, which causes their overall success to rely more and more on their capability to control what happens outside their own limits within their value chain (Ford et al., 2011; Fung et al., 2007). Hence, the organizations success depends on the coordination of relationships with other organizations in order to accommodate the value-added activities that are needed (Fung et al., 2007).

Therefore, in business relationships, managers ought to extend their horizons beyond what happens internally within their own company (Ford et al., 2011). That is, the quality of their own products and services, as well as their own skills in selling or buying in order to embrace the importance of business relationships (Ford et al., 2011). Additionally, these business relationships require interaction skills with others to guarantee that offerings are supplied and
used efficiently, and that problems of the counterparts are addressed effectively (Ford et al., 2011). Particularly, this is the case for Small and Medium-sized Enterprises (SMEs), which for their existence, expertise and development depend strongly on their business partners (Gilmore, Carson & Grant, 2001; Stoian, Rialp & Rialp, 2011). In general, the small amount of relationships, where both companies are accountable for large volumes of purchases or sales, are likely to be close, complex and long term (Turnbull, Ford & Cunningham, 1996). Therefore, it is evident that relationships within a company’s network vary widely and are typically affected via its connections in a ‘constantly changing network’ (Ford et al., 2011, p. 178).

As such, the relationships between companies and suppliers greatly differ in importance and often times operate in different ways and ranges in order to fulfill needs and wants (Ford et al., 2011). Without these business relationships, companies would be restricted to limited networks and would essentially be unable to exploit their own skills and resources (Ford et al., 2011). Lasagni (2012) states that SMEs need to increase their interactions with other market based actors, such as customers and suppliers in order to gain external collaboration with other companies in addition to enhancing their network. In addition to business relationships, networking is considered a ‘naturally inherent’ feature of SME owners and managers decision making (Gilmore et al., 2001, p. 7). Therefore, these decisions are then translated when products and services are chosen from a supplier market, which then leads to the choice between suppliers that offer enhanced inputs and lower prices among others (Ford et al., 2011). The complexity and interactivity of these networks also means that a company’s strategy and decision making are clearly seen through the decisions made and that are not just its own, however those of its counterparts as well (Ford et al., 2011).

Furthermore, at times SMEs encounter difficulties in relationships when it comes to determining the capabilities of their counterparts (Lasagni, 2012). The importance of deciding which markets to enter represents a crucial factor in SMEs decision making and are influenced by their relationships in addition to gaining credibility (Zain & Ng, 2006). Business networks in the form of social relationships offer SMEs a wider competitive advantage that when faced with uncertainties in forming new relationships, they become minimized based on known contacts and connections therefore making it easier to expand their network (Zain & Ng, 2006).

1.2 PROBLEM SPECIFICATION

After systematically conducting the literature review, it became apparent that limited research in the field of SMEs, International Trade Intermediaries (ITIs) and business relationships in was present, therefore creating an academic research gap (Fung et al., 2007; Lasagni, 2012). This gap demonstrates the conflicts SMEs encounter when selecting ITIs (Peng & York, 2001). These conflicts arise through the frequent misrepresentations of ITIs skills and knowledge in that their supposed interest is to extract large fees for their services with minimal work, while SMEs look to increase their export performance via the use of these ITIs (Peng & York, 2001). Often times, researchers working in the trade intermediary area focus mainly on common areas such as the ITIs changing roles and functions, organizational development, and service offerings (Fung et al., 2007). Therefore, the contents of this research and subject may contribute to the academic work and knowledge in this area.
In order to fully conduct this research and develop a solid analysis, Kubalski Trading AB, a small and medium-sized trade intermediary located in Sweden that facilitates import from China and India for mainly Swedish SMEs, will be used in collaboration as an empirical example. A brief company overview of Kubalski Trading AB is presented in Chapter 4.1. Presently, majority of Kubalski Trading AB’s customers can be categorized as one-time customers, however Kubalski Trading AB has expressed the request to examine how more solid business relationships can be established. Through multiple meetings and discussions, the current and potential customers of which a majority operate within the engineering industry were chosen by Kubalski Trading AB and will be used in the development of this study with the consideration that 99.8 percent of active Swedish enterprises were categorized as SMEs actually contributed up to 59 percent of the total Swedish Gross Domestic Product (GDP) in 2008 shows that SMEs play an important role in the Swedish economy (Statistics Sweden, 2009). Therefore, this case study will be used to improve and expand Kubalski Trading AB’s business relationships as some current and potential customers may either be dissatisfied or reluctant to continue or begin relations with the company.

Consequently, this study consists of an academic assignment that aims to contribute to and enhance academic knowledge and a practical assignment initially for Kubalski Trading AB may also contain interesting and valuable concepts for other ITIs and SMEs. Therefore, a closer look into the customers’ perspective of Customer Relationship Management (CRM) in these Business-to-Business (B2B) relationships will be analyzed. Moreover, this research will examine which factors a Swedish ITI can implement to develop and maintain these B2B relationships with its customers in order to potentially increase its turnover within a five year period. This time frame was chosen by Kubalski Trading AB, which complements the typical five, ten, or even fifteen year time frames chosen in business planning (Berry, 2004).

1.3 RESEARCH AND STRATEGIC QUESTION

This research will examine the current and potential business relationships between Kubalski Trading AB and SMEs in Sweden from a current and potential customer perspective. In addition, the approaches in which Kubalski Trading AB can further expand its network and increase its turnover will be examined. In order to fully answer this question, it would be appropriate to look into how Kubalski Trading AB has developed their current customer relationships through their networks, as such; the research will focus on the following research question:

**What factors do small and medium-sized enterprises in Sweden consider when selecting and cooperating with Swedish international trade intermediaries?**

Moreover, the following strategic and hence more practical question will be used in conjunction with the above mentioned research question.

**How can a Swedish international trade intermediary develop and expand its customer relationship network in order to increase its turnover within five years?**

The examination and the analysis of these two questions will contribute to a deeper understanding of the reasons for and the function of B2B relationships in the business network
of Swedish SMEs and ITIs in practice. This research study endeavors to provide a case study in
regards to factors that influence B2B relationships between Swedish SMEs and a Swedish ITI.

1.4 PURPOSE

The main purpose of this research study is to identify and analyze the factors that influence
Swedish SMEs’ decision to work with small and medium-sized ITIs based in Sweden.
Additionally, this research aims to study which way a Swedish ITI can improve their B2B
relationships with its small and medium-sized customers and consequently increase customer
satisfaction, trust, and long-term relationships. Ultimately, this will essentially address how this
can lead to an increase in turnover for a trade intermediary within five years.

The angle of this case study is to cover theoretical as well as practical aspects in regards to
business relationships, SMEs and trade intermediaries. The knowledge on business relationship
motives that derive from this research study aims to fill an academic knowledge gap and enables
a trade intermediary to craft more suitable business strategies. Therefore, this research study
aims to provide Kubalski Trading AB and other intermediary practitioners that are interested in
the concepts of this subject, recommendations that can be taken into consideration when
intending to develop and expand their customers’ business relationships and business network.
Hereby, the recommendations derive from the business network theories and the results of this
case study.

1.5 OUTLINE OF THE STUDY

Chapter 1 provides background information of this research study in addition to the problem
specification, research and strategic questions and purpose. Chapter 2 begins with a theoretical
where definitions of key concepts and theories that will serve as a foundation for this case study
followed by the conceptual framework will be provided. Additionally, Chapter 3 illustrates the
research approach for this study and provides detailed information about the appropriate
methods used to conduct the research. Chapter 4 presents a company overview of Kubalski
Trading AB and the analytical findings through the conducted research, interviews and
questionnaires. Chapter 5 provides explanations and interpretations of the empirical data in
combination with the theories described in Chapter 2. Chapter 6 ends with the conclusion of the
overall research and a thorough discussion of the research questions presented in Chapter 1.3.
Chapter 7 provides recommendations for Kubalski Trading AB regarding the overall concepts
used within this study and further research. Besides Kubalski Trading AB, the concepts and
recommendations may also be applicable to other ITIs.
2 THEORETICAL FRAMEWORK

This chapter contains the concepts and specific theories that describe and explain the different aspects that are relevant to this field of study. During the research, the theories will help the authors to analyze and interpret the empirical findings. In order to make considerations to Kubalski Trading AB, the concepts discussed in this section include business networks and business relationships, import intermediaries, small and medium-sized enterprises, and customer relationship management.

2.1 BUSINESS NETWORKS

An increase of world trade and globalization has resulted in a rapid expansion of the outsourcing market (Janusz & Sebastian, 2010). Due to these developments in the world economy, companies are becoming increasingly less complete and increasingly more dependent on resources and technologies outside the company (Ford, Gadde, Håkansson & Snehta, 2011). As a result, suppliers and customers nowadays depend strongly on each other. Turnbull, Ford and Cunningham (1996) explain that the interdependence of companies is the basis for the development of business relationships. This company interdependence may occur in many different ways in which ‘the need to generate revenue from other companies for the continuing existence and development of the company’ is most apparent (Turnbull et al., 1996, p 47).

Other benefits for interdependence between companies may be a company’s need to make usage of the skills, knowledge and abilities of others, acquired in the form of products, service or technology (Turnbull et al., 1996). Furthermore, a company’s desire to develop and exploit its own resources, knowledge and skills through interaction with other business partners can be a reason for interdependence and thus development of business relationships (Turnbull et al., 1996; Turnbull & Wilson, 1989). In addition, Ford et al. (2011) emphasize that the development of business relationships is essential as they enable companies to ‘access the skills and resources of others (...)’, save time and cost in producing and delivering and enable companies to develop new products, services and facilities’ (p. 1) and consequently contribute to the overall business performance. As such, business relationships are developed in order to reduce risks and create a certain ‘degree of stability and durability’ in business operations (Turnbull et al., 1996, p. 44). In other words, business relationships are inextricably linked to tangible and intangible resources with physical, social and intellectual, technological and economical features and in several forms (Håkansson & Johanson, 2001).

Interdependence with many other parties makes an understanding of the wider set of business relationships in which a company is involved important: the network (Ford et al., 2011). A network can be defined as ‘a set of interconnected relations involving people and organizations called actors, and forming a structured sub-system within a larger system of actors’ (Spencer & Valla, 1989, p. 13). Here, while in interaction with each other, the actors are concerned with the performance and accomplishment of a business process, in which the ultimate goal of the network is to allow and facilitate the exchange of goods or services between one or more customers and suppliers (Holmlund & Törnroos, 1997; Spencer & Valla, 1989). Ford et al. (2011)
define a network in a more abstract way as being ‘a structure where a number of nodes are related to each other by specific threads’ (p. 182). Here, the nodes represent business units and illustrate companies’ counterparts whereas the threads represent the relationships between the business units that both parties use in order to create bonds, expand resources and perform various activities. These activities are the result of complex transactions and the exchange of information between the counterparts (Ford et al., 2011). Moreover, the underlying factors that form these relationships entail actor bonds, which support thorough interaction, shared knowledge and a high level of mutual trust (Ford et al., 2011).

According to Comuzzi, Vonk and Grefen (2012), interaction entails collaboration and coordination of cross-organizational business processes, which are controlled by contracts between actors in the business network. Therefore, it should be mentioned that business relationships evolve over time, require investment and maintenance. In addition, they are the result of combined learning and experiences of both counterparts since each individual interaction in the past and in the future affects the overall business relationship. In turn, interaction between counterparts may lead to an increase of mutual adaptation and thus embeddedness, relationship closeness and commitment as they continue to interact (Andersson, Forsgren & Holm, 2002; Ford et al., 2011; Holmlund & Törnroos, 1997). Consequently, due to unique and idiomatic ways of information exchange in business relationships, two forms of business relationships can be distinguished (Andersson et al., 2002; Uzzi. 1997). According to Uzzi (1997), there are arm’s-length relationships and embedded, close or special relationships. The former are characterized by ‘the sharp, detached language that reflect the nature of the transaction [which is] focused on the lack of reciprocity between exchange partners, the non-repeated nature of the interaction, and the narrow economic matters’, whilst embedded business relationships are characterized by ‘the personal nature of the business relationship and their effect on economic process [is what] regulates the expectations and behaviors of exchange partners: trust, fine-grained information transfer, and joint problem-solving arrangements’ (Uzzi, 1997, p. 41-42).

However, Uzzi (1997) advocates a balanced mix of embedded and arm’s-length relationships since too many embedded close relationships can restrict a company. That is, a network that consists of over-embedded relationships implies a loss of control in the direction in which the company itself wants to develop (Ford et al., 2011), a decrease of network diversity, a restriction of actions outside the network and thus can stifle innovation and effective economic action (Uzzi, 1997). Although business network theories are commonly used, some argue that they are excessively theoretical, whilst lacking empirical and practical implications (Turnbull, Ford & Cunningham, 1996). This consequently puts limitations when engaging in and looking for mannerisms to handle customer interaction in real-life (Johanson & Mattsson, 1994). Nonetheless, partially due to later added managerial implications of these business network theories (Håkansson & Snehota, 1995), they contain interesting and applicable aspects that provide a solid basis for the investigation of business relationships between Swedish SMEs and a Swedish trade intermediary.
2.2 IMPORT INTERMEDIARIES

In business literature, there is a lack of a clear, precise and uniform definition relating to trading intermediaries (Fung et al., 2007; Ghauri & Cateora, 2010; Peng & York, 2001). Intermediaries can either be importers, exporters, or both and are classified by the type and selection of services they perform, although only an analysis of an intermediary’s functions can elucidate the character of these distribution channels. According to Ghauri and Cateora (2010), three intermediary options can be distinguished: first, those that are physically located in the manufacturer’s home country; secondly, from the manufacturer’s perspective, those located in a foreign country; lastly, a company-owned system.

Since Kubalski Trading AB is physically located in Sweden and facilitates import from China and India for mainly Swedish SMEs, the focus for this study will be on the second alternative; an import intermediary can be defined as a domestic service company that links domestic counterparts, which may be wholesalers, retailers or manufacturers, to foreign distributors or manufacturers, in order to facilitate import transactions and provide manufacturing connections that are required to compete effectively in the world economy (Ha-Brookshire & Dyer, 2009). As a result, this function implies that import intermediaries need to negotiate with two sets of business relations simultaneously, which is ‘contracting and delivering products, and services from foreign suppliers while managing sales and product development for domestic clients’ (Ha-Brookshire & Dyer, 2009, p. 6). A simplified version of this process is shown in Figure 2.1.

![Figure 2.1 - Basic Units in an International Supply Chain](image)

Figure 2.1 comprises of three elements that together visualize the role and the location of the main actors in an international supply chain diagrammatically, therefore its customers, the ITIs, are located in the domestic market, whilst the manufacturers are located in the foreign market (Fung et al., 2007). Here, an ITI functions as an important link between customers and foreign manufacturers. Furthermore it shows that, in an international supply chain, ITI can accelerate the overall flow of information mutually between counterparts (Fung et al., 2007). Similarly, the ITI can enhance communication and activities that are necessary to develop, produce and deliver a product by coordinating sales and facilitating the flow of information, activities, materials and resources between customers and foreign manufacturers (Fung et al., 2007).
Internationalization and the fast growth in outsourcing of business processes encourage many companies to make use of intermediaries (Janusz & Sebastian, 2010). The existence of intermediaries provides an infrastructure, which provides companies access to the international market even if they have not been capable to establish their own distribution network (Ahn, Khandelwal & Wei, 2011). According to Ellis (2003), intermediaries improve development and productivity in host countries, enhance efficiency of distribution, minimize costs incurred in overcoming trade barriers, open up new markets and discover new sources of supply. Therefore, since trade intermediaries are instrumental in creating new international exchanges, the expansion of global trade, improvements in the performance of intermediaries will contribute to the development of trade worldwide (Ellis, 2003; Fung, Chen & Yip, 2007). On the other hand, there are disadvantages of engaging intermediaries, such as lower profits, loss over foreign sales if applicable, less direct communication between the manufacturer and consumer, and permanent goals for chosen export programs could rapidly change (Ahn et al., 2011; Delaney, n.d.).

2.3 SMALL AND MEDIUM-SIZED ENTERPRISES

Present-day, SMEs are economically important to and play an essential role in almost all national economies of countries around the world (Alikhan & Mashelkar, 2009; Eunni, Brush & Kasuganti, 2007). SMEs provide opportunities for employment and are often times a source of modernization, innovation and entrepreneurialism within an economy (Hillary, 2000). SMEs are non-subsidiary organizations with a limited number of employees typically consisting of 250 employees or less (Loecher, 2000; OECD, 2006; European Commission, n.d.). These types of companies have a turnover of up to €50 million, or a balance sheet total of maximum €43 million (European Commission, n.d.). Additionally, SMEs are confronted with market imperfections in which they encounter difficulties starting up and restricted resources that minimize their access to new technologies and innovations (European Commission, n.d.). Therefore, SMEs are faced with challenges and opportunities to find a way to bridge the gap between the benefits and drawbacks that internalization and globalization cause. Here, the importance of intermediaries becomes apparent as they are extremely market-oriented and enable SMEs to add value to their business process and thus improve their competitiveness in the market (Alikhan & Mashelkar, 2009). That is, intermediaries can be seen as an extension of the company’s network and upscale the capabilities of SMEs by providing access to technologies, offering services and advice, and consequently facilitating a ‘better access to financing, information and services that facilitate the innovation process’ (Alikhan & Mashelkar, 2009, p. 116).

2.4 B2B RELATIONSHIP SELECTION PROCESS

Due to today's global economy in which companies become increasingly interdependent with the business world having a strong focus on just-in-time manufacturing and value creation, the selection and engagement of the right business relationships becomes a critical function in a company’s success or failure (Bhutta & Huq, 2002). Trends, such as a shorter Product Life Cycle (PLC), a swift technological progress, outsourcing, and a change in customer behavior, which requires the offering of diverse and tailored products to satisfy customer needs instantly, call for
an improvement of communication and collaboration between customers and suppliers (Bhutta & Huq, 2002; Chan, 2003; Chen, 2011).

Since business relationships define largely on a company's strategy and development (Ford et al., 2011), it enables a company to improve quality, service, corporate competitiveness, and reduce costs and lead time simultaneously, which means the B2B relationship selection process contributes to a company's overall performance (Ha-Brookshire & Dyer, 2009; Weijum & Zhiming, 2007). According to Chan (2003), this selection process encompasses the evaluation of quantitative, qualitative as well as tangible and intangible aspects in order to select the best suited supplier. The selection among available suppliers is hampered by the many criteria that companies must take into consideration during the decision making process. Moreover, it is ‘further complicated by the fact that individual suppliers may have different performance characteristics for different criteria’ in terms of lower price per unit to the detriment of quality or service performance compared to competitors (Weijum & Zhiming, 2007, p. 494-495). Hence, the B2B relationship selection process is an absolute multi-objective decision that endeavors to ‘minimize cost, maximize quality and service performance’ (Weijum & Zhiming, 2007, p. 495).

Many studies have shown that there are several aspects that customers perceive as important factors in the development of a business relationship. Research conducted with export and import intermediaries have shown that their customers expect cost, product and service advantages from these intermediaries so that a superior performance can be achieved (Ha-Brooker & Dyer, 2009). Here, advantages in terms of cost are most important for intermediaries and include monetary production costs, marketing and the delivery of a company's value offerings that influence price and perceived value. Product competitive advantage consists of product quality, design and other product features that help to differentiate a company's offering from the competition. Lastly, related to service advantages that must be noted are lead time, reliability and extensive service management (Ha-Brooker & Dyer, 2009).

Many other studies in B2B relationship selection processes have been conducted and revealed numerous factors that play a role in the supplier selection and decision-making process. Table 2.1 gives an overview of criteria that are perceived as important by Dickson (1966), Weber (1991), Weber and Current (1993), and Weber and Desai (1996). Here, it becomes apparent that quality, on time delivery, historical performance, capability, price, and legal or financial warranties are considered to be key factors in B2B relationships. In addition, Ganesan (1994) states that factors such as mutual dependence and the level of trust, which are relative to environmental uncertainty, transaction specific investments, reputation, and satisfaction in the business relationship, are important attributes in the development of business relationships.

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<td>Quality</td>
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<td>Delivery on time</td>
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<td>Historical Performance</td>
<td>3</td>
<td>Very important</td>
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<td>Guarantee and compensation</td>
<td>4</td>
<td>Very important</td>
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<td>Equipment and capability</td>
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<td>Very important</td>
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<tr>
<td>Price</td>
<td>6</td>
<td>Very important</td>
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Furthermore, Chen (2011) confirms Dickson (1966), Weber (1991), Weber and Current (1993), and Weber and Desai's (1996) assertion that there are several key success factors that influence the competitive position of companies and therefore uses it as a supplier selection criteria. However, according to Chen (2011), there are two main categories: competition factors and organization factors. In regards to the convenience and an operable evaluation of the theory, these criteria are in turn divided into several sub-criteria and indicators. In Figure 2.2, the first four sub-criteria form together competition factors followed by three sub-criteria that form organization factors.

1) **Quality**
According to Feigenbaum (1991), former president of the American Society for Quality Control, quality can be defined as the total tangible and intangible organization of product and service features that come along with marketing, engineering, manufacture and maintenance allowing the product and service to meet the expectations of the customer. Indicators for supplier performance contain the return rate or discount rate; here a smaller rate implies the sales of better quality (Chen, 2011). Since the perceived quality adds value to the product or service and thus profitability in business, quality is a criterion for the supplier selection process (Chen, 2011).

2) **Cost**
Cost can be defined as an expense or a decrease in the value of an asset, directly related to the services provided or goods supplied (Tiffin, 2007). In addition, costs comprise *material, labor and overhead* that is required to produce a good or service (Bing, 2008, p. 163). According to Chen (2011), indicators for supplier performance encompasses the gross profit rate and the quantity discount; larger gross profit rate and quantity discount means stronger costs control (Chen, 2011). Due to the fact that cost influence and determine mainly business' profits, this is a criteria for supplier selection (Chen, 2011).

3) **Delivery Time**
Delivery time can be defined as *the length of time needed to deliver a product from ordering to acceptance by the customer* (Brueckner, Di Marzo Serugendo, Karageorgos & Nagpal, 2005, p. 217). This can be measured by the lead-time and on-time delivery rate, and delivery flexibility.
(Chen, 2011), which is ‘from the customer’s point of view, the average time interval from the date the order is placed to the date the customer receives the shipment’ (Stadtler & Kilger, 2005, p. 54) and the degree in which the supplier is able to implement changes in delivery time (Chen, 2011). Particularly, companies that depend strongly on quick market responses highly value delivery time in the supplier selection process (Chen, 2011).

4) Service
According to Kotler and Armstrong (1997), service can be defined as ‘an activity or advantage offered by a party to another that is essentially intangible and does not result in the ownership of anything’ (p. 265). Indicators that measure supplier performance on the service level are service standard, responsiveness and improvement capability (Chen, 2011). This criterion enables the supplier to distinguish itself from its competition.

5) Technical & Production Capability
Ulrich and Lake (1990) explain organizational capability as a company’s ability to establish and coordinate business’ processes in order to create unique and company-specific competences and consequently enable a company to fit in altering customer and strategic requirements. Part of
the organizational capability of a company is the technical and production capability, which refers to the extent to which a supplier is able to develop, introduce or produce (innovative) products to the market (Chen, 2011; Ulrich & Lake, 1990). Here, indicators for supplier performance include Research and Development (R&D) rate and process capability, whereby higher rates mean a stronger and higher ability. Companies that strongly depend on innovation and R&D attach importance to this criterion (Chen, 2011).

6) Relation Combination
Relation combination refers to the cooperation between companies. According to Prahalad (1993), ‘the creative bundling of multiple technologies and customer knowledge and intuition, and managing them as a harmonious whole’ (p. 45) is key for companies to develop new products, technologies, services and facilities. According to Chen (2011), supplier performance indicators related to these criteria are technique cooperation, market cooperation and cooperative time.

7) Organizational Management
According to Aryasri (2008), organizational management comprises of ‘activity ratios [that] express how active the firm is in terms of selling its stocks, collecting its receivables and paying its creditors’ (p. 147). In other words, it can indicate the financial situation of a company. Chen (2011) mentions the inventory turnover ratio and the operating expense ratio as indicators for supplier performance. Hereby, a large inventory turnover ratio implies stronger production or marketing control ability, and a small operating expense ratio means a higher operating management efficiency (Chen, 2011).

Generally, the supplier who enables a company to create and benefit from a competitive advantage (Ha-Brookshire & Dyer, 2009), or the supplier who creates the most overall value in terms of pricing structure, delivery, product quality or service (Bhutta & Huq, 2002) will most likely be selected as a business partner. Here, trade-offs are oftentimes required (Bhutta & Huq, 2002; Weijum & Zhiming, 2007). However, it should be noted that ‘the importance of each criterion varies from one purchase to the next, and is complicated further by the fact that some criteria are quantitative (price, quality, etc.) while others are qualitative (service, flexibility, etc.)’ (Bhutta & Huq, 2002, p. 127).

Although there is a strong support for the supplier selection process, which is of vital importance for a company, it mainly influences organizational or competitive performance through price/cost, quality and delivery time (Chen, 2011; Dickson, 1966; Weber, 1991; Weber & Current, 1993; Weber & Desai, 1996). Some argue that this criteria are too limited (Ngai, Cheng & Ho, 2004) or overly focused on productive-logistical factors while leaving out other aspects, such as evaluation and quality of the selection process (Dulmin & Mininno, 2003). Nonetheless, considering the practicability and limited time and scope of this research the factors presented by Chen (2011) are applicable for this research study.

2.5 CUSTOMER RELATIONSHIP MANAGEMENT

Customer Relationship Management (CRM) is a method used to decrease costs and increase profitability by strengthening customer satisfaction, loyalty and support (Roberts-Phelps, 2001). It is used to aid businesses in the understanding of the needs, behaviors and values of their
customers in order to develop stronger relationships (Roberts-Phelps, 2001). CRM is the outcome of the continuing evolution and integration of marketing ideas and newly available data, technologies, and organizational approaches (Boulding, Staelin, Ehret & Johnston, 2005).

Therefore, as a result of the different forms of competition and structural modifications of exchange processes, the creation of long-term relationships among customers and suppliers has been developed through a relationship paradigm (Osarenkhoe & Bennani, 2007). This relationship paradigm constitutes the activities entailed in establishing, developing and maintaining successful relational exchanges (Osarenkhoe & Bennani, 2007). Moreover, it is evident for service providers and suppliers in a B2B environment to have an understanding of the nature and circumstances of their customers resulting in the customization of services, products and price (Rauyren & Miller, 2007).

Additionally, to obtain a high level of profitability, suppliers or service providers need to develop individual relationships with business customers in order to secure a loyal customer base (Rauyren & Miller, 2007). Thus, CRM proposes ways to effectively and efficiently increase the acquisition and retention of profitable customers through three key elements consisting of initiating, building and maintaining appropriate relationships (Payne & Frow, 2006). For the purpose of this study, the theory on CRM is confined to these three elements, due to the fact that these elements are most relevant and cover the main aspects for SMEs when it comes to the planning of expanding customer relationships.

2.5.1 INITIATING RELATIONSHIPS

To fully initiate relationships with customers, the company needs to develop an understanding of the customer's wider network position in regards to its relationship connections and its positions within those connections (Ford et al., 2011). Thus, the company ought to learn where their offerings fit with those of its customer (Ford et al., 2011). The implementation of customer relationship management encompasses market intelligence relevant to current and future customer needs, distribution of intelligence across departments, and openness to the market (Kohli & Jaworski, 1990). Additionally, this process requires 'close inter-firm relationships to gather information from outside the firm' (Fung et al., 2007, p. 166). This enables companies to oversee their customers' current and future needs in addition to guaranteeing that customers receive what they want from the company (Fung et al., 2007). Min and Mentzer (2000) also state that relationships with suppliers and other participants that are relatively close, allow the company to identify their authority over customers' needs and preferences.

2.5.2 BUILDING RELATIONSHIPS

The distinctive quality of a relationship is connected to the level of commitment demonstrated by both companies involved, which in turn is affected by previous experiences and expectations of both companies (Andersson et al., 2002; Ford et al., 2011; Holmlund & Törnroos, 1997). Therefore, distance, interdependence and conflict are vital factors of whether a supplier will be able to adapt to a relationship in order to avoid problems (Ford et al., 2011). Trust is widely correlated to successful relationship development (Naudé & Buttle, 2000). Morgan and Hunt (1994) explain that trust is a vital element of relationship commitment and without it,
commitments struggle. Through the customer relationship management process, customer relationships are viewed as a method to learn about customers’ needs and the best solution to create, satisfy and maintain customers (Normann & Ramirez, 1994).

This process also includes the development of products with customers, providing status updates of orders, monitoring production and guiding the delivery schedule (Fung et al., 2007). As follows, intermediaries carry out value-added activities in order for its customers to concentrate on the core business of marketing their products, which in turn aids in decreasing the customers’ total costs of doing business in addition to increasing their supplier dependence (Fung et al., 2007). Therefore, these relationship dependencies from one party are conditionally based on the activities of the other, which are typically built on trust (Holm, Eriksson & Johanson, 1999). Hence, trust is based on the strength of the relationship and the mutual benefits for both parties (Berry, 1995).

2.5.3 MAINTAINING RELATIONSHIPS

Maintaining customer relationships is quite significant and often related to customer satisfaction (Raab, Ajami, Gargeya & Goddard, 2008). Though customers have the opportunity to turn to other suppliers or service providers, those presenting a voluntary commitment to stay with one particular supplier prove to be loyal and satisfied with the offerings provided (Raab et al., 2008). As such, it is evident that customer retention results from the dependence of customers to the provider (Plinke & Söllner, 2000).

Hermann, Huber and Braunstein (2000) explain that several factors play a crucial role in maintaining relationships within customer relationship management. Firstly, independence from the type of commitment and mutual tolerance increases as the duration of the business relationship grows. This is typically seen in relationships with regular customers that typically do not grow in similar ways when they have unpaid payments, however ‘customers will continue to trust their regular supplier if that supplier on occasion displays unsatisfactory service’, which greatly depends on the large number of interactions that long-term relationships between B2B relationships involve (Hermann et al., 2000, p. 51). Additionally, the reduction of assorted risks strengthens the security of the relationship and the customer’s satisfaction, which is the result of the company knowing its customers wants and needs well (Hermann et al., 2000). As such, when firm customer relationships are involved, increased advantages in expenditures occur, which can result in savings for various reasons such as the decrease of customer processing costs, efficient ordering procedures and minimal price elasticity (Diller, 1996; Hermann et al., 2000). In addition, the opportunity for referrals and recommendations of the company becomes available through increased customer trust and Word of Mouth (WOM) advertising based on the customers experience and not the influence of the company (Hermann et al., 2000). Thus, a satisfied customer improves a company’s reputation and can create more customers, whilst an unsatisfied customer can affect a decrease in potential customers. In turn, these factors that play a crucial role in maintaining positive relationships within customer relationship management exist due to customer retention and the trading success of the company (Hermann et al., 2000).

Though these factors are important, maintaining customer relationships can be achieved in a multitude of additional ways. More practically, Raab et al. (2008) state that the maintenance of customer relationships can be expressed in the product, price and communication aspects.
Firstly, the quality of the *product* in itself can develop customer commitment through the product development process shared by both parties (Raab et al., 2008). This achieves a level of customer satisfaction via the customer’s expectations of the jointly developed product. Thus, allowing integration between the company and the customer through the product development process resulting in a more personal bond and emotional connection for the customer. According to Raab et al. (2008), another way of expressing the maintenance of customer relationships is *price*. That is, persuading customers to continually purchase or utilize the services the supplier or service provider offers can be implemented through offering effective pricing and discounts, which results in customer loyalty. Lastly, Raab et al. (2008) perceive *communication* as an important instrument to maintain customer relationships. That is, continually communicating with customers increases the customer’s loyalty to the company as interaction enables both counterparts to learn from each other, exchange experiences and consequently create a mutual understanding of each other’s needs, behaviors and values.

Furthermore, it must be noted that in order to successfully implement the above mentioned qualities in business-to-business relationships, goal compatibility, trust, satisfaction, and investments are critical (Wilson & Jantrania, 1996). When goal compatibility is maintained, companies will view the joint process as mutually beneficial (Naudé & Buttle, 2000). In addition, Carruthers (1996) explains that effective relationships are established by implementing cooperative efforts within a relationship, which require a high level of agreement of goals from both parties involved. Overall, maintaining relationships involves a great deal of interaction and commitment, which in the end results in positive relationships between customer retention and the success of a company (Raab et al, 2008). Hence, ‘customer satisfaction first pays off when it leads to the next step, the loyalty of the customer’ (Raab et al., 2008, p. 83).

Though there are critiques against CRM theories, in terms of limiting opportunities for intimacy and interpersonal customer interaction neglects the human aspects of customers and consequently can create a distance between a company and its customers (Mitussis, O’Malley & Patterson, 2006). The basic idea of CRM is to create an understanding of customers’ needs, behavior and values continuously (Normann & Ramirez, 1994; Robert-Phelps, 2001), which is useful. Therefore, the theory on CRM is still applicable for this research study.

### 2.6 CONCEPTUAL FRAMEWORK

According to the literature that has been discussed extensively in Chapters 2.1 through 2.5, there are several factors that influence B2B relationships between counterparts. This section will contain the broader perspective in this study and will make the connection between the different elements. Hence, it will contain the conceptual framework that will be used to examine what factors improve B2B relationships between Swedish SMEs and Swedish ITI from a customer perspective. The framework is shown in Figure 2.3. Even though the study of business relationships is a complex and a non-linear process, due to the readability of the figure this process is shown linearly.

The conceptual framework for this study visualizes three phases in business relationships for an ITI on the customers section while leaving out the supplier section. These three phases are: first, the formation phase; second, the management phases and third, the outcome phase. In the
formation phase, Figure 2.3 shows current customers and potential customers of the ITI. The existing relationship and mutual dependence between the ITI and its current customers is visualized by the mutual arrows between both counterparts. The undeveloped business relationships are shown as a dashed line between the ITI and potential customers. For both, each business relationship has its own unique character in regards to distance and embeddedness from the ITI (Andersson et al., 2002; Ford et al., 2011; Uzzi, 1997). In addition, each party has their own motives such as enhancement of information, activity, material or resource flows (Fung et al., 2007), and thus idiosyncratic B2B relationship selection criteria for this business relationship, such as quality, cost, delivery time, technical and production capability and so forth (Chen, 2011; Dickson, 1966; Ha-Brookshire & Dyer, 2009; Weber, 1991; Weber & Current, 1993; Weber & Desai, 1996). In comparison to potential customers, Figure 2.3 depicts that current customers can have more selection criteria due to previous experiences with and historical performance of this ITI.

The second phase of the conceptual framework visualizes the management of the business relationships of current and potential customers. For the purpose of this study, the motives and B2B relationship selection criteria that current and potential customers of Kubalski Trading AB use to select an ITI will be identified and analyzed. This will provide a basis for the CRM of the ITI and consequently create a deeper understanding of the (potential) customers’ needs, behaviors and values. In turn, this understanding enables the company to improve the ongoing CRM processes of initiating, building and maintaining business relationships with current and potential customers (Normann & Ramirez, 1994; Robert-Phelps, 2001).
The third and final phase of the conceptual framework is the outcome phase and shows the results of the formation and proper management of business relationships. These elements are based on the customer's satisfaction (Robert-Phelps, 2001), trust and loyalty (Berry, 1995; Ganesan, 1994; Naudé & Buttle, 2000), long-term relationship and increase of sales (Bhutta & Huq, 2002; Ganesan, 1994; Osarenkhoe & Bennani, 2007; Raab et al., 2008). Although the first two elements are related to the ITI, Figure 2.3 visualizes these elements outside the ITI as these results are experienced by the customers of the ITI. The increase in sales depicted in the figure is part of the ITI, however, due to the readability of the figure and clarity of the process, this element of the ITI is shown separately in the outcome phase of the figure. From the customers' perspective, positive customer satisfaction can result in the development of trust and loyalty which consequently provides a basis for a long-term relationship (Ganesan, 1994; Osarenkhoe & Bennani, 2007). In turn, trust, loyalty and long-term business relationships can lead to an increase in sales (Berry, 1995; Bhutta & Huq, 2002; Ganesan, 1994; Holm, Eriksson & Johanson, 1999; Naudé & Buttle, 2000; Osarenkhoe & Bennani, 2007; Raab et al., 2008). In addition, customer satisfaction can lead to an increase in sales in the short-term (Robert-Phelps, 2001; Raab et al., 2008), which is shown in the figure by the direct arrow. Furthermore, loyalty, trust and long-term relationships can result in the return of customers (Raab et al., 2008) that choose to work with an ITI again, which is shown in Figure 2.3 with a dashed line from the outcome phase back to the formation process.

In turn, this process can result in business relationship improvement in regards to depth and/or distance and thus the formation of existing relationships (Andersson et al., 2002; Ford et al., 2011; Holmlund & Törnroos, 1997; Raab et al., 2008). Since each business relationship is formed based on a certain degree of trust (Morgan & Hunt, 1994; Naudé & Buttle, 2000), this can lead to potential customers for the ITI. That is, trust and positive market reputation (Dickson, 1966; Ganesan, 1994; Weber, 1991; Weber & Current, 1993; Weber & Desai, 1996) can be a result of customer satisfaction and communicated via WOM (Herrmann et al., 2000) by current customers. As such, referrals and recommendations are visualized with a dashed line from trust and WOM to potential customers in the formation phase. This way of CRM enables potential customers to become current customers in the formation phase, which in Figure 2.3 is shown as an dashed line from potential customers to current customers Compared to the dashed line between trust and potential customers that is shown in the formation phase, the dashed line between trust, long-term relationship and current customers is thinner as the level of trust in the former is likely to be lower, however this can be increased through activities, such as personal meetings and information exchange.
3 METHODOLOGY

Chapter 3 describes the methodology background of this study in which an explanation of the overall methods used to compile the required data will be presented. Therefore, the selection of this topic will be explained, followed by an elucidation of the research approach. In addition, an explanation of how the data was collected and analyzed will be provided. The validity and reliability of data that was used during the conduction of this research study will also be presented followed by the limitations encountered within this study and the ethical considerations.

3.1 CHOICE OF TOPIC

According to Fisher (2007), there are several criteria that need to be taken into consideration when selecting a topic to conduct a research study. These selection criteria are interest and relevance, durability, breadth of research questions, topic adequacy, access, micro-politics, risk and security, and resources. As such, some of these criteria will be discussed and explained in regards to this study as they prove to be more useful than others.

The main reason for selecting this research topic was the shared consensus from both authors that the subjects of business relationships and business networks would benefit this research. Moreover, due to globalization and outsourcing the authors realized that business networks and business relationships with international trade intermediaries has become increasingly important. As such, the topics presented were chosen based on the relevance to the subject area, the durability of the study and the requests expressed by Kubalski Trading AB. Furthermore, the breadth of this study and topic appeared to be adequate in regards to time, resource constraints and the availability of academic literature.

In regards to Fisher’s (2007) access criteria, the availability of a list of current and potential customers of the company was used for the purpose of this research study. However, the researchers put much awareness of the fact that some companies initially would not be interested or willing to get involved in this research. Therefore, after carefully explaining the benefits of this research in their business relationship with Kubalski Trading AB, their final decisions were made and therefore respected. Despite the shared choice of topic, both authors expressed a strong preference in writing their thesis in cooperation with a relatively small company in order to work on an academic level, gain some practical experience and deliver a meaningful service simultaneously. Kubalski Trading AB expressed their interest in our service, while enabling the researchers to get a better and deeper understanding of ITIs.

3.2 RESEARCH APPROACH

Epistemology is a theory of knowledge and refers to ‘a stance on what should pass as acceptable knowledge’ (Bryman & Bell, 2007, p. 714). According to Fisher (2007), there are several ways to understand and interpret the world such as interpretivism and positivism. Interpretivism assumes that objective reality exists, however is formed and affected by a combination of people’s personal interpretations and aims to gain a better understanding of their view of the world (Fisher, 2007). Positivism solely relies on rational and tangible knowledge and aims to
formulate laws that predict behavior and comprehends and manipulates the world, which therefore construes that realistic researchers examine both qualitative and quantitative aspects of complex social phenomena as their research object. That is, they intend to obtain a deeper understanding of it by simplifying the issue, and in turn attempt to offer alternatives for action (Fisher, 2007). In addition, Fisher (2007) explains a studies aim to examine a specific knowledge can be affected by subjectivity, which can be applied to this case study. Thus, this research study is based on a realistic standpoint approach.

According to Farrell (2011), the field of research distinguishes two types of methods to collect research data: quantitative and qualitative. Although the line between both approaches can be unclear, the quantitative research involves the analytical study of an issue via numbers and statistical data, whilst qualitative research involves an interpretative study. The qualitative analysis of the study focuses on the subjects in their natural context and analyzes the words in order to enable the researcher to interpret the feelings and meanings, as well as represent the perspectives of the participants (Creswell, 2003; Denzin & Lincoln, 1994; Farrell, 2011). In addition, this method is appropriate where little is known about the situation and when informal reality of the group or organization can only be seen from the inside (Gillham, 2010). This essentially is the case in this study where the feelings and meanings of relationships with Kubalski Trading AB and its current and potential customers were the subject of this research. In order to capture ‘complementary strengths and non-overlapping weaknesses’ (Johnson & Turner, 2003, p. 299) and thus benefit from the advantages that both methods entail (Creswell, 2003), this research study requires a combination of both a quantitative and qualitative data collection and analysis in a single study.

Furthermore, a single case study as a research form was chosen. Case studies essentially refer to the study of a specific social phenomenon conducted in a natural context that is within the borders of one or more social systems, such as people (individuals or groups), organizations, local or nation-wide communities, in which the phenomenon to be examined takes place (Swanborn, 2010). More specifically, the nature of this research study was categorized as an organizational single descriptive case study (Lee 1989; Yin, 2009) since the study aimed to identify and analyze the phenomenon of business relationships and the CRM of Kubalski Trading AB in particular.

In addition, the aim of this study was to identify and analyze the perspectives of different SMEs on B2B relationships and CRM when selecting and working with an international trade intermediary in general, and more specifically to Kubalski Trading AB. As previously mentioned, the social phenomenon of these business relationships and customer relationship management were identified and analyzed to gain a better perspective on the process chosen by different SMEs when deciding to collaborate with international trade intermediaries. Interviews and questionnaires were conducted to provide an in-depth understanding of the overall meaning of business-to-business relationships and customer relationship management. This method offered strength in highlighting issues and explanations from a current or potential customer’s perspective to develop a meaning of the research at hand (Gillham, 2010). Though focus groups could provide insight into the subject area in addition to allowing the researchers to visualize language expressions, facial expressions and body language (Mora, 2011), it was not
implemented for this research. This was due to the constraints in location of each company and the availability of time.

3.3 DATA COLLECTION

An important process in each research study is the data collection process as it provides a broader perspective in which the study can be placed and a useful framework in which it takes place. In addition, the data collection process provides the factual foundation for the results derived from the research (Fisher, 2007). In the field of conducting a research study, there are generally two ways of collecting evidence, which are primary data derived from primary sources and secondary data from secondary sources (Creswell, 2003). The data collection for this study involved both primary and secondary data. Both approaches were employed for this study, which will be explained in the following sub-chapters.

3.3.1 THEORY COLLECTION PROCESS

The theory collection process enabled the researchers to create a deeper understanding of the current research problem and to reveal academic gaps and weaknesses in existing material, which in turn underlined the necessity of gathering specific information about business relationships between an international trade intermediary and Swedish SMEs. Moreover, the gathered theories were employed as a guide to interpret and compare relating information. Therefore, this study contained an extensive literature review in which research results were compared with other sources, selected based upon date and initial research purpose. Altogether, the theory collection played an important role during this study.

For the purpose of this research, the theoretical concepts were mostly collected from databases such as ABI Inform, Emerald, ScienceDirect and Discovery (a database provided by the Mälardalen University library) and the internet via the Google Search Engine. In order to find academic articles, books and e-books in reference to the topic of this research study, the following search strings as well as synonyms and abbreviations for keywords were used comprehensively:

- Business-to-business
- Customer Relationship Management
- Relationships
- Business networks
- Small and Medium-sized Enterprises
- Selection criteria
- Selection process
- Supplier performance
- (Trade) Intermediary
- Development

With the usage of these search strings a very large number of results were given. In order to gather information for this study, the most useful data, whilst eliminating irrelevant data, many different combinations of these search strings with Boolean operators (AND, OR, NOT, AND NOT) and the Truncation tool (*) were used. Consequently, new research strings were created, for example:

Development* AND Business relationships* AND (Trade) Intermediary*
Other important sources for the theory collection for this research were the references of related books and academic articles as well as academic books and other scientific material. This scientific material included methodology books in order to provide a tool to design and guide this research study process. These method books were used as a base during the research process in addition to a complementation with other method books and e-books.

3.3.2 SECONDARY DATA PROCESS

According to Creswell (2003), secondary data can be defined as data that is collected for another purpose and organized by researchers other than the ones carrying out the interest of the current research study. Besides the convenient aspects such as effort, cost and timesaving benefits that secondary data gives this study, it provides the collection of practical benefits. Notwithstanding of these benefits of secondary data, drawbacks such as incomplete, biased or outdated data need to be taken into consideration as well (McMullen-Light, 2011). Therefore, the information used to provide an overview about Kubalski Trading AB and general information on SMEs in Sweden was mainly obtained via the company’s own website, articles and statistics found via the Google Search Engine.

3.3.3 PRIMARY DATA PROCESS

Once the extensive theory collection and secondary data research was conducted, it became apparent that existing data did not provide sufficient information to answer the research question for this research study. Therefore, it was evident that primary data was needed to be collected. As such, primary data can be defined as first-hand data that comes into existence ‘directly from the people or the situation under the study’ (Creswell, 2003, p. 190). In addition, primary data was compiled from first-hand sources by a current research study and thus tailored to the specific requirements of the study at hand (Creswell, 2003). Generally, since the focus of an issue can be more precisely addressed; it is seen as a main benefit of primary data. Other benefits that can be marked are the gathering of original and unbiased data from the population, which the depth of research can be adjusted to specific preferences as well as the extent of control on the data collection (McMullen-Light, 2011; VanderMey, Meyer, Van Ruys & Sebranek, 2012). However, drawbacks of primary data imply that it is a time consuming method, requires professional skills and generally provide large volumes of data (Van der Mey et al., 2012).

For this research study, the primary data was collected from Kubalski Trading AB and its current and potential customers. For the purpose of this study, the latter are business entities that have purchasing power and are motivated to fill unsatisfied needs (Longenecker, Moore, Petty & Palich, 2006), which in this case are services offered by Kubalski Trading AB. Additionally, the methods that were applied to gather the primary data were questionnaires and interviews. That is, qualitative interviews were carried out with the company and its current customers and potential customers were approached by phone and asked to take part in a questionnaire.

Interviews with current customers enabled the researchers to ask for more details and examples about the current business relationship with Kubalski Trading AB and how this could be improved, while potential customers were asked to participate in a questionnaire as this
contained mainly general questions about business relationships, trade intermediaries and CRM. The interviews and communications carried out via e-mail, telephone and personal interviews with the current and potential customers as well as Kubalski Trading AB’s owner, Edward Kubalski and assistant, Karin Ryckertz were referenced as ‘personal communication’ and were therefore transcribed by the researchers. The following Chapters 3.3.4 and 3.3.5 focus on the conducted qualitative interviews with current customers and the questionnaire completed by potential customers in more detail. An overview of the primary data collection and processing of primary data for this research study is visualized in Figure 3.1.

**FIGURE 3.1 – ORGANIZATION OF DATA COLLECTION**

*SOURCE: AUTHORS’ OWN*

Figure 3.1 shows that the gathering and processing of primary data for this research consists of four phases: preparation, conduction research, data analysis and writing process. During the preparation process the interview questions and questionnaires were drawn up, piloted on language, comprehensiveness, and consequently improved. In the conducting phase, the respondents were approached, the interview questions and questionnaire were sent out and the progress was monitored. In the data analysis phase, the second to the last step, the collected data was firstly ordered systematically, then discussed, analyzed and interpreted. During the writing process, all the information was processed, written down, improved and edited in order to complete the research study.

### 3.3.4 INTERVIEWS

The interviews conducted were semi-structured in order to receive relevant data for this case study through face-to-face, telephone or e-mail interviews. Fisher (2007) stated that semi-structured interviews are a mix of open and pre-coded interviews in which ‘the interviewer has a schedule to remind them of the main issues and topics that need to be covered by the respondent’ (p. 159) allowing the respondent freedom to answer the questions in a suitable manner. Additionally, semi-structured interviews provide valuable information from the respondents experience and allow the interviewee to speak in detail and depth (Fisher, 2007).
conducting the interviews, the interview questions were discussed and piloted with other students and the tutor in order to remove ambiguities. The preliminary semi-structured interview questions are provided in Appendix 1 for questions presented in English and Appendix 2 for questions presented in Swedish. In order to enable the interviewee to prepare motivated answers, the interview schedule was sent to the interviewee one or two days in advance.

**TABLE 3.1 – INTERVIEW QUESTION STRUCTURE**

<table>
<thead>
<tr>
<th>Questions</th>
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<tr>
<td>1 – 9</td>
<td>Business Network and B2B Relationship Selection Process</td>
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<tr>
<td>10</td>
<td>Ways of Communication with Kubalski Trading AB</td>
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<tr>
<td>11 – 17</td>
<td>Customer Relationship Management</td>
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<tr>
<td>18 – 19</td>
<td>General Questions and Suggestions</td>
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</table>

*SOURCE: AUTHORS’ OWN*

During the interviews, one member conducted the interview while the other member transcribed to avoid the risk of misinterpretation and avoid technical difficulties. In addition, with permission of the representatives, the interviews were recorded to enable the researchers the opportunity to review the conversation when processing the information. The interviewees who chose to conduct the interviews via e-mail were sent questions with explanations of the concepts used in the study and a specific time frame as to when the answers were to be returned. The guidelines and questions the researchers presented were the same with all the companies in order to effectively and efficiently analyze and conclude the overall study. The companies were chosen on the basis of the existing relationships with Kubalski Trading AB as well as the topic of this study. That is, some customers currently only purchase small details from them while Kubalski Trading AB sees opportunities to expand in doing business together. In addition, Kubalski Trading AB assumed that currently some customers are less satisfied with the company’s services and are willing to improve these business relationships (K. Ryckertz, personal communication, May 21, 2012). In regards to the interview with Edward Kubalski himself, slight alterations to questions were made, which are presented in Appendix 3. Table 3.1 presents the questionnaire structure presented to the respondents. The interview guide justification is presented in Appendix 5.

**TABLE 3.2 – INTERVIEW PROCESS SUMMARY**

<table>
<thead>
<tr>
<th>Company</th>
<th>Date &amp; Time</th>
<th>Respondents &amp; Function</th>
<th>Location &amp; Nature of Interview</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ektorp AB</td>
<td>May 2, 2012 11:00 a.m. 30 minutes</td>
<td>Emil Eriksson CEO/Owner</td>
<td>Ektorp AB premises Personal interview</td>
</tr>
<tr>
<td>Patrull AB</td>
<td>May 4, 2012</td>
<td>Ingrid Pettersson CEO</td>
<td>E-mail</td>
</tr>
<tr>
<td>Håvet AB</td>
<td>May 14, 2012</td>
<td>Magnus Hallberg</td>
<td>E-mail</td>
</tr>
<tr>
<td>Hagalund AB</td>
<td>May 16, 2012</td>
<td>Kalle Nilsson Business Leader</td>
<td>E-mail</td>
</tr>
<tr>
<td>Tajma</td>
<td>May 21, 2012</td>
<td>Nicklas Andersson</td>
<td>E-mail</td>
</tr>
</tbody>
</table>
The list of current customers provided by Kubalski Trading AB consisted of nineteen companies located in Sweden; however ten of them chose to collaborate in the interview process. The altered names of the interviewees and the companies including Kubalski Trading AB that were represented are shown in Table 3.2. Some interviews were conducted in person, while others were done via telephone or e-mail. By doing these interviews, it not only allowed room for personal interaction but also provided direct feedback from the respondents (Fisher, 2007). Despite the disadvantages of telephone and e-mail interviews, such as fewer social interaction and social cues (for example body language) that can influence the quality of the data collection (Opdenakker, 2006), the respondents chose this approach due to convenience, distance constraints and conflicting schedules. Furthermore, an opportunity for flexibility when answering questions was especially useful in both personal and e-mail interviews. Thus, a detailed insight into Kubalski Trading AB’s relationships was clearly developed through the interviews with the current customers who chose to collaborate in the study.

### 3.3.5 QUESTIONNAIRE

According to Fisher (2007), two types of questionnaires can be distinguished: pre-coded questionnaires where all possible answers are already given, and open questionnaires where the respondent is requested fill out answers in their own words. In this case study, the questionnaires were structured as pre-coded and open questionnaires, which allowed for respondents to fill in the tick boxes and provide written answers (Brace, 2008). Thus, the companies chosen by Kubalski Trading AB to accompany the area of the research and conduct these questionnaires were SMEs. These companies are seen as potential customers and selected based on the fact that Kubalski Trading AB knew in one way or another, for example via fairs, of their business activities in which textile, plastic, rubber, mechanical or metal items or products from China or India could be suitable, therefore the company considers that they can help them to fulfill their demand products. The questionnaires enabled an objective and standardized way in gathering responses and typically quick to collect information from (Fisher, 2007). The questionnaire method was used to allow the respondents to answer the questions at their convenience while giving them the opportunity to spend more time on the questions and...
provide more detailed responses (Brace, 2008). Similarly to the interviews, prior to sending out the questionnaires to the potential customers, the questions were discussed and piloted with other students and the tutor in order to remove misunderstandings, for example in language. The preliminary questionnaire can be found in Appendix 4. Table 3.3 presents the questionnaire structure presented to the respondents. The questionnaire justification is presented in Appendix 6.

**TABLE 3.3 - QUESTIONNAIRE STRUCTURE**

<table>
<thead>
<tr>
<th>Questions</th>
<th>Content</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 – 2</td>
<td>Business Network and Business Relationship Development</td>
</tr>
<tr>
<td>3 – 9</td>
<td>Trade Intermediaries in General</td>
</tr>
<tr>
<td>10 – 12</td>
<td>Kubalski Trading AB Company Information</td>
</tr>
<tr>
<td>13 – 16</td>
<td>Customer Relationship Management</td>
</tr>
<tr>
<td>17 – 19</td>
<td>General Questions and Suggestions</td>
</tr>
</tbody>
</table>

*SOURCE: AUTHORS’ OWN*

In order to increase the likelihood that respondents would cooperate, the respondents were firstly approached by telephone. After a short introduction, the reason for the research and the research process was explained whereupon the respondents were asked whether they wanted to cooperate. If the respondents agreed, the final questionnaire was sent out with an accompanying letter in which a confidential treatment of the answers was ensured. A message of appreciation for their cooperation was also sent (Appendix 4). Moreover, in order to earn trust, the questionnaires were sent from the authors’ university email address, including our full names, our telephone number and the name of the university. The list of potential customers provided by Kubalski Trading AB consisted of sixteen companies located in Sweden; however thirteen companies agreed to cooperate whilst only nine of them responded. The altered names of the interviewees and companies that were represented are shown in Table 3.4.

**TABLE 3.4 - QUESTIONNAIRE PROCESS SUMMARY**

<table>
<thead>
<tr>
<th>Company</th>
<th>Date Sent</th>
<th>Date Responded</th>
<th>Respondents Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aröd AB</td>
<td>May 3, 2012</td>
<td>May 21, 2012</td>
<td>Erik Magnusson</td>
</tr>
<tr>
<td>Gruvan AB</td>
<td>May 3, 2012</td>
<td>May 14, 2012</td>
<td>Markus Bergkvist</td>
</tr>
<tr>
<td>Rönås AB</td>
<td>May 3, 2012</td>
<td>May 3, 2012</td>
<td>Fredrik Karlsson</td>
</tr>
<tr>
<td>Dignitet</td>
<td>May 8, 2012</td>
<td>May 8, 2012</td>
<td>Tobias Lindberg</td>
</tr>
<tr>
<td>Kvartal AB</td>
<td>May 8, 2012</td>
<td>May 14, 2012</td>
<td>Oskar Näsström</td>
</tr>
<tr>
<td>Syrlig AB</td>
<td>May 8, 2012</td>
<td>May 8, 2012</td>
<td>Lennart Lindström</td>
</tr>
</tbody>
</table>
3.4 DATA ANALYSIS

‘Data analysis consists of examining, categorizing, tabulating, testing, or otherwise recombining evidence to draw empirically based conclusions’ (Yin, 2009, p. 126). In addition, Yin (2009) states that a case study should use a general analytical strategy, which enables what is being analyzed to be defined and why. Based on this information, this study has used the general analytical strategy in reference to previous theories and studies.

Moreover, when analyzing qualitative data, there are three concurrent flows of activity (Miles & Huberman, 1994). These three concurrent flows of activity were used in this study and are as follows:

- **Data reduction** which simplifies, transforms, and organizes data in order to verify and compile conclusions
- **Data display** where data is separated into categories, coded, and revised to organize data that will aid in drawing conclusions
- **Conclusion drawing and verification** where the interpretation of the data, description of the writing phase, and explanation of the study is provided.

Overall, the analysis developed throughout this case study was developed and conducted based on the theories introduced in the theoretical framework chapter, which were analyzed and discussed within the empirical data. The conceptual framework paves the way for the main importance to be researched and the related assumptions between them (Miles & Huberman, 1994). As such, the material presented within this study was used and compared with the empirical data obtained from interviews and questionnaires, which include data reduction, data display, and interpretation and conclusion development (Miles & Huberman, 1994). The researchers followed the data collection method as shown in Figure 3.1. That is, after the primary data collection process was completed, the authors processed the collected data systematically and orderly way.

These analytical approaches involve the researchers to listen to interviews, reading and re-reading field notes (Miles & Huberman, 1994). The qualitative data was ordered and structured according to the interview format and processed in Word, whilst the quantitative data was transformed into an Excel spreadsheet, then coded and revised according to the question. Since this research study was conducted on a small scale, this computer program was considered to be sufficient while other statistical programs, such as SPSS, were not needed. Consequently, the qualitative and quantitative data was examined for analysis. This was done by discussing the results within the research team, the supervisor and other students, whereupon the writing process continued and thus several proof versions were written.
3.5 VALIDITY & RELIABILITY

To fully judge the criteria and quality of the research design, Yin (2009) presents three tests that are typically used to determine the quality of the empirical data. These three tests presented by Yin (2009) were used in this case study and are as follows:

- **Construct validity**: Recognizing accurate functional measures for the concepts being studied. Additionally, to increase construct validity, using multiple sources of evidence, establishing a chain of evidence during data collection, and reviewing a draft of the case study report is encouraged.

- **Reliability**: Demonstrating that the operations of the study such as the data collection procedures can be repeated with the same results. These repetitive studies are meant to repeat the same study, however not replicating the results of one case study by doing another.

- **External validity**: Defining the scope where the study's findings can be concluded. In turn, the external validity provides relative truth of the conclusions.

As such, data collected during the interviews was conducted in the same manner with all the interviewees and reviewed to guarantee the collected data was accurate and appropriately understood. Overall, construct validity was done through the use of multiple sources of evidence gathered through primary and secondary data collected. That is, in this research study interviews with current customers were conducted while a questionnaire was provided to potential customers. Additionally, an interview with Edward Kubalski gave the researchers insight from a company perspective, which enabled the authors to compare the (potential) customers’ perspective with the company's perspective. Following, the external validity was done through the use of relevant theories complimentary of the subject area, the writing process of several proof versions, which were reviewed by students and the tutor.

The scope of this case study focused initially on identifying and analyzing the factors that SMEs consider in their business relationship with Kubalski Trading AB or a trade intermediary in general. Although some concepts in this study may be interesting and could be applicable for other trade intermediary practitioners, this was not an aim for this study. Reliability through multiple interviews and questionnaires allowed obtaining different perspectives and thus for more reliable and appropriate information. Furthermore, in order to increase reliability in this research study, an extensive description of the research operations allows for repetitive studies. It was noted that issues in validity and reliability could occur in both qualitative and quantitative methods and create weaknesses, which ‘threaten internal and external validity’ (Jha, 2008, p. 109). Such issues in quantitative research suggest that there is a lack of documented measurement validity, which limits the truth value, therefore creating the awareness that the internal validity is just a mere estimation and not an actual measure (Jha, 2008).

Jha (2008) also states that the external validity issues of quantitative research suggest concerns regarding generalizations, which create reactive effects of testing, threat to generalizability based on the reactive effects of the research situation, reduction of generalizability that can ultimately limit external validity. Additionally, the validity issues, such as credibility and consistency in qualitative research, do exist. In qualitative research, it is vital to have dependability and credibility as a focal point when obtaining results from data (Lincoln & Guba,
For the purpose of this research study, this entailed the research to be evaluated on the basis that other researchers agree on the purpose of the study, the method, the analysis and the information collected, which during this process was done regularly and extensively through seminars and student and tutor reviews, and ultimately led to consistency and dependability.

### 3.6 LIMITATIONS

Within this research, the aim was to identify and give an analysis of current factors that influence SMEs located in Sweden when deciding to work with a Swedish ITI, which consequently could help to continue or improve B2B relationships between Swedish SMEs and ITIs. Therefore, correlations were made within the gathered empirical data. Due to the research solely being based on Swedish businesses, the findings could provide limited use outside of Sweden. As a result, only the segment of Swedish SMEs, which Kubalski Trading AB perceived as (potential) customers were given the opportunity to participate in this research study. This excluded a large part of other SMEs in Sweden. However, due to the insufficient timeframe, this case study was limited to the data provided within this thesis. Additionally, some interviews were conducted via telephone or e-mail due to distance and time constraints while others were conducted in person. The interviews conducted in person were limited in length as participants could only provide us with a specific time frame. The possibility that current customers possibly hesitated in their responses and participation in this study due to concerns about altering their relationship with Kubalski Trading AB was apparent and respected. Furthermore, possible language barriers were taken into consideration in which participants who requested to answer the questions in Swedish were allowed to do so. In addition, Swedish versions of the questions were available as well. These limitations were not applicable in personal interviews.

### 3.7 ETHICAL CONSIDERATION

In line with validity and reliability of conducting a research study, the authors should take certain ethical aspects, such as plagiarism, openness and confidentiality into consideration while doing the research (Cottrell & McKenzie, 2011; Fisher, 2007). As such, the methods used in this thesis were presented providing openness to the research where a detailed description of the methods used was implemented within this study. The primary data, secondary data and theories were combined to further aid in the research and were referenced in accordance with the APA system. The primary and secondary data used was sourced to compliment the research. That is, all information provided by the respondents was documented in transcripts where references and direct quotations were clearly noted (Cottrell, & McKenzie, 2011) throughout the thesis. Moreover, the data collected was respected in the findings chapter in an ethical manner without views from the researchers as to how the findings should be presented. Therefore, before the interviews and questionnaires were conducted, the questions used were reviewed by the Kubalski Trading AB team in order avoid any potential misunderstandings from the company itself and the chosen companies, which solidified Fisher’s (2007) explanation that often times it is ‘necessary to agree terms of reference for the project’ when working with an organization (p. 63).

Fisher (2007) explains that confidentiality results in not revealing your sources, therefore, the confidentiality and the use of the responses were clearly addressed and noted that they would
be used only for academic purposes. This was particularly applicable to the current customer participants, as sharing information about their relationships to third parties may be seen as unethical. Additionally, in the case that customers expressed their hesitations on the intentions of this research study, they were asked to contact Kubalski Trading AB.

Other ethical considerations that the researchers took into account were the recording of the interviews, which provided a record of what was said and the tone and behavior in which responses were given (Fisher, 2007). During personal interviews, the interviewers sought out approval for their responses to be recorded. The personal information provided by the companies was kept confidential and anonymous, which meant altering names and locations of informants (Fisher, 2007). As such, the real names of the companies and respondents were not used and altered to maintain confidentiality. Lastly, Cottrell and McKenzie (2011) mark authorship of the report and the level of recognition as an ethical consideration. All in all, this research was conducted in a group manner where both researchers contributed equal amounts of work and effort. Information within was not presented unless discussed amongst each other and agreed upon. Therefore both authors take accountability for the content of this thesis.
4 EMPIRICAL DATA

In this chapter, the empirical data which was gathered during and through the research process will be presented. An overview of the company will be presented in addition to the empirical findings collected from the interviews and questionnaires conducted by the chosen companies.

4.1 COMPANY OVERVIEW

Kubalski Trading AB is a trading company located in Hälleforsnäs (Sweden) and offers its customers a unique network to their suppliers in China and India (Kubalski Trading AB, 2012). After thirty years of working within the Swedish engineering industry, Edward Kubalski established Kubalski Trading AB in the early 2000’s. Throughout his working career, Edward Kubalski formed relationships all over the world, specifically in China and India (Företags Respons, n.d.).

Present-day, Kubalski Trading AB has an office in Beijing with a staff of four whom are responsible for monitoring the market and maintaining high standards of service to their customers both small and large (Kubalski Trading AB, 2012). The company's mission as a whole is to provide its customers solutions for their concerns with high production costs when trading, by eliminating other intermediaries in their home country and overseas by directly going to the supplier (Företags Respons, n.d.). The requirement of Kubalski Trading AB customers is to provide a prototype of the desired product. After the development of the product, it is then sent to the customer for approval (E. Kubalski, personal communication, March 20, 2012). Overall, Kubalski Trading AB functions as an agent for Swedish companies through the development, implementation and import of products from China and India (E. Kubalski, personal communication, March 20, 2012). In addition, should a problem arise, Kubalski Trading AB is responsible without the requirement of involving the customer (E. Kubalski, personal communication, March 20, 2012).

Currently, the company mainly has relationships with other SMEs located in Sweden, including roughly twenty returning customers and multiple one-time customers (E. Kubalski, personal communication, March 20, 2012). With the large variety of production assistance, Kubalski Trading AB thrives on giving its customers the advantage of receiving quality products at affordable prices. Companies involved with Kubalski Trading AB have the opportunity to access a broad network of qualified suppliers, manufacturers and decision makers in China and India (E. Kubalski Trading AB, 2012). The plethora of products Kubalski Trading AB has assisted in creating, have ranged from tools for die casting to design molds for rubbers and plastics to safety deposit boxes and more (E. Kubalski, personal communication, March 20, 2012).

Unfortunately, detailed industry information or statistics on Swedish ITIs such as the total amount of (small-sized) trade intermediaries, the percentage of Swedish trade involvement and so forth was unobtainable for this research study.
4.2 EMPIRICAL FINDINGS

The data collected has been divided into three sections based on the chosen concepts presented in Chapter 2 and will be separated between the current customers (10 respondents) and potential customers (9 respondents) responses based on the questions presented. These sections will consist of business networks, B2B relationship selection process, and customer relationship management.

4.2.1 BUSINESS NETWORKS

CURRENT CUSTOMER RESPONSES

The current customers who provided responses have had relationships with Kubalski Trading AB ranging from one to fifteen years. Some respondents began their relationship with Kubalski Trading AB through contact initiated by the Kubalski Trading AB team. Other respondents started their business relationship via a contact agent or in response to Kubalski Trading’s advertisement activities. Their initial reasons for working with Kubalski Trading AB entailed reasons such as cost, service, quality and competence. Håvet AB initially began working with Kubalski Trading AB due to ‘price and quality’ of their offerings (M. Hallberg, personal communication, May 14, 2012) while Faktum explained that his reasons for working with Kubalski Trading AB were ‘that they could be a good company for transferring and what could be produced in China’ (S. Sigurdsson, personal communication, May 21, 2012). In addition, other customers initially chose to work with Kubalski Trading AB due to the trust that they had in the Kubalski team, their long experience with trade in China and the overall connection they made in their uncomplicated approach and the offers presented that seemed suitable for their business. Furthermore, Emil Eriksson (personal communication, May 2, 2012) stated that although the price and cost aspect is an obvious and essential element behind the collaboration with Kubalski Trading AB, a good balance between quality and price, the intermediary’s capabilities and the aspect of understanding needs should not be neglected. Although some of the companies do not have constant contact or have a relatively new relationship with Kubalski Trading AB, they generally keep in contact from time to time and feel that their relationship with the company is good, trusting, and flexible where Kubalski Trading AB provides straightforward communication at all times. Only a few respondents indicated their business relationship was latent and dormant.

When current customers were asked what they thought were effective methods when developing a successful business network with suppliers, a majority stated that understanding the other parties needs and wants, attending fairs and networking, partaking in personal visits, as well as showing their abilities, endurance and persistence in their work were effective in developing networks. In particular, one respondent stated that providing a ‘win-win’ situation is a successful approach in developing a business relationship (S. Nystedt, personal communication, May 22, 2012). Rasmus Thelberg (personal communication, May 22, 2012) explained that having the ‘right price, right quality and short delivery times’ creates a successful business network with suppliers. A majority of the respondents mentioned good communication (via telephone) and asking questions as essential ways of developing a successful business network. That is, according to Eriksson (personal communication, May 2, 2012), obtaining knowledge on the SMEs’ strengths and meeting SMEs’ needs through meetings is essential.
Another respondent explained a combination of many important factors such as trust, competitive pricing and delivery time as effective methods when developing successful relationships. Edward Kubalski (personal communication, May 7, 2012) stated that attending meetings and fairs, enables him to acquire knowledge on the customers' needs and establish knowledge on how the products are used for the end-users, which leads to the development of trust, a 'good fitting' with its customers and in turn results in the development of a personal relationship. The majority of respondents also stated that when networking for intermediaries, they generally look for added values where they can receive something extra from the intermediary, whether it is a good price, help with other features such as shipment and insurance or reducing risks when the product appears to malfunction. In addition, 'reliable actors who have expertise in areas where we lack' (I. Pettersson, personal communication, May 4, 2012) was looked for, while some 'prefer more direct contact' when networking for intermediaries as they 'can both increase costs and be an intermediate in the communication process, which could lead to misunderstandings' (R. Thelberg, personal communication, May 22, 2012).

Respondents such as Ektorp AB suggested that trading intermediaries such as Kubalski Trading AB should 'be in the market and be visible' when networking for customers (E. Eriksson, personal communication, May 2, 2012). Others responded stating that trade intermediaries should maintain good communication on a regular basis, and trade transparently with an open attitude while keeping both customers and suppliers in mind when networking. Additionally, respondents stated that receiving assurance or guarantee that the products ordered will work and taking responsibility in the services they provide are factors they look for when searching for intermediaries, however some stated that they try to avoid intermediaries if possible to have direct contact with manufacturers. In particular, Nicklas Andersson (personal communication, May 21, 2012) suggested that trade intermediaries 'should be more technical and use more direct communication in English'.

POTENTIAL CUSTOMER RESPONSES

When asking Edward Kubalski (personal communication, May 7, 2012) what he perceives as effective ways of developing as successful business network, he stated that trust and 'developing a personal relationship' is always important as well as understanding and listening to people's needs. The Kubalski team always looks for ways to create a win-win situation, which means that his potential customers may lack specific capabilities or resources to create the products they need, whilst his company is able to provide support in terms of capabilities and resources (E. Kubalski, personal communication, May 7, 2012).

According to Edward Kubalski (personal communication, May 7, 2012), it is important to create the right chemistry between people and 'if you feel you have a good fitting with the people involved, then you will have a good relationship'. This is underlined by one of potential customers response, Syrlig AB, who stated that 'both parts should be involved in the process of developing the most cost and quality efficient product' (L. Lindström, personal communication, May 8, 2012). However, a majority of respondents considered other aspects such as quality, compliance of promised delivery time or lead time and cost as most essential. According to Tobias Lindberg (personal communication, May 8, 2012), the latter two aspects are important 'due to our customers being very cost-oriented and as in most businesses they rely on their goods being
delivered on time’. Other important aspects that, according to the respondents, contribute to a successful business network are project work, flexibility, a proactive attitude ‘in terms of improving quality and performance of the products as well as finding ways to lower costs’ (T. Lindberg, personal communication, May 8, 2012) and offered services and special skills of the counterpart. One respondent highlighted that the overall picture is important and that all aspects need to be in place. Erik Magnusson (personal communication, May 21, 2012) from Aröd AB stated that following through on the promised ‘quality and delivery time’ gains trust followed by ‘cost’, which means not necessarily being ‘the cheapest’ but also not being ‘totally overpriced’. Subsequently, a strong ‘after market support that provides spares and help if products fail’ accelerates the development of trust. That is, the relation aspect, which can be seen as ‘the kit that holds the above factors together’ and ‘can block competitors for quite a long time’ (E. Magnusson, personal communication, May 21, 2012).

According to Kubalski (personal communication, May 7, 2012), the most important activity that is required to maintain business relationships consists of having several meetings with customers. These meetings enable him to keep up to date with the needs of his customers as well as gain more knowledge on the product usage by end-customers. Furthermore, Kubalski Trading AB (personal communication, May 7, 2012) considers keeping in touch with customers and ‘providing information of what is going to happen, for example in regards to the delivery of products’ continuously as an essential activity that helps create lasting business relationships. The majority of the potential customers responded underlining this by stating that communication through (personal) meetings and the presentation of solutions are beneficial aspects for both parties and are important. According to Magnusson (personal communication, May 21, 2012), frequent communication is crucial where personal interaction ‘needs to be done at least 2-3 times a year’. Besides a good communication, openness, trust, honesty, open-minded discussions and delivery of products with good quality are seen as leading factors for the maintenance of business relationships. Additionally, a shared goal, the willingness to cooperate and networking are seen as activities that build and maintain business relationships.

4.2.2 B2B RELATIONSHIP SELECTION PROCESS

CURRENT CUSTOMER RESPONSES

When respondents are in the process of selecting a trade intermediary, a majority take into account many factors such as quality, price, and delivery time and delivery security. Additionally, some of the current customers mentioned perceiving the financial situation of the trade intermediary, the intermediary’s location and the trade intermediary’s accessibility to foreign manufacturers within the value chain as important factors to take into consideration when deciding on a trade intermediary. In particular, Emil Eriksson (personal communication, May 2, 2012) stated that, due to previous experiences, ‘the financial situation is a prerequisite nowadays’ as ‘it wasn’t earlier because’ he ‘didn’t expect that to be a problem’ but now understands that he is paying his intermediary, he has ‘to make sure that they can pay me back’. Hemnes AB in particular looks at ‘quality, cost, delivery time and service’ when selecting trade intermediaries (L. Nordström, personal communication, May 21, 2012). Other respondents explained that in addition to quality, cost, and delivery time, they take into account service, relationship and cooperation, and competence.
Of these, the factors the majority of respondents thought were most important consisted of quality, price and delivery time. Samuel Sigurdsson (personal communication, May 21, 2012) explained that ‘quality, cost, and delivery’ were ‘very important’ and should generally be ‘on the right level’ meaning that what you pay for is what you should typically get in the end. In addition, he explained that relationship and cooperation were also vital factors as ‘it is easy to make business with people that are easy to speak with’ (S. Sigurdsson, personal communication, May 21, 2012). Mattias Södergren (personal communication, May 22, 2012) of Bäsns AB stated that ‘competence’ was of the utmost importance while Kalle Nilsson (personal communication, May 16, 2012) from Hagalund AB stated that ‘the fact that the other side wants to help’ is an important factor in itself. Additionally, Tajma stated several factors such as quality, cost, delivery time, service, relationship and cooperation are taken into account but that the total picture is decisive as ‘you cannot separate the factors as it would not make sense’ (N. Andersson, personal communication, May 21, 2012).

Furthermore, after selecting these trade intermediaries, the respondents stated that in order to maintain and create lasting relationships, the trade intermediaries should look to be open, honest and keep contact with their customers often in order to maintain a trusting relationship. In addition, providing quality work and ‘keeping an insight into what the customers need’ are ways to create a lasting relationship (K. Nilsson, personal communication, May 16, 2012). ‘Cooperation in the early stages’ was another factor that Rasmus Thelberg (personal communication, May 22, 2012) stated aids in the maintenance of a long relationship. Other factors that, according to the respondents, contribute to a lasting business relationship are creating a win-win situation, compliance with technology and accommodating the customers’ needs are important. As such, Samuel Sigurdsson (personal communication, May 21, 2012) stated that compliance by ‘doing what you say’ is vital in development of a lasting business relationship as well.

POTENTIAL CUSTOMER RESPONSES

The results of the questionnaire conducted between weeks 18 and 21 by the companies Kubalski Trading AB perceives as potential customers’ shows that seven out of nine companies, which is 78% of the respondents currently do business via a trade intermediary, whilst 22% do not as shown in Figure 4.1.

Does your company currently do business via a trade intermediary?

![Figure 4.1 - Business via Trade Intermediary](source: Authors' Own)
When asking the respondents what aspects they look for when considering a trade intermediary, as presented in Figure 4.2, they answered quality (18.4%); cost (13.2%) and reliability (15.8%); whereas 10.5% consider the services offered by the trade intermediary and capability (13.2%). Other aspects that potential customers take into account when considering a trade intermediary is relation cooperation (10.5%), organizational management (10.5%), and loyalty (2.6%) while two out of nine (5.3%) of respondents failed to respond.

**What does your company look for when considering trade intermediaries?**

(Multiple answers possible)

<table>
<thead>
<tr>
<th>Aspect</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service</td>
<td>10.5%</td>
</tr>
<tr>
<td>Cost</td>
<td>13.2%</td>
</tr>
<tr>
<td>Relation cooperation</td>
<td>10.5%</td>
</tr>
<tr>
<td>Capability (technical &amp; production)</td>
<td>13.2%</td>
</tr>
<tr>
<td>Organizational management</td>
<td>10.5%</td>
</tr>
<tr>
<td>Quality</td>
<td>18.4%</td>
</tr>
<tr>
<td>Reliability</td>
<td>15.8%</td>
</tr>
<tr>
<td>Other aspects, namely</td>
<td>2.6%</td>
</tr>
<tr>
<td>Non-response</td>
<td>5.3%</td>
</tr>
</tbody>
</table>

**FIGURE 4.2 – FACTORS WHEN CONSIDERING TRADE INTERMEDIARIES**

*SOURCE: AUTHORS’ OWN*

Figure 4.3 shows that six out of nine companies, which is the majority (67%) of the respondents generally has no specific preference in regards to the size of a trade intermediary, while 11% stated they prefer working with a large trade intermediary. None of the respondents indicated their aim to look for small-sized trade intermediaries while 22% of the respondents did not fill out the question, which can be seen as non-response.

**When looking for trade intermediaries, what size do you normally look for?**

**FIGURE 4.3 – SIZE OF TRADE INTERMEDIARY TYPICALLY CHOSEN**

*SOURCE: AUTHORS’ OWN*
Although, when asked if they would consider doing business with small trade intermediaries, 56% of the respondents answered stating they would. 25% of the respondents stated clearly to not consider small-sized trade intermediaries, whereas 22% would possibly consider this type of trade intermediaries (Figure 4.4).

**Would you consider small trade intermediaries?**

![Figure 4.4 - Consideration Working with Small Trade Intermediaries](source: Authors' Own)

From the seven of the nine respondents who answered 'Yes' or 'Maybe' in the previous question about considering small-sized trade intermediaries, were asked what factors stopped them from selecting small-sized trade intermediaries. As visualized in Figure 4.5, it became apparent that 25% of the respondents felt uncertain about the compliance of small trade intermediaries. Other factors that caused hesitation to work with small-sized trade intermediaries were the size of the company (16.7%), uncertainty in capabilities (16.7%), uncertainties in relationship with overseas suppliers (16.7%) while 16.7% of the respondents stated that other factors such as design capacity and a 'quality uncertainty, as the sub-supplier requires a minimum quality standard of ISO9000 and preferable ISO/IS' (S. Dahlin, personal communication, May 11, 2012).

**What factors stop you from selecting small trade intermediaries?**  
(Multiple answers possible)

<table>
<thead>
<tr>
<th>Factor</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Size of the company</td>
<td>16.7%</td>
</tr>
<tr>
<td>Uncertainty in capabilities</td>
<td>16.7%</td>
</tr>
<tr>
<td>Uncertainty in trade knowledge</td>
<td>8.3%</td>
</tr>
<tr>
<td>Uncertainty of relationship with overseas suppliers</td>
<td>16.7%</td>
</tr>
<tr>
<td>Uncertainty of compliance</td>
<td>25.0%</td>
</tr>
<tr>
<td>Other factors, namely</td>
<td>16.7%</td>
</tr>
</tbody>
</table>

**Figure 4.5 - Factors for Not Selecting Small Trade Intermediaries**  
*source: Authors' Own*
When asking the respondents what factors they took into account when considering and selecting a trade intermediary, all nine respondents complied to respond with this question. Nearly everyone (eight out of nine respondents, which is 12.7%) answered that quality of products and the delivery time (12.7%) are important following with price and costs (11.1%), technical and production capability (9.5%), historical performance, trust and reliability (9.5%) and organizational management, such as the financial situation of the supplier (9.5%), which can be seen in Figure 4.6. Furthermore, three out of nine respondents (4.8%) stated to take other factors, such as competence, transport and flexibility, accessibility, guarantees and financial stability into consideration. Only two out of nine respondents (3.2%) answered that procedure legality as a factor that is taken into consideration.

**What factors do you take into account when considering and selecting a trade intermediary? (Multiple answers possible)**

Of the factors that the potential customer respondents take into account when considering and selecting a trade intermediary, all of them indicated the ones that are most essential for their company. Nearly all respondents (eight out of nine) stated perceiving total cost and price (29.6%); quality (14.8%); and reliability, loyalty & commitment (14.8%) as important factors. Furthermore, three of the nine respondents stated that they looked at factors such as (technical or production) capability (11.1%) and competence (11.1%) when selecting a trade intermediary as shown in Figure 4.7. Two out of nine respondents mentioned entrepreneurial (7.4%), whereas organizational management (3.7%), industrial reputation (3.7%) and flexibility (3.7%) are up the rear as most important factors when considering and selecting a trade intermediary.

**FIGURE 4.6 – FACTORS WHEN CONSIDERING AND SELECTING TRADE INTERMEDIARIES
SOURCE: AUTHORS’ OWN**
Referring to the previous question, which three factors do you, as a company, consider as most important? (Multiple answers possible)

<table>
<thead>
<tr>
<th>Factor</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quality</td>
<td>14.8%</td>
</tr>
<tr>
<td>Price &amp; Cost</td>
<td>29.6%</td>
</tr>
<tr>
<td>Delivery Time</td>
<td>11.1%</td>
</tr>
<tr>
<td>Reliability, loyalty &amp; Commitment</td>
<td>14.8%</td>
</tr>
<tr>
<td>Capability &amp; Competence</td>
<td>11.1%</td>
</tr>
<tr>
<td>Organizational Management</td>
<td>3.7%</td>
</tr>
<tr>
<td>Industrial Reputation</td>
<td>3.7%</td>
</tr>
<tr>
<td>Entrepreneurial</td>
<td>7.4%</td>
</tr>
<tr>
<td>Flexibility</td>
<td>3.7%</td>
</tr>
</tbody>
</table>

FIGURE 4.7 – MOST IMPORTANT FACTORS TRADE INTERMEDIARY SELECTION
SOURCE: AUTHORS’ OWN

When looking at the market familiarity of the respondents with Kubalski Trading AB, Figure 4.8 shows that four out of nine respondents (44%) expressed to have never heard of this company, which meant that a small majority of 56% in some way or another have heard of Kubalski Trading AB.

Have you ever heard of Kubalski Trading AB?

56% No 44% Yes

FIGURE 4.8 – KNOWLEDGE OF KUBALSKI TRADING AB
SOURCE: AUTHORS’ OWN

Although a majority of the respondents have heard of the company, a majority, that is six out of nine respondents (67%), stated that they would not consider working with Kubalski Trading AB, whilst two respondents (22%) expressed that there is a possibility that the company would be considered and only one respondent (11%) stated to consider Kubalski Trading AB as a business partner. This is shown in Figure 4.9.
Would you consider working with Kubalski Trading AB?

The respondents who expressed ‘Maybe’ or ‘No’ when considering working with Kubalski Trading AB were asked to explain why they might not want to work with Kubalski Trading AB, a majority of the respondents expressed that Kubalski Trading AB’s services and products are (currently) not what their company is looking for, for example because they prefer or have the policy to use Swedish manufactured goods or parts. Other respondents stated that when looking for suppliers with a good market reputation, the price levels of the company was the reason to having a negative experience with work that had been done in the past.

4.2.3 CUSTOMER RELATIONSHIP MANAGEMENT

CURRENT CUSTOMER RESPONSES

When keeping in contact with customers, Kubalski Trading AB typically communicates through various methods. These methods include one or a combination of personal visits, telephone or e-mail. Based on the responses of the current customers, much of their communication is done via telephone and e-mail, which is valued when a trade intermediary such as Kubalski Trading AB is quick to respond to e-mails or phone calls. When customers were asked if and how their needs were met when working with Kubalski Trading AB, Patrull AB stated that Kubalski Trading AB is ‘always interested and puts effort into accomplishing what we ask for’ (I. Pettersson, personal communication, May 4, 2012).

One customer in particular stated that their needs were met and that they received what they ordered at the ‘agreed price and at the agreed delivery data’ (S. Nystedt, personal communication, May 22, 2012). Furthermore, when a trade intermediary responds effectively to the majority of customers’ needs, which Kubalski Trading AB generally complies with is greatly valued by its customers. Based on the responses given, one customer responded that their needs were ‘not 100%’ met and would like for Kubalski Trading AB to implement ‘deeper technical competence, especially in the Chinese operation’ (N. Andersson, personal communication, May 21, 2012) while another felt that their needs were ‘partially’ met (R. Thelberg, personal communication, May 21, 2012). Nevertheless, it is generally appreciated when a trade intermediary responds back to the SME within a reasonable time, ‘at least within week’ (E.
Eriksson, personal communication, May 2, 2012) and offers suggestions for alternatives when needed (S. Sigurdsson, personal communication, May 21, 2012).

Additionally, offering quality products and services against a competitive price is important for CRM. Though Ekdorp AB keeps in contact, they do not conduct much business due to Kubalski Trading AB's lack of competitive pricing at times, which leads to their suggestion when asked if there was a need for improvements for Kubalski Trading AB to implement to meet their needs, Emil Eriksson (personal communication, May 2, 2012) stated that 'bringing the pricing down to at least be competitive' would be a factor that could be improved while others stated that a 'better control on quality and delivery time' and having 'a technical person who uses CAD systems' are areas that Kubalski Trading AB could implement to meet their needs (N. Andersson, personal communication, May 21, 2012; R. Thelberg, personal communication, May 21, 2012). In addition, Sten Nystedt (personal communication, May 22, 2012) stated that their needs are met and that it currently 'works well' with Kubalski Trading AB.

According to the current customer respondents, the overall ability to effectively respond to changes or needs during product development contributes to a effective CRM. In the ITI’s case, majority of the respondents stated as being satisfied with Kubalski Trading AB’s performance on this matter. Ingrid Pettersson (personal communication, May 4, 2012) stated that when in the process of developing a higher quality product for their company, the process entailed 'many steps in testing and adjusting the product before we were satisfied that Kubalski handled all contacts with manufacturers in China and was always courteous and positive when we wanted changes made in the product'. In addition, when issues occur in the process, for example in quotations, it is expected that the trade intermediary undertakes action to straighten it out (E. Eriksson, personal communication, May 2, 2012).

Although the current customer respondents stated that effective negotiation in price is important for CRM, the presence or absence of other factors are considered to be important as well. Though in certain cases, Kubalski Trading AB had been able to effectively negotiate payment terms and price, they had not be able to do so for some customers, however much of their appeal from their customers was their willingness and ability to solve issues that arise during the production of products. Though mainly satisfied, customers felt that they could be more engaged in tool manufacturing (M. Södergren, personal communication, May 22, 2012), could adopt 'a little faster response' (S. Sigurdsson, personal communication, May 21, 2012) and 'could improve the quality in search of components’ in that ‘they are too dependent on the suppliers in China’ and ‘should be strong in the field of electronics’ (N. Andersson, personal communication, May 21, 2012).

From the respondents’ point of view, a good implemented CRM process needs to maintain a sufficient amount of communication and needs to be effective and accepted by the current customers. A few majority of respondents stated that a strong interest and commitment from the trade intermediary contributes to a CRM. In the case of Kubalski Trading AB, they have the feeling that Kubalski Trading AB conforms to this, which is evidenced by the fact that Kubalski Trading AB continually touches base through e-mail to keep contact and check in to see if customers are looking to make future orders. Edward Kubalski stated that he aims to show his support and understanding in order for the customers to be aware of what he is capable of and
knowledge, which ultimately leads to trust (personal communication, May 7, 2012). Tajma AB stated that Kubalski Trading AB’s CRM implementation is ‘good and very friendly’ addressing that ‘the know-how and technical precision’ is lacking, however thinks it could be a ‘matter of resources or maybe too little orders’ from their side (N. Andersson, personal communication, May 21, 2012).

As for their thoughts on having a solid or permanent relationship with Kubalski Trading AB, some respondents stated that they feel they currently do not, while others felt they did due to the company’s strong connection and extensive experience in international trading. The respondent that felt they lacked a solid or permanent relationship felt that price and quality were factors that kept them from maintaining a stronger relationship. In addition, the current customers stated that there were no aspects of their relationship that could be improved. Patrull AB explained that they are currently ‘satisfied at this time and cannot point out any areas that need improvement’ (I. Pettersson, personal communication, May 4, 2012); while Hagalund AB believes ‘it works well for now’ (K. Nilsson at personal communication, May 16, 2012). Emil Eriksson (personal communication, May 2, 2012) stated that the only improvement that could be made is that they could do more business with Kubalski Trading AB. Kubalski stated that if improvements are to be made in the realization that he may not be the right person to help the customer, he looks to finding them other alternatives such as getting in touch with others to complete the order.

Additionally, Nicklas Andersson (personal communication, May 21, 2012) asserted that they currently feel they have a solid or permanent relationship with Kubalski Trading AB and believes that they ‘would be able to order some components or tooling’ however would feel ‘hesitant’ to do major or bigger projects ‘due to their lack of technical support’. Others stated that their relationships were currently ‘solid but not regular’ (S. Nystedt, personal communication, May 22, 2012) and solid due to their knowledge of what Kubalski Trading AB knows (R. Thelberg, personal communication, May 21, 2012).

POTENTIAL CUSTOMER RESPONSES

The respondents were asked what factors they would look for when considering CRM if Kubalski Trading AB were to approach the respondents to develop a business relationship, eight out of the nine respondents complied with this question. All eight respondents perceived quality (29.6%) as a key aspect when it came to a potential development of a business relationship with Kubalski Trading AB. In addition to the quality of products, six respondents (22.2%) stated to look at cost when considering CRM while five respondents (18.5%) looked at the service offered by the trade intermediary as important. Other aspects that respondents look for in regards to CRM and a trade intermediary such as Kubalski Trading AB, three respondents (11.1%) stated that the understanding of needs and communication (14.8%) is vital. This is presented in Figure 4.10.
If Kubalski Trading AB were to approach you to develop a business relationship, what factors would you look for when considering CRM? (Multiple answers possible)

When asking the respondents if they would evaluate Kubalski Trading AB, who is a small-sized trade intermediary, differently in comparison to a larger trade intermediary, six out of nine respondents, which is a majority (63%) answered stating that they would not, whilst 11% stated that they would evaluate them differently and 22% said that there was a possibility that they would evaluate them differently (Figure 4.11). Those respondents who answered ‘Yes’ or ‘Maybe’ in the previous question were asked to explain why and how they would evaluate Kubalski Trading AB differently compared to larger or other trade intermediaries. Arguments put forward by respondents are financial reasons, earlier experiences and cost, quality and services. Kubalski mentioned that when developing relationships with customers, he looks to giving them support in which he provides valuable information constantly whether it is payment information or simple details about delivery. Therefore, Edward Kubalski states that constantly providing information, providing samples, and building trust are key in his approach to building customer relationships.

Would you evaluate Kubalski Trading AB, who is a small trade intermediary differently in comparison to a larger trade intermediary?
At the end of the questionnaire, the respondents were asked a few questions in regards to practical matters of this research study. One of these questions was if there was anything else that the respondent would like to add in regards to business relationships, CRM, Kubalski Trading AB or this research. One of the respondents asked us to give Edward his best regards while another said that they have been in touch with Kubalski Trading AB but considered them to be not competitive at that moment whereupon they have chosen to continue business with another supplier. In addition, Skulptur AB shared his experience with us and stated that 'relations are personal, business relationships as well. You can't systemize personal relations like the way in traditional CRM-systems, but they can give a good support. If you are really interested in customers’ needs and behaviors, you are going to have them in mind regardless of the system' (J. Björkvall, personal communication, May, 10, 2012).

To summarize, initial reasons for current customers to work with a trade intermediary such as Kubalski Trading AB are cost, service, quality and competence. Three effective ways to develop a successful business network are generally understanding the counterparts’ needs and wants; networking and communication and providing information to customers’ about abilities. This, essentially does not differ much from potential customers’ ideas that mention communication and involvement in the process, the counterparts’ offered services and abilities, product quality and reasonable delivery times.

Furthermore, aspects that current costumers take into consideration in the selection process of trade intermediaries are quality, price and cost, delivery time, competence and the financial situation. In addition to these factors, potential customer value reliability of the trade intermediary and hesitate to work with small-sized trade intermediaries due to the uncertainty of compliance, the size of the company and the uncertainty in capabilities. Aspects that promote a lasting business relationship are openness and honesty, communication, compliance and creating a win-win situation. Consequently, sufficient communication (via telephone, email or personal visits) and responding to the customer within a reasonable time have a positive influence on the CRM of a trade intermediary. Moreover, adequately responding to customers’ needs and changes during the product development process and providing good assistance when issues occur (for example, technical support or the sharing of technical know-how) are perceived to be important for the CRM of a trade intermediary.
Chapter 5 gives an overall analysis of the concepts presented in the theoretical framework presented in Chapter 2 and the empirical findings presented in Chapter 4.

5.1 BUSINESS NETWORKS

According to the theory presented in Chapter 2, Ford et al. (2011) explain that businesses today rely heavily on outside sources due to the ever growing development in the world economy. As such, businesses make beneficial use of the skills, knowledge and abilities that are possessed and available in the market for their business partners. That is, instead of doing all activities within the company itself, looking for and making use of the strengths of business partners in order to stay focused on company's core business are important. Generally, the outsourcing of activities can take place in many forms, such as high quality products, better or more services and the usage of advanced technologies. Consequently, the development of interdependent relationships that is typically done through the exploitation of resources, knowledge, expertise and skills (Turnbull et al., 1996; Turnbull & Wilson, 1989), which can take place in several ways such as directly from a (foreign) manufacturer through a supplier or with the usage of an intermediary.

Though engaging intermediaries entails disadvantages such as an increase of cost, less direct communication (Delaney, n.d.), which in turn can lead to misunderstandings, Fung et al. (2007) put forward and stress the benefits of an ITI when it comes to trade within an international supply chain. That is, trade intermediaries provide an infrastructure and access to the international market in case a company is not able to establish its own foreign contacts (Ahn et al., 2011). As such, in this process, an ITI facilitates the information flow between the customers in the domestic marketing and the manufacturers in the foreign market (Fung et al., 2007). According to the respondents, before a business deal, an ITI should respond back to its customers within a reasonable time, for example a week, and within a business deal, the trade intermediary should provide information continuously on the progress of the business to the customer, such as delivery time of the products. Furthermore, according to Fung et al. (2007), an ITI coordinates the activity and resource flow between domestic customers and foreign manufacturers. Based on the collected data in this research, this means that an ITI, due to its experiences and capabilities, facilitates customers' access to expertise, special skills and resources in order to provide quality products against a competitive price, shortens delivery times, insurances and reduce risks when problems occur. Besides facilitating the information, activity and resource flow, Fung et al. (2007) put forward the material flow, which is, according to the respondents, the facilitation of the actual transfer, shipment and delivery of goods from a foreign market to the domestic customer.

Therefore, based on the primary data collected, the respondents, both current and potential customers, stated that when developing a successful network much importance is placed on the connection and competitive advantage that can be obtained from the business relationships and thus the effective offers in services. These services not only included cost and price but also providing quality products and services. Moreover, trust, compliance and reliability, shared
goals, a pro-active attitude and collaborative project work, which enables the interaction and enhances access to new skills, knowledge and resources outside the company, are important aspects that accelerate the development of a successful business network. The evidence also stressed that companies who provide security in delivery and effective delivery times also play a role in their consideration when developing successful business networks, which is backed up by the theory presented by Ford et al. (2011) and Turnbull et al. (1996) that access to others skills and resources as well as time and cost savings in delivery and production contribute to the business performance and the development of business relationships.

Furthermore, when maintaining business relationships, the primary data presented many opportunities and ways to create lasting relationships. Thus, cooperation between businesses, the creation of a beneficial situation for the involved counterparts, communication, openness, trust, honesty and an open-minded attitude were among the top factors that the respondents felt were important factors, which is in line with the theory as presented by Commuzzi, Vonk and Grefen (2012) and Uzzi (1997). Communication through personal meetings, telephone and e-mail exchange were such ways of allocating this method. That is, interaction results in trust, adaptation, commitment and combined learning of both counterparts’ experiences and thus enables the benefit from shared knowledge in order to enhance the accomplishment of business processes and ultimately create a win-win situation for all parties involved (Ford et al., 2011).

According to the respondents of this research, openness was a factor that was important in order to enable the opportunity for both businesses in the relationship to receive what each is looking for, to have a mutual satisfaction and create mutual trust is, which is in line with Ford et al. (2011) and Uzzi (1997). As presented in the theoretical framework in Chapter 2, business networks are developed through bonds, expansion of resources and activities through the exchange of information, interaction, shared knowledge and mutual trust (Ford et al., 2011). Comparing the empirical data with Uzzi’s (1997) theories on arm’s-length and embedded business relationships, Kubalski Trading has a mixture of both types of business relationships. That is, some respondents who have a long and repetitive relationship stated knowing the case studies ITIs capabilities felt a strong commitment and a concentrated business relationship with them, whilst the company’s business relationships with other respondents that are non-repetitive, non-reciprocity in nature have a clear economical focus.

Although this study revealed no evidence for joint resources with its customers (Uzzi, 1997), based on the primary data collected it became clear that this case studies ITI involves customers in the product process and uses joint problem solving activities in order to enhance product and service quality. That is, development, implementation and import of the product takes place in consultation with customer and include testing and adjustment of the product up to customer satisfaction. Furthermore, the results showed that a majority of the respondents have a good, trusting and fine-grained information transfer and, in some instances, long-term relationship with the case study ITI. In addition, Kubalski Trading AB has estimated to have twenty regularly occurring customers and multiple one-time customers.

Despite, a few of the respondents did not have constant contact or have a relatively new relationship with Kubalski Trading AB. They generally kept in contact from time to time and felt that their relationship with the company was good, trusting and flexible where Kubalski Trading
AB generally responded quickly to requests and provided straightforward communication at all times. A correlation in the findings presents various methods for the expansion of business relationships, which therefore entail being visible in the market at gatherings such as fairs and networking events. In turn, providing honest service and delivering competitive solutions to others can generally create lasting relationships.

5.2 B2B RELATIONSHIP SELECTION PROCESS

In reference to the theories within this study, the B2B relationship selection process involves many factors that are taken into account when actually selecting companies to work with. As such, the findings presented in Chapter 4 state that the top three factors, quality, cost and reliability, were looked at when the respondents were looking to selecting ITIs and SMEs to work with. When comparing the factors as presented by Dickson (1966), Weber (1991), Weber and Current (1993), and Weber and Desai (1996) with the empirical data of this research study, a difference is noticeable. That is, these studies show that quality, delivery on time, historical performance, guarantee and compensation, equipment and capability, and price are essential factors that are taken into consideration. Noteworthiness, there are factors that according to Dickson (1966), Weber (1991), Weber and Current (1993), and Weber and Desai (1996) are important such as package ability, employment relations, geographic location or training ability, do not or scarcely appear in this research study. Furthermore, comparing the empirical data of this study with the factors as presented by Chen (2011), it became apparent that the factors that Swedish SMEs take into consideration when selecting or cooperating with a trade intermediary are mainly aspects such as cost, quality and service that fit in Chen’s competition factors, whilst organizational factors such as relation combination or technical and production capability by the respondents in this research apparently are perceived as less important selection criteria.

An explanation for this difference can be a difference in the level of competition in which both research studies were conducted. That is, as one of the respondents stated, the company operates in a market in which the customer is very cost-oriented. Moreover, considering the top three factors of this research, which are cost, service and quality, it comes to no surprise in today’s economy. As previously presented, Bhutta and Huq (2002) explain that it has becoming increasingly common for companies to become interdependent therefore causing a strong focus on just-in-time manufacturing. Due to strong competition in markets, great reliance on strategies and developments of a company, it has put much pressure for companies to deliver quality products, services and ultimately competitiveness in price and services (Ford et al., 2011; Ha-Brookshire & Dyer, 2009). This entails that companies look for solutions and suppliers that create the most overall value and in turn enable them to create competitive advantages in terms of pricing structure, delivery, product quality or service (Bhutta & Huq, 2002).

In addition to the previously mentioned factors such as quality and price, all of the current customers and majority of the potential customers who work with trade intermediaries look into services offered and the capabilities such as the knowledge or expertise they present and their relationship with overseas suppliers. This, often times, restricts and complicates the selection process due to companies ultimately having different performance characteristics for different criteria in areas such as lower pricing in conjunction with the quality and performance in comparison to others (Weijum & Zhiming, 2007). This theory is in line with the results of the
findings as presented in the previous chapter. Here, it became apparent that the factors quality, delivery time and price and cost are perceived as important factors when selecting and working with a trade intermediary, however, the three main important aspects showed that it still comes down to price and cost, followed by quality, reliability, loyalty and commitment, and last, delivery time. An explanation for this difference can be shown by the theory presented by Weijum and Zhiming (2007), which states that the selection criteria process of companies are generally a matter of trade-offs. That is, it is not realistic to request premium quality and low pricing simultaneously, however acceptable quality and acceptable pricing can be expected. Two other criteria among the most important that are historical performance and organizational management or financial stability. This response from the customers and potential customers confirms the important criteria for supplier selection theory presented by Chen (2011) in Chapter 2. Though the research results show that Kubalski Trading AB is able to comply with joint problem solving activities, Chen’s factor relation combination is not a main factor that current customers and potential customers take into consideration when it comes to the selection process of a trade intermediary.

Overall, the findings present that majority of the respondents’ state that first, cost and price, second, quality and third, capability and competence are the most important in their selection process. Therefore, in the case of Edward Kubalski, financial stability where the other business partner is capable of paying for the services requested. Additionally, when the case study ITI is looking to for other SMEs to work with, offering what the other isn’t capable of doing themselves is of importance as well, which relates to Ha-Brookshire and Dyer (2009) and Bhutta and Huq (2002) in that suppliers who creates a benefit from a competitive advantage in terms of pricing, delivery, services, and quality will most likely be selected in the process of B2B selection.

5.3 CUSTOMER RELATIONSHIP MANAGEMENT

The findings from the primary data confirm that customer relationship management is of great importance when initiating, building, and maintaining relationships. That is, according to this research study, Kubalski Trading AB showed a strong commitment to its customers and expressed this for example by regularly interacting with its current customers through various ways, such as personal visits, email and telephone. Furthermore, in order to reach potential customers Kubalski Trading AB made itself visible at gatherings such as fairs and other business events. Additionally, the empirical data of this research proved that the Kubalski Trading AB team provided quick responses to customer questions and were willing to assist in fulfillment of customers’ needs.

Roberts-Phelps (2001) explains that CRM strengthens customer satisfaction, loyalty and support through decreasing costs and increasing profitability. This allows for ITIs and suppliers in B2B relationships to customize services, products and prices through the understanding of the needs, wants and circumstances of their customers (Rauyren & Miller, 2007). All this is consistent with the findings as presented in Chapter 4, when majority of respondents expressed to feel a good and trusting business relationships due Kubalski Trading AB’s straightforward communication at all times and its effort to optimize customer satisfaction. Thus, respondents stated elements such as understanding wants and needs and communication are looked at in regards to a company’s CRM process. Consequently, this confirming the affirmation from Ford et al. (2011)
that companies such as ITIs and in this case, Kubalski Trading AB should develop an awareness of what their strengths or expertise are and where their offerings compliment with those of their customers when initiating relationships. As such, companies are enabled to manage the current and future needs of their customers while providing a guarantee that the customers will receive what they expect from the company (Fung et al., 2007). This affirmation is validated in our research findings as respondents stated openness and honesty to requests in relationships is critical. That is, compliance in terms of quality products, price and delivery time in addition to delivery security.

When building relationships, the process of developing products, providing information regarding their order, insurance of the products and shipments as well as guiding delivery schedules is a great factor in the CRM process (Ford et al., 2011). Therefore, offering and implementing value-added services and decreasing total costs of doing business increases their dependence in the supplier (Ford et al., 2011). The findings confirm that respondents value efficient costs and prices in addition to quality and effective services in the ITIs CRM process. That is, showing strong interest, commitment and expressing the willingness to help customers such as touching base with customers regularly and offering suggestions for alternatives. Though building relationships is a key factor, maintaining them is significant and relates to customer satisfaction (Raab et al., 2008). This stage often times allows room for mistake and the opportunity for customers to look to other suppliers if not properly maintained through loyalty, satisfaction, price, product, and communication (Raab et al., 2008). According to the findings, the majority stated that communication and compliances in terms of quality and delivery time was of vital importance. In regards to the current customers of Kubalski Trading AB, majority of them stated that communication seemed of great importance and was thoroughly implemented by the company. The overall agreement from Kubalski Trading AB’s customers was that they were prompt and accommodating in their relationships, therefore showing an interest in their relationships.

Additionally, through the CRM process actualized by Kubalski Trading AB, the current customers in most cases felt satisfied with their relationships and opportunities offered to them while others felt there could be room for improvement and more business opportunities through the adjustment of pricing competitiveness, which could essentially create an increase in turnover for the company. In turn, Edward Kubalski confirms that being efficient in responding to needs, building trust, and delivering the services that are promised are important factors in his CRM process. Moreover, Kubalski states that communicating is of great importance in that he feels personal meetings in addition telephone and e-mail contact are effective methods of keeping in communication with customers. Other suggested improvements in regards Kubalski Trading AB concerned the technical precision and technical support, which is as stated by some respondents currently perceived as insufficient. However, an explanation for this can be the current size of the company or the fact that the company finds itself on the verge of expanding its business, which in turn implies that strategic decisions need to be made. Overall, based on the general consensus from both current and potential customers in Sweden, as well as the point of view from Kubalski Trading AB, gaining, building and maintaining trust, openness and communication are top factors in regards to CRM and business relationships between SMEs and ITIs. Overall, this entails that ITIs gain knowledge and anticipate on customers’ needs and wants, exploit their capabilities in the market and guarantee compliance.
A summary of the results derived from the research study as presented in previous chapters will be provided in this chapter. In addition, the conclusion will be drawn upon the available primary and secondary data that was gathered during the research study where the answers to the research questions will be presented.

The purpose of this research study was to identify and analyze the selection criteria of SMEs when working with a trade intermediary in order to improve ITIs B2B relationships with SMEs and consequently increase customers’ satisfaction, trust, long-term relationships and ultimately increase ITI’s turnover. The angle of this study’s intentions were to cover theoretical aspects on business relationships, SMEs and trade intermediaries as well as provide practical recommendations for Kubalski Trading AB and other intermediary practitioners who may be interested. Although various studies have been conducted in the field of business relationships, SMEs and trade intermediaries separately (Fung et al., 2007; Lasagni, 2012), a study in regards to all three aspects have been undeveloped. In order to fill this academic gap, providing a trade intermediaries concepts that enable them to craft more suitable business strategies in regards to the establishment of more solid business relationships with its customers, and comply to Kubalski Trading AB’s request in regards this issue, the following research and strategic questions have been used as a starting point and guideline for this research study. Here, the strategic question has been developed in response to the case study company’s assignment and thus answered in reference from Kubalski Trading’s perspective:

What factors do small and medium-sized enterprises in Sweden consider when selecting and cooperating with Swedish international trade intermediaries?

How can a Swedish international trade intermediary develop and expand its customer’s relationship network in order to increase its turnover within five years?

In order to answer these research and strategic questions, the authors developed their own conceptual framework (Figure 2.3) and research design (Chapter 3). This conceptual framework enabled the authors to develop suitable interview questions, a questionnaire and in turn allowed them to analyze and evaluate the empirical data that has been gathered during the research study.

Thus, the results of the theory used in this case study were developed through the identification and analysis of factors chosen by SMEs when selecting ITIs in Sweden, which therefore led to the development as to how ITIs could ultimately increase their turnover. As such, the analysis of the empirical data has shown that factors that form the basis for SMEs located in Sweden when selecting and cooperating with Swedish ITIs consist of multiple factors. These factors, starting from the most important, included quality, cost, followed by offered services, technical and production capability. Quality was selected as the most important factor due to the importance of producing products to have a high endurance and ability to last at longer lengths of time. Therefore, quality in products is a key factor in establishing relationships and often times can be seen through the skills and abilities of ITIs and the manufacturers they use. As such, cost was
another important factor that Swedish SMEs take into consideration in their selection and decision process for ITIs, which means that customers receive effective costs of ordered products, shipments, and insurance in their trading transaction. Therefore, services offered was selected based on the interest in what Swedish ITIs offered in regards to whether they were multi-faced in their trading abilities. In addition, Swedish SMEs looked to other services offered such as delivering what they claimed and providing quick and on-time delivery, which potentially could lead to a stronger relationship, commitment and trust between both parties.

Moreover, providing some added value to their customers through accommodations such as shipment and insurance arrangements were looked to as services provided by the ITI that would lead them to selection and cooperation with that ITI. Technical and production capabilities was the last factor that customers thought to be important when selecting and cooperating with an ITI due to the high level of uncertainties when trading with intermediaries. ITIs who have high levels of technical and production proficiency allows for the opportunity for more customers to actively seek them due to their abilities to accommodate to their needs and wants. Based on the results of this research, there was no evidence that there is a difference in B2B selection criteria for an ITI when comparing current customers with potential customers. However, it is likely that between current and potential customers, different levels of acceptance in terms of personal expectations of the business relationship exist and personal motives such as the enhancement of the different flows between customers and suppliers. That is, according to the respondents, the information flow such as up-to-date information about cost and the production process, the activity and resource flows that refer to the allocation of skills, resources, facilitating the development and transfer of the products, and the material flow, which refers to the tangible and concrete production of products.

Furthermore, the analysis strategically shows that when it comes to networking for business relationships, ITIs and Kubalski Trading AB in particular, concluded that having an understanding of overall wants and needs in addition to effective offers in quality products and services, low cost and thus competitive pricing often times are important aspects that led to the development and the maintenance of a successful business network. The understanding for the overall wants and needs of customers often times can be done through meetings with customers, customer follow-up, and asking questions about requirements to ensure the customer receives the quality products and services that they request. As such, outlining the goals, cooperation in tasks and offering solutions to the customer enables the customer to feel at ease and develop trust through the process, which allows the customer to know that care and success are of priority. Moreover, providing customers with low costs in production and services such as shipping and insurance will leave room for lasting relationships. Hence, implementing competitive pricing is important to gain and build relationships. Through this implementation, customers may possibly be less likely to choose other ITIs who potentially do not offer such competitive pricing. Therefore, this consequently enables a trade intermediary to potentially increase its turnover within a five year period.

In addition, the findings that derive from this research reveal that factors that play a pivotal role in the maintenance of and foster CRM and a lasting business relationship are communication, trust and openness. Communication is reflected by personal meetings, interaction via telephone and email correspondence, whilst openness is expressed through the explanation of both sides’
offers and needs, which in turn creates insight in the options the counterparts offers and consequently trust and mutual satisfaction. Lastly, the results also show that the expansion of business relationships for a trade intermediary can be achieved by being visible in the market, providing honest services and delivering competitive solutions to its customers while keeping in mind the end-user of the product as well.

To conclude, this research study revealed several factors that Swedish SMEs consider when it comes to selecting and cooperating with a Swedish trade intermediary. Additionally, it provided insight in the initiation, the maintenance and the expansion of business relationships for trade intermediaries. Although, this research has been conducted on a small scale, it shows that the factors are in line with the theories on supplier’s selection criteria. However, it should be mentioned that Chen (2011) makes a clear distinction between organizational factors and competition factors, whilst based on this research for Kubalski Trading AB, it became apparent that majority of their current and potential customers clearly give priority to competition and organizational factors seem to be less important. This means that it is recommended that the company’s CRM is focused on the enhancement of these aspects in order to comply to and satisfy customers’ needs and wants and thus create the possibility to expand business relationships and turnover.
7 RECOMMENDATIONS

This final chapter contains recommendations based on the results of this research study that has been conducted for and in cooperation with Kubalski Trading AB. Hence, the recommendations are initially directed for Kubalski Trading, however recommendations regarding the overall concepts could show purpose for other intermediaries. In addition, recommendations for further research will be addressed.

7.1 RECOMMENDATIONS FOR ITIs

Through this study, several factors were observed from the findings that could possibly prove to be useful for Kubalski Trading AB and other ITIs in Sweden. These suggestions would be helpful when forming and maintaining business relationships with current and potential customers. As such, Kubalski Trading AB can anticipate more customers in addition to increase its turnover if they consider not limiting their product and service area, which can be done through the introduction of new service and product opportunities in the technical field.

As the company prefers to work with Swedish SMEs, staying competitive and price and cost focused would be a suggestion for Kubalski Trading AB. Though this is important for business, it would be essential to not lose focus the level of quality of products and services due to those who are price and cost conscious. In addition, implementing a thorough customer relationship method by keeping constant contact with customers and being seen on the market would be suggested. This can be done through continuous direct communication, openness and the alteration of their business approach to meet customers’ needs. Furthermore, maintaining and enhancing commitment in production and delivery is essential in addition to the identified factors above. These factors can be emphasized through advertising activities done by the company. Advertising strong features such as financial stability, competency in production knowledge in trading and representation in foreign markets among others will not only potentially solidify relationships but can possibly bring in new customers.

7.2 RECOMMENDATIONS FOR FURTHER RESEARCH

After conducting this research, several factors became apparent for further research in this subject area. Expanding the research into SMEs and ITI relationships is needed. As such, this research was excluded to customers and potential customers of Kubalski Trading AB located in Sweden. Further research investigating other locations and not specifically to one company’s customer base would be recommended. In addition, this case study was conducted over a short time period where responses and respondents were limited. The amount of respondents was limited to a total of nineteen. Replicating this study with a larger number of respondents could allow for greater generalizability.

A follow-up study to research the relationships between SMEs and ITIs is also recommended. While conducting this research, it would be recommended to restrict data collection through personal interviews rather than e-mail interviews and online questionnaires. This would enable
respondents to provide more in-depth answers and offer more insight into the chosen concepts. Therefore, further research on applicability of concepts and recommendations for other ITIs is recommended. Lastly, the likelihood of different levels of acceptance between current and potential customers when it comes to personal expectations of the business relationship and personal motives may be subject for further research.
REFERENCES


APPENDICES

The interview questions provided to the current customers is presented in Appendix 1 for English and Appendix 2 for Swedish. Appendix 3 provides the interview questions presented to Edward Kubalski, while the questionnaire conducted by potential customers is provided in Appendix 4. The interview question justification is provided in Appendix 5 and the questionnaire justification is provided in Appendix 6.

APPENDIX 1 – CURRENT CUSTOMER INTERVIEW (ENGLISH)

Business Networking & B2B Relationship Selection Process
As we are sure you know, businesses today rely on each other and therefore, need to maintain a strong business network. Through business networking, a mutually beneficial relationship is developed with other businesses and potential clients and customers.

When selecting a business relationship, much of it is determined wholly on a company’s strategy and development and how the companies can both benefit from one another. Such things when selecting a supplier/trade intermediary such as Kubalski Trading, customers not only consider price, delivery time, product quality but also the company’s reputation, levels of trust and uncertainty and satisfaction of these business relationships.

1. Can you describe what your company currently does and what your function or position is?

2. How long have you had a relationship with Kubalski Trading AB?

3. In regards to your relationship with Kubalski Trading AB, how would you say your relationship began? Please explain.

4. What are the main or initial reasons for working with Kubalski Trading? (Quality, cost, delivery time, service, capabilities, network entrance; relation and cooperation, etc.)

5. How would you describe or characterize your current relationship with Kubalski Trading?

6. In general, what would you say are effective methods of developing a successful business network (with suppliers)?

7. What do you look for when networking for intermediaries?

8. Do you have any suggestions for trade intermediaries such as Kubalski Trading when networking for customers?

9. As a small and medium-sized enterprise (SME):
   a. What factors do you take into account when selecting trade intermediaries: quality, cost, delivery time, service, capabilities, network entrance; relationship and cooperation, financial situation, etc.?
   b. Which factors are the most important?
   c. How do you feel that they can be maintained to create a lasting relationship?
Customer Relationship Management

CRM is a method used to decrease costs and increase profitability by strengthening customer satisfaction, loyalty and support. Therefore, it aids businesses in understanding their customers' needs, behaviors and values in order to develop stronger relationships. Through this process, businesses need to effectively and efficiently increase the acquisition and retention of profitable customers through three key elements. Those being:

- Initiating relationships - developing an understanding of the potential customers current and future needs
- Building relationships - developing a level of commitment and trust from both companies – including the customer in the whole process through status updates on orders, monitoring production and guiding delivery schedules
- Maintaining relationships - through loyalty, trust, strengthening relationships via reduction of risks, quality of product, price, and continuous communication

10. How do you typically communicate with Kubalski Trading AB?

11. As a customer, do you feel that your needs are met when working with Kubalski Trading AB? Yes or no, please explain how?

12. What could Kubalski Trading AB do to improve in order to meet your needs? Please explain.

13. Has Kubalski Trading been able to effectively respond to your changes or needs during product development? Please explain.

14. How do you feel about the customer relationship management that Kubalski Trading AB implements with you as a customer? (Ex: Initiating, building and maintaining your relationship together).

15. Do you feel that you have a solid or permanent relationship with Kubalski Trading? If yes, please explain.

16. (Referring to question 6). If no, what keeps you from maintaining a more solid or permanent relationship? (Ex: Capabilities, cooperation, costs, quality, delivery, etc.)

17. In addition to your relationship with Kubalski Trading AB, what would like to be improved?

General Questions and comments:

18. Is there something else you would like to add? Suggestions?

19. If there are any uncertainties, would it be okay to come back to you with additional questions to clarify things later on?

Thank you for taking the time out to answer our questions and in aiding us in our research. We appreciate your time.
APPENDIX 2 – CURRENT CUSTOMER INTERVIEW (SWEDISH)

Business Network and B2B Relationship Selection Process

Dagens företag är beroende av varandra och därför måste bibehålla en stark affärsnätverk. Genom affärsnätverk, ett ömsesidigt givande relation utvecklats med andra företag och potentiella kunder och befintliga kunder.

När du väljer en affärsförbindelse, mycket av det bestäms helt på företagets strategi och utveckling och hur företagen kan dra nytta av varandra. Sådana saker som när man väljer en leverantör / handels mellanhand som Kubalski Trading, tänker kunder inte bara på pris, leveranstid, produktkvalitet utan även på företagets rykte, nivåer av tillit och osäkerhet för att tillgodose dessa affärsrelationer.

1. Kan du beskriver vad ditt företag gör idag och vad din funktion eller position är?

2. Hur länge har du haft kontakt med Kubalski Trading AB?


4. Vilka är de viktigaste eller initial skäl för att arbeta med Kubalski Trading? (Kvalitet, kostnad, leveranstid, service, kompetens, nätverk entré, relation och samarbete, etc.)

5. Hur skulle du beskriva eller karakterisera din nuvarande relation med Kubalski Trading?

6. I allmänhet, vad skulle du säga är effektiva metoder för att utveckla ett framgångsrikt företagsnätverk (med leverantörer)?

7. Vad söker du hos mellanhänder när du nätverkar?

8. Har du några förslag på handels mellanhänder såsom Kubalski när du nätverkar med dina kunder?

9. Som en small and medium-sized enterprise (SME):
   a. Vilka faktorer tar du hänsyn till vid valet av handels mellanhänder: kvalitet, kostnad, leveranstid, service, kompetens, nätverk entré, relationer och samarbete, ekonomiska situation, etc.?
   b. Vilka faktorer är viktigast?
   c. Hur tycker du att de kan upprätthållas för att skapa en varaktig relation?

Customer Relationship Management

CRM är en metod som används för att minska kostnaderna och öka lönsamheten genom att stärka kundnöjdhet, lojalitet och stöd. Därför hjälper IT-företag att förstå sina kunders behov, beteenden och värderingar för att utveckla starkare relationer. Genom denna process, behöver
företagen att effektivt öka förvärv och behålla lönsamma kunder genom tre viktiga delar. Sådana som är:

- **Initiera relationer** - utvecklar en förståelse för de potentiella kunder nuvarande och framtida behov
- **Bygga relationer** - utveckla ett engagemang och förtroende från båda företagen, inklusive kunden i hela processen genom statusuppdateringar om order, övervaka produktionen och vägledande leveransplaner
- **Upprätthålla relationer** - genom lojalitet, förtroende och stärka relationer genom minskning av risker, kvalitet på produkten, pris, och kontinuerlig kommunikation

1. Hur kommunicerar du vanligtvis med Kubalski Trading AB?

2. Som kund känner du att dina behov tillgodoses när man arbetar med Kubalski Trading AB? Ja eller nej, förklara hur?


7. (Med hänvisning till fråga 6). Om nej, vad får dig att upprätthålla en bra eller permanent relation? (Ex: kompetens, samarbete, kostnader, kvalitet, leverans, etc.)


**Allmänna frågor och kommentarer:**

1. Är det något annat du skulle vilja tillägga? Förslag?
2. Om det finns några oklarheter, skulle det vara okej att komma tillbaka till er med ytterligare frågor för att klargöra saker och ting senare?

Tack för att du tog dig tid att svara på våra frågor och hjälpa oss i vår forskning. Vi uppskattar din tid.
Business Networking & B2B Relationship Selection Process

As we are sure you know, businesses today rely on each other and therefore, need to maintain a strong business network. Through business networking, a mutually beneficial relationship is developed with other businesses and potential clients and customers.

When selecting a business relationship, much of it is determined wholly on a company’s strategy and development and how the companies can both benefit from one another. Such things when selecting a supplier/trade intermediary such as Kubalski Trading, customers not only consider price, delivery time, product quality but also the company’s reputation, levels of trust and uncertainty and satisfaction of these business relationships.

1. In general, what would you say are effective ways of developing a successful business network (with suppliers and customers)?

2. Is there a difference between suppliers and customers?

3. Looking for other customers, what do you look for when networking for other companies?

4. Are you visiting them or are you talking to them, or do you use other ways?

5. As a small and medium-sized enterprise (SME):
   a. Looking for other customers, what factors do you take into account when selecting companies to work with?
   b. Which factors are the most important?
   c. How do you feel that they can be maintained to create a lasting relationship?

6. Is there anything else you would like to add on business networks and business relationships?

Customer Relationship Management

CRM is a method used to decrease costs and increase profitability by strengthening customer satisfaction, loyalty and support. Therefore, it aids businesses in understanding their customers’ needs, behaviors and values in order to develop stronger relationships. Through this process, businesses need to effectively and efficiently increase the acquisition and retention of profitable customers through three key elements. Those being:

- Initiating relationships - developing an understanding of the potential customers current and future needs
- Building relationships - developing a level of commitment and trust from both companies – including the customer in the whole process through status updates on orders, monitoring production and guiding delivery schedules
- Maintaining relationships - through loyalty, trust, strengthening relationships via reduction of risks, quality of product, price, and continuous communication

7. In general, how do business relationships with your customers start?
8. How do you typically communicate your customers?

9. What type of customer relationship management do you implement with your customers?

10. If you feel that there is a need for improvements in your relationships, what do you do to improve them?

11. Have you been able to effectively respond to your customers changes or needs during product development? How, please explain...

12. Is there something specific that you do to maintain your business relationships?

General Questions and comments:

13. Is there something else you would like to add? Suggestions?
Dear ..., 

My thesis partner and I are both students at Mälardalen University (MDH) in Västerås and are writing our Master’s Thesis in cooperation with a small trade intermediary in Sweden, called Kubalski Trading AB.

We greatly appreciate that you are willing to cooperate in this research. We understand that you may very well be busy and are thankful for time in filling out this questionnaire. The questionnaire contains 19 questions. By filling out this questionnaire you aid us in our research for our Master's Thesis that aims to identify companies’ perspective on business relationships and customer relationship management when selecting and working with a trade intermediary.

You can find our questionnaire via this following link: www.thesistools.com/web/?id=270771

Here, we would like to mention that the information you provide us will be considered confidential and your name will not be placed in the final document. At the end of the questionnaire, you will be able to provide us with your information should you wish to receive a summary of the results from this research.

We would like the questionnaire to be answered as soon as possible, but no later than Friday May 11, 2012. If you have any further questions, feel free to contact me via this e-mail address or at 073-895 XX XX.

Thank you again for cooperating with us.

Semka Ljubijankic and Leanne Poortman

- - - -
Mälardalen Högskola Sweden

Lucy Anne Poortman
Master student Business Administration with specialization in International Marketing

+46(0)73-895 XX XX
Business Relationships and CRM Survey

This questionnaire has been created as part of a Master's thesis research study at Mälardalen University in collaboration with Kubalski Trading AB. The purpose of this study focuses on B2B relationships and customer relationship management between small and medium-sized enterprises and international trade intermediaries. Brief explanations of the chosen concepts and about Kubalski Trading AB have been provided within.

We would greatly appreciate if you would like to find approximately 10 minutes of your time to cooperate in this research. The questionnaire contains 19 questions. All information provided will be kept confidential and used only for the purpose of this study. As such, all names will be kept anonymous and altered to ensure confidentiality.

1. What do you feel are effective ways of developing a successful business network? (Some examples: quality, cost or discount, delivery time, service, capabilities, etc.) Please be as specific as possible.

2. How do you feel business relationships can be maintained to create a lasting relationship? (Some examples: Communication, Openness, Networking, more Cooperation and Joint-activities, etc.) Please be specific and as detailed as possible.
3. Does your company currently do business via a trade intermediary? *
   - Yes
   - No  --- questionnaire continues automatically with question 6

4. What does your company look for when considering trade intermediaries? Select all that apply. *
   - Service
   - Cost
   - Relation cooperation
   - Technical and Production capability
   - Organizational Management (financial situation of supplier)
   - Quality
   - Reliability
   - Other aspects, namely

5. Do you generally look for: *
   - Large trade intermediaries
   - Small trade intermediaries  --- questionnaire continues automatically with question 8
   - No specific preference

6. Would you consider small trade intermediaries? *
   - Yes  --- questionnaire continues automatically with question 8
   - No
   - Maybe
7. **What factors stop you from actual selecting small trade intermediaries? Select all that apply.**

- [ ] Size of the company
- [ ] Uncertainty in capabilities
- [ ] Uncertainty in trade knowledge
- [ ] Uncertainty of relationship with overseas suppliers
- [ ] Uncertainty of compliance
- [ ] Not applicable, I already consider small trade intermediaries
- [ ] Other factors, namely

8. **As a small and medium-sized enterprise (SME), what factors do you take into account when considering and selecting a trade intermediary? Select all that apply.**

- [ ] Quality
- [ ] Price and Cost
- [ ] Delivery Time
- [ ] Maintenance and Service
- [ ] Historical performance, Trust and Reliability
- [ ] Technical and Production Capability
- [ ] Relation cooperation and Business network entrance
- [ ] Organizational Management (financial situation of supplier)
- [ ] Industrial Reputation
- [ ] Procedure legality
- [ ] Guarantees and compensations
- [ ] Accessibility and communication system
- [ ] Other factors, namely
9. **Referring to the previous question, which three factors do you, as a company, consider as most important?**

<table>
<thead>
<tr>
<th>Kubalski Trading AB</th>
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<tr>
<td>Kubalski Trading is a small trading company that offers its customers a unique network to their suppliers in China and India. Kubalski Trading has an office in Sweden and in Beijing who are responsible for monitoring the marketing and maintaining high standards of services to their customers both small and large. The company's mission as a whole is to provide its customers solutions for concerns regarding high production costs, product production and quality.</td>
</tr>
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</table>

10. **Have you ever heard of Kubalski Trading AB?**

   - Yes
   - No

11. **Would you consider working with Kubalski Trading AB?**

   - Yes  --- questionnaire continues automatically with question 13
   - No
   - Maybe

12. **Could you please explain why you might not want to consider working with Kubalski Trading AB?**
13. If you already work or have worked with other intermediaries; in general, what do you really like about them, really do not like about them or what would you like to improve on them? *

---

**Customer Relationship Management**

Customer Relationship Management (CRM) is a method used to decrease costs and increase profitability by strengthening customer satisfaction, loyalty and support. Therefore, it aids businesses in understanding their customers’ needs, behaviours and values in order to develop stronger relationships. Through this process, businesses need to effectively and efficiently increase the acquisition and retention of profitable customers through three key elements; those being initiating relationships, building relationships, and maintaining relationships.

14. If Kubalski Trading AB were to approach you to develop a business relationship, what factors would you look for when considering CRM? Select all that apply.

- [ ] Understanding needs
- [ ] Costs
- [ ] Communication
- [ ] Quality
- [ ] Service
- [ ] Other factors, namely __________

15. Would you evaluate Kubalski Trading AB, who is a small trade intermediary differently in comparison to a larger trade intermediary? *

- [ ] Yes
- [ ] No --- questionnaire continues automatically with question 17
- [ ] Maybe
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<tr>
<th></th>
<th>Could you please explain why and how you would evaluate Kubalski Trading AB differently? *</th>
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<th>If there are any uncertainties in regards to this research, would it be okay to come back to you with additional questions to clarify things later on? *</th>
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<td>17.</td>
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- Yes, my email address or phone number is [ ]
- No [ ]

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<th>Is there anything else you would like to add in regards to business relationships, CRM, Kubalski Trading AB or this research, please share this with us below.</th>
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<tr>
<th></th>
<th>Please provide your name along with your company's name. Add email address as well, if you would like to receive a summary of the results of this study (this information will be used for statistical reasons as this research is anonymous) *</th>
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Submit

Thank you very much for taking the time to participate in this study!
APPENDIX 5 – INTERVIEW QUESTION JUSTIFICATION

The first part of the interview questions that were presented to the interviewees generally dealt with business networking and business-to-business relationship selection processes that they have encountered in their overall business relationships with trade intermediaries as well as Kubalski Trading AB.

Questions one through five related to Kubalski Trading AB entailed topics such as their function and position in their company, their current relationship, the length of time of their relationship, their main reasons for working with Kubalski Trading AB and their overall characterization of their relationship. This allowed for a brief introduction and a better understanding of the interviewees thoughts through their selection process.

The following questions six through eight consisted of the methods they thought were effective in developing a successful network and what they generally look for when searching for intermediaries along with their suggestions for intermediaries when networking for customers. These particular questions provided a view into the interviewees’ thoughts on business networks and allowed room for recommendations that trade intermediaries could potentially take into consideration in their networking tactics. In addition to this section, question nine primarily focuses on the important factors, they as customers, take into consideration when selecting trade intermediaries as well as their thoughts on how lasting relationships could be maintained. This allows the researchers to give recommendations to Kubalski Trading AB and other interested trade intermediaries based on the customers’ point of view.

The second part of the interview questions focused mainly on customer relationship management in that the interviewees were able to answer questions based on their thoughts of customer relationship management in relation to their own experience with not only Kubalski Trading AB but with other trade intermediaries. Questions ten through thirteen contained questions regarding the typical method in which they currently have contact with Kubalski Trading AB, whether they felt their needs were met by Kubalski Trading AB and if Kubalski Trading AB effectively responded to their changes and needs, and whether they thought there was room for improvement in their relationship. These questions thoughtfully considered customer relationship management in general and provided details in which Kubalski Trading AB, as well as other trade intermediaries could take into consideration when implementing their own CRM methods. Questions fourteen through seventeen pertained to their overall thoughts on the CRM methods Kubalski Trading AB implemented on them as a customer in addition to whether they thought their relationship was solid or permanent one allowing the opportunity for explanation regarding that matter.
APPENDIX 6 – QUESTIONNAIRE JUSTIFICATION

The first part of the questionnaire that was presented to the respondents dealt with business networking and business-to-business relationships in general. These questions generally looked into the situations in which the respondents had encountered in their overall business relationships with trade intermediaries.

As such, questions one through nine pertained to whether the respondents currently had any relationships with trade intermediaries in general and what the respondents felt were most important when considering trade intermediaries and what stops them from selecting certain intermediaries. This presented information based on the business-to-business selection criteria that have been covered within the research. In addition to these questions, respondents were asked what methods were considered effective when developing business networks, the important factors the respondents take into account when selecting trade intermediaries and how they feel business relationships could be maintained to create lasting relationships. These questions catered to the overall concepts of business networking and business-to-business relationships and provided the opportunity for the researchers to develop a clear analysis for Kubalski Trading AB, as well as other trade intermediaries to take into consideration when networking.

The second part of the questionnaire provided a brief introduction of Kubalski Trading AB and allowed room for the respondents to decide and explain whether they would consider Kubalski Trading AB as a potential trade intermediary for their company. Additionally, the respondents were asked to provide what they typically like, dislike and any areas of improvements they would like to be made with the intermediaries they have work or worked with.

The final part of the questionnaire, questions fourteen to sixteen, dealt mainly with customer relationship management based on the respondents factors they would take into consideration should Kubalski Trading AB approach them to develop a business relation. The respondents were asked to develop an opinion based on the comparison of small and large trade intermediaries in addition to their overall thoughts of customer relationship management. Questions seventeen to nineteen asked the respondents permission to be contacted should uncertainties arise in addition to the opportunity to offer any comments or suggestions regarding customer relationship management, Kubalski Trading AB or the research in general. Following, respondents were asked to provide their name, company’s name and e-mail address if they wish to receive a summary of the results of this study.

The answers provided within this questionnaire, offered the ability for the researchers to develop an overall conclusion for Kubalski Trading AB should they decide to approach these potential customers for a business relationship. Additionally, these answers also allowed room for recommendations to Kubalski Trading AB and other trade intermediaries pertaining to customer relationship management and business networking.