

Marketing relationships Outside the Marketing Realm

Tor Korneliussen
Bodø Graduate School of Business
8002 Bodø
Tor.Korneliussen@hibo.no

ABSTRACT

Relationship marketing has been shown to have important effects on the relationship between industrial buyers and sellers. There has however been little research showing how actors outside the value chain use relationship marketing to support ongoing business activities.

This paper uses a case study to show how a small coastal community which drives itself exclusively with the production and export of fish products uses non-marketing relationships to solidify relationships between its exporters and foreign importers. This is done through several mechanisms, such as, building reciprocity and personal ties with foreign actors such as politicians, administrators, trades people, culture workers and schools. The paper builds on resource dependence theory and relationship marketing.

Introduction

In the last decade there has been considerable research done on international industrial relationships between buyers and sellers (Håkanson, 1982; Ford, 1997). The focus is often on how to establish, develop and manage these relationships. There has, however, not been any research done on how actors outside the business realm use relationships as a medium for strengthening international industrial relationships between buyers and sellers. This paper extends our current knowledge by describing and analysing how relationships between buyers and sellers are embedded within a larger social context (e.g. a county) and how actors outside the value chain, in an indirect way, try to strengthen the relationships between buyers and sellers.

This paper examines the export of dried fish from a small island in Norway to Italy. The paper shows how actors outside the business relationships use non-marketing relationships to improve and maintain relationships with foreign actors to strengthen ongoing marketing relationships. It is argued that the reason for this effort is due to their dependence on the dried fish trade to get the necessary resources to keep up a smooth operation within the local community. Their use of non-marketing relationships to strengthen marketing relationships can be seen as a technique for the reduction of uncertainty.

This paper draws on two streams of research. One stream consists of the writings related to resource dependence theory. The second stream is concerned with relationship marketing, (later on I am going to explore if institutional theory can be used in this paper).

Context

The context of this research is exports of dried fish (stockfish) from the Norwegian island Røst to Italy. Røst is a relatively small island located in the outskirts of the Lofoten archipelago in Northern Norway. The local county has 700 inhabitants. The local industries

consist of fisheries and several local services. Most of the activities in Røst are related to fishing, production of fish and export of fish and fish products. The exports of dried fish to Italy is particularly important for the island.

Production and exports

Røst depends on fisheries for its survival. From February to April the Atlantic Cod stock comes in to Lofoten to spawn. During this relatively short time period there is a hectic activity consisting in catching and production of cod. Cod is mostly produced into stockfish and salt fish. Relatively small amounts are frozen.

The annual production of fish and fish products in Røst accounts for about 200 million Norwegian kroner (approximately 24 million US\$) per year. About 65 per cent of this production is exported as stockfish to Italy. The Italian market is therefore of great importance for the long term survival of the people in Røst. In terms of value, the exports of stockfish from Røst is about 25 - 30 per cent of the stockfish that is annually imported to Italy. Røst is therefore an important supplier of stockfish to the Italian market. The stockfish produced in Røst has traditionally been exported by export companies located in Bergen. The first export of stockfish by a company located in Røst was done in 1962. Today there are six producers of stockfish in Røst that export their own stockfish.

Distribution

Italian agents are often middlemen between Norwegian exporters and Italian importers. The agents are important because of their knowledge of the Italian market, Italian culture and the language. The main reason for using agents is to get access to regular and reliable customers and information about the market (Borch and Korneliussen, 1992).

Usually the Italian agents visit Røst some time in February, March or April to collect information about the current production of stockfish. Potential importers often come along to be introduced to the exporters and to make some preliminary negotiations. The production of stockfish is finished by the beginning of June. In June the Italian agents come back to Røst together with their buyers to meet with the exporters that the agents are representing. Further negotiations are undertaken and deals are made. The actual exports do not normally start before August. At this time the exporters know how much stockfish they have and which prices they would like to receive. They are therefore ready to negotiate with the agents to try to settle on contracts and prices.

After this discussion of the context of the export of stockfish from Røst to Italy we proceed by looking more carefully into the relationships between actors outside the business realm in Røst and in Italy.

Non-marketing relationships

The first person to be “both an exporter and an importer” of stockfish from Røst to Italy was probably the Italian aristocrat Pietro Querini. During a trade voyage from Crete to Flanders his ship wrecked in the North Sea before Christmas in 1431. The shipwrecked men survived at Røst until the spring of 1432. When Querini and his men left for Italy they brought along

60 stockfish. In 1932, some 500 years later a statue was erected in Røst in memory of Querini and his crew.

Stockfish festivals

Italy has a long tradition of arranging stockfish festivals. Stockfish is an important part of the culture in the regions of Veneto, Genova, Napoli, Calabria and Sicilia, both as food and as a special focus of festivals. The most important stockfish festivals are arranged in the towns of Ancona, Badalucco, Sandrigo and Veseviana, are carefully arranged and attended wholeheartedly by the local inhabitants..

The largest stockfish festival is arranged in Sandrigo one weekend in September every year. This festival has developed into an important marketplace for stockfish. Importers and agents from all of Italy come to Sandrigo to meet Norwegian exporters.

The stockfish brotherhood (Confraternita del baccalao) has an important role in the celebration of the festival. The stockfish brotherhood is an organisation consisting of people with interest in the stockfish trade, restaurant owners, wine producers and people interested in the culture and the lifestyle related to stockfish.

Røst and Sandrigo

The first time a representative of Røst was represented at the stockfish festival in Sandrigo was in 1989. The mayor of Røst was invited to Sandrigo by Norske Tørrfisk eksportørers Landsforening (The National Organisation of Norwegian Stockfish exporters).

In 1997, a delegation of nine people from Røst visited the stockfish festival and the “Norwegian days” in Sandrigo. To honour the people of Røst, a square in the town center in Sandrigo was named Piazzetta Røst Isole Lofoten. The mayor of Røst was appointed honorary member of the stockfish brotherhood. In a ceremony he was given a medal and a diploma.

Two years later, in 1999, a delagation of 42 people from Røst took part in the stockfish festival. Among these were both the mayor and producers and exporters of stockfish. The mayor of Røst made a speech in Italian to the government and the people of Sandrigo, where he praised the many good relationships between Italy and Norway, and between Sandrigo and Røst in particular. In this speech he suggested that Sandrigo and Røst shall find new ways to further strengthen their ties. He suggested a co-operation between the primary and secondary schools in Sandrigo and Røst. In this way the two communities can learn more about each other, and create solidarity and interest for each others cultures and ways of living.

Sandrigo and Røst

It is not only Røst that invests in the relationships with Sandrigo. In addition to agents and importers that visit Røst based on commercial interest, several delegations from Sandrigo have visited Røst as well. They typically consist of importers, representatives of the stockfish brotherhood and Italians interested in stockfish culture. In 1990 a delegation consisting of 12 Italians visited Røst. In 1996 the size of the delegation had increased to 25.

When Røst county was celebrating its 70 years jubilee in 1998, a delegation of 18 people from Italy visited Røst. A voluntary organisation had collected money at Røst for a bronze sculpture of a porpoise for the Italian delegation. The sculpture was placed on an islet in the entrance to the harbour of Røst. This islet was named Isola de Sandrigo (Sandrigo island). The Italian anthem was sung during the unveiling of the sculpture.

In summation, we have seen how gastronomic activities such as artful cooking and the joy of eating in a festive and communal setting creates a strong and lasting bond between these cultures of Røst and Sandrigo. relations through the stockfish festivals. Human relations through friendship and reciprocal visits of delegations from Røst and Sandrigo. This has often been done in the ?? of the stockfish brotherhood. Symbolic relations have been built up through the establishment of Piazzetta de Lofoten and Isola de Sandrigo.

Why have non-marketing relationships been established?

There used to be several markets for stockfish. Nigeria used to buy from 50 to 80 per cent of the Norwegian production of stockfish. Because of internal problems the country established firm import restrictions of several products, among them stockfish in 1979. In 1984 a total ban on the importation of stockfish was established (Tande and Tande, 1986). To day Nigeria import about 100-200 tons of stockfish per year.

The world Food Program used to buy several hundred tons of stockfish to give to developing countries. In 1994 stockfish was removed from the aid program. This reduced the volume from about 500 tons to about 150 tons per year (Borch and Korneliussen, 1995).

In the best paying market for stockfish, Italy, the consumption of stockfish has been reduced. Market research shows that in the areas of Veneto, Genova, Napoli, Calabria and Sicilia, 63 per cent of the inhabitants consume less stockfish than they did 15-20 years ago (Teigland and Mangseth, 1998). There are several reasons for this. It takes much time to prepare dishes based on stockfish. With a large per cent of women working outside of the home, they prefer to make dishes that are less time consuming to prepare. Stockfish products are not developed to fit the changes in the distribution system of food products. Stockfish has traditionally been sold in small local shops, and this pattern still continues. This is a problem because an ever increasing part of food products are distributed and sold in super and megamarkets, which overshadow products sold in traditional shops. The stockfish can not compete with more consumer oriented food products. This presents a problem both for producers, exporters, importers and sellers of stockfish. It therefore seems likely that the non-market relationships that are being created between Røst and Sandrigo at least to a certain degree, can be seen as mechanisms to reduce uncertainty. Reciprocity and personal ties have been shown to increase the performance of small firms (Ying and Korneliussen, 1997).

As with most other coastal communities in Northern Norway there has been the tendency that young people move away from Røst. This led to a dramatic decline in the population during the 1980s. During the 1990s this trend has been somewhat reversed. The mayor of Røst believes this is due to the fact that the inhabitants in Røst have got a new optimism and a firm belief in fisheries as a good and stable provider of work and income. The establishment of several new export companies after 1992, and greater focus on the Italian market for stockfish may have something to do with this new optimism.

Conclusion

It has been shown how a series of interactions over time has led to a complex portfolio of relationships that have been built up to support the ongoing trade relations between Norwegian exporters of stockfish and Italian importers of stockfish. This portfolio of relationships comes in addition to the relationships between the participants in the actual trade. This paper shows that the relationships built up to sustain relationships between buyers and sellers are more complex and are more based on reciprocity and personal ties than we often think.

References

- Borch, Odd Jarl and Tor Korneliussen, 1992. Norsk tørrfisknæring. Markedstilpasning og eksportorganisering. Rapport nr. 2, Nordlandsforskning, Bodø.
- Ford, D. (ed). 1997. Understanding Business Markets: Interaction, Relationships, Networks, 2nd edn, London, Dryden Press.
- Håkansson, H. (ed). 1982. International Marketing and purchasing of industrial goods – An Interaction Approach, London: John Wiley and Sons.
- Tande, T. and Tande, T.J. 1986. Norsk Tørrfisknærings historie, Norges Tørrfiskeksportøreres Landsforening, Sandvik A.S. Askim.
- Teigland, K.R. and Mangseth, L. 1998. Analyse av det italienske tørrfiskmarkedet, Foredragsnotater, Eksportutvalget for fisk, Tromsø.
- Ying, H. and Korneliussen, T. 1997. The Effects of Personal Ties and Reciprocity on the Performance of Small Firms in horizontal Strategic Alliances, Scandinavian Journal of Management, Vol. 13, No. 2, pp. 159-173.