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Small exporting firms' choice of exchange mode in international marketing channels for perishable products: A contingency approach

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ABSTRACT

This study investigates how small, resource-constrained firms identify international marketing strategies for perishable products. Although international marketing of perishable products poses challenges for the exporter, many small companies manage to survive and thrive on an international business arena. Over the past decades, there has been a growing interest in how small firms design their international marketing channels. However, little is known about the conditions leading to the choice of a particular exchange modality. Drawing from the contingency framework, we investigate the role of firm-specific and industry-related factors in the choice of exchange mode among resource-constrained exporters. Based on insights from the Norwegian seafood industry, we introduce a contingency framework and develop a typology of exchange modalities. We suggest that resource-constrained exporters are inclined to engage in a succession of transactional exchanges. We offer propositions on the choice among alternative exchange modalities contingent upon firm and industry factors.

Bjørn has worked as a sales manager in the seafood exporting company for five years. He is one of seven employees currently working in the company and the only one responsible for handling sales. As a seafood exporter, the company is highly dependent on the supply of raw materials from the producers, which may be challenging to plan and predict. At the same time, fluctuations in supply and demand present opportunities to sell the products at a higher price when supply is low. During his five years in the company, Bjørn established and maintained contacts with several regular buyers. Some of them have even become his friends. However, it is not common for him to engage in long-term relationships with buyers. Instead of committing to relational exchanges, Bjørn prefers to employ a 'Tinder' approach to export sales. In other words, finding a match between what his company is able to offer and what the buyer is seeking. Such an approach allows the company to remain flexible and exploit the opportunities in the market. Regardless of his personal affection towards a particular buyer, Bjørn always sells to the one who offers a better price. Price is all that matters.

1. Introduction

The importance of commercial distribution and the design of international marketing channels for companies – small or large – have been addressed by scholars for over a half-century (Hoppner & Griffith, 2015;

Morgan et al., 2004). Finding efficient and apt marketing channels is critical for the success of the producing company in order to reach its target customers in the best possible way (Watson et al., 2015). Conventional knowledge seems to rely, by and large, on the evidence from larger companies and their channel strategies. We raise the question of whether it applies to small, resource-constrained companies oriented towards international markets.

Compared to large international firms, small exporters are typically constrained by scarce financial and human resources and often more limited foreign market expertise (Brouthers et al., 2009; Majocchi & Zucchella, 2003). Unlike larger rivals, small firms lack abundant and deeply rooted administrative heritage (Collis, 1991; Knight & Cavusgil, 2004), forcing them to contend with limited strategic tools. However, limited administrative heritage allows them to develop greater agility and flexibility in international markets (Knight & Cavusgil, 2004). We suggest that these scarce resources play an influential role in the design and choice of their international marketing channels, in sharp comparison to larger companies. Consequently, small firms adopt a simpler organizational structure (Kroon et al., 2013), flexibility (Fiegenbaum & Karnani, 1991), and agile decision-making (Gupta & Chauhan, 2020).

Robertson and Chetty (2000) argue that each firm's export performance is dependent on the context in which the firm operates.

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Accordingly, we posit, contextual contingencies will also have significant influence on small firms' choice of exchange mode in their international markets. As pointed out by Skarmeas et al. (2008), international market and exporter characteristics influence the quality and nature of a relationship between importing distributors and exporting manufacturers of industrial products. According to this view, exporting is considered as a firm's strategic response to the interplay of internal (organizational) and external (environmental) factors.

Due to the limited resources, and the variation in market characteristics, small firms may be reluctant to engage in long-term relational exchanges. Investments into developing trust and commitment in channel relationships may be neither achievable nor desirable for many resource-constrained exporters. The choice of exchange mode would, thus, be seen as a factor of firm and industry contingencies.

Based on this discussion, we contend that small firms are more likely to choose and rely on short-term oriented exchanges. This strategy allows small exporting firms to secure a high level of flexibility, which enables them to explore opportunities in the market and mitigate the uncertainties of the external environment. However, it is yet unclear how small exporters handle the risks associated with low levels of trust and commitment. In this study, we first raise the question of how small exporters design their exchange strategies. Further, we investigate how these firms handle the risks and uncertainty associated with international market exchanges. In other words, how do resource-constrained exporters handle industry competition as well as supply and demand uncertainty through seeking a balance between flexibility and commitment as they set up their exchange mode?

One example of small, resource-constrained companies with a strong orientation towards international markets is the case of Norwegian seafood exporters. In order to shed light on the core question of how small exporters organize their exchanges, we report on a study of the Norwegian seafood industry. We want to provide an understanding of what is decisive in how small, resource-constrained exporters organize their exchange relationships in international marketing channels. In particular, we address the complex dilemma of small exporters: a need for flexibility, on one hand, and a perceived desire for commitment and trust from their customers, on the other.

More specifically, we make two contributions with the present study. First, we identify the exchange modalities implemented by small exporting firms. Second, we explore the contingencies that may affect the choice of international exchange types. Since the case at hand is the Norwegian seafood industry, we will provide some further insights into the firms that operate in this industry. Based on insights from the seafood industry, we formulate a typology of distinct exchange modalities and investigate their relationships with contingency factors. While the literature on firm size provides some general guidelines and benchmarks for identifying small firms (number of employees and turnover), it is often necessary to fully understand what 'smallness' implies in the context of a unique industry. The remainder of the paper is organized as follows: First, we present insights into the Norwegian seafood industry by investigating how small exporting firms operate in a unique industry and design their international marketing channels. Second, we provide an overview of the existing studies contrasting relational and transactional exchanges. Third, we discuss the contingency theory and suggest an integrated classification framework of contingencies that influence exchange modality. Fourth, we give a brief explanation of the methodology used in this study. Further, we present the data from the interviews with key informants. We discuss our empirical observations and develop a set of research propositions that may be considered for further research in this field. Finally, we draw conclusions, address the limitations of our study, and provide suggestions for future research.

2. Study context

The Norwegian seafood industry provides a tangible example that best characterizes the 'micro-enterprises' that are distinct in terms of the

unique constraints imposed on them. The following discussion highlights the key features of the Norwegian seafood industry and their importance for managerial decision-making in export markets.

2.1. Resource constraints

Most of the seafood exporters are small companies that fall into the European Union (EU) classification of small and medium-sized enterprises (SMEs). More specifically, they match the 'micro-enterprise' category in terms of number of employees but have an annual turnover that, by far, exceeds the definition of a medium-size category.¹ Thus, many (if not most) of the seafood exporting companies in Norway have a staff of around ten people or less, yet must handle an unusually high annual turnover. The staff dealing with international sales is, thus, squeezed in time and effort between internal resources and needs, environmental challenges, and their ability to adapt to the export channel structures in various international markets. This paradox may be one reason for the confusing and contradicting findings related to the effect of firm size on export performance, as pointed out in a study by Cavusgil and Zou (1994).

The global seafood industry is characterized by a fragmented structure with many actors in each individual part of the value chain. There are approximately 6,000 active registered fishing vessels that are the main suppliers of seafood (critical input) to the Norwegian fishing industry. Following the value chain further, there are approximately 400 processing companies that rely on the input from the fishing vessels, which means there is an average of 15 vessels per processing company (Norwegian Directorate of Fisheries, 2020). Further, there are around 450 registered seafood exporters in Norway (Statistics Norway, 2019). Some of the registered exporters are also processing companies. The fishing industry exports around 95 percent of the total production, where European markets purchase around 70 percent of the exported seafood measured in value (Mathisen & Solvoll, 2020). Overall, Norway has been the world's second major exporter of fish and fishery products since 2004 (FAO, 2020).

Although the aquaculture industry is significantly less fragmented than the part of the industry that relies on catches from wild fish stocks, this is still a highly fragmented industry. As there is very little binding between industrial actors in the seafood industries both vertically and horizontally, the competition between actors is strong. They compete for raw materials as well as customers in the international markets.

2.2. Global supply and demand uncertainty

Competition and survival in dynamic markets can be challenging. Variability in demand and supply, pressure from buyers and suppliers of critical input, and unforeseen changes in the availability of raw material are just a few elements illustrating uncertainty in the global seafood industry. This is particularly critical for small resource-constrained companies operating in business areas characterized by perishable products. According to Prochaska (1984), seafood marketing and processing have to deal with substantial uncertainties. These can arise from lack of reliable market price and quantity data, delays between purchase of raw products and sales of final products, disruptions of market signals between different market levels (e.g., retailer, wholesaler-processor, exvessel levels), changes in product quality, and risks associated with export sales (e.g., trade barriers, exchange rates, consumer tastes, and preferences).

The fishing industry is viewed as a setting that is exposed to

¹ According to SMEs' definition provided by the European Commission, a micro-enterprise comprises fewer than 10 employees and has an annual turnover that does not exceed 2 million EUR. The medium-sized enterprise employs fewer than 250 persons and its annual turnover accounts for less than 50 million EUR.

substantial variation and turbulent market conditions (Hameri & Pálsson, 2003). This uncertainty is not limited to demand variability. The variations in supply of critical input factors also create uncertainty in the seafood industry (Ottesen & Grønhaug, 2003). Most importantly, the industry's dependence on the fish catch across different country markets leads to supply variability. The supply of fish is nearly impossible to predict due to environmental and biological factors that determine type and quantity of fishing effort, government regulations, other supply factors, and the subsequent fishing operations. Such variations are often abrupt and difficult to predict, and, thus, require an adequate and timely response from firms in order to ensure regular supplies. The uncertainty originates at the upstream part of the value chain, since the volume and the timing of catch are determined by the exogenous biological factors (e.g., natural growth period of fish, movement, flocking) and the experience and technologies used for catching, as well as pure luck.

Aside from dealing with supply and demand uncertainty in the home market, exporters operating in the global seafood industry regularly encounter supply and demand variations across various international markets. More specifically, while operating in a global seafood market, the level of supply across international markets has significant implications for global demand conditions. One exporting manager [Company A] illustrates the importance of assessing global supply and demand conditions: "We are calling the customers the whole week, we are calling our competitors the whole week just to figure out how much fish there is in the market, how the market is, if they are selling on good prices, if I can buy on this market... So it's always about reading the market, knowing, trying to know as much as possible about what is going on at every packing station in Norway. What are they doing in Scotland? Will they harvest a lot in Scotland? Because if they do, then they will sell a lot of fish to France and then less fish from Norway will go to France. It's a whole dynamic. You just have to be on top of the ball and pay attention to what's going on, so you know that you don't lose money." This example reveals that it is necessary for exporters to invest their time and efforts in order to regularly assess global market conditions and continuously adapt their strategic decisions in response to dynamic changes.

2.3. Foreign market complexity

Another challenge that small exporters face is the complexity of foreign markets. Norway is a small country with only five million inhabitants. At the same time, it produces large volumes of seafood and almost 95 percent of the total production is sold in international markets. These figures indicate that just about all Norwegian seafood producers are engaged in international business.

While limited by financial and human resources, small seafood exporters cater to a large number of international customers in different countries. Consequently, they have to adapt their exchange strategies to various foreign markets with different levels of institutional distance. The extent of institutional distance determines the required level of adaptation in the host market (Kostova & Zaheer, 1999). The similarity/dissimilarity in terms of regulative, normative, and cultural-cognitive institutional settings has an impact on the exporters' strategic decisions about international marketing channels (Ang et al., 2015; He et al., 2013; Yang et al., 2012). The degree of institutional distance can hinder foreign market development for resource-constrained firms (Hutchinson et al., 2006). This does not apply exclusively to geographically distant markets. Firms may need to commit financial and human resources in order to understand the multifaceted contexts of institutionally distant markets. For example, differences in legal restrictions and frameworks may exist even within the EU countries. Particularly, exporters in the agri-food industry need to match diverse quality standards, customs requirements, and food safety regulations (Ménard & Valceschini, 2005). It is necessary for firms to have substantial international experience and develop sufficient

foreign market knowledge to handle the multiplicity and variety of international markets. Compared with large multinational enterprises, small firms may find it more challenging to gain legitimacy in a large number of export markets.

3. Contrasting relational vs. transactional exchanges in channel design

To address exchange relationships in a foreign marketing channel, we take a dichotomous view on channel strategies where we draw a distinction between relational and transactional exchanges. Since the late 1980s, relationship marketing has been one of the key domains within the marketing channel research (Brown et al., 2000). The nature of relationships has been frequently addressed as a continuum that ranges from transactional to relational orientation (Day, 2000; Ferguson et al., 2005; Gundlach & Murphy, 1993; Li & Nicholls, 2000; Macneil, 1980; Siguaw et al., 2003).

The relational approach to channel design involves building a long-term committed relationship between a seller and a buyer (Day, 2000). Commitment and trust are viewed as crucial tenets of relational orientation. In fact, several studies address the presence of trust and commitment as key differentiating features that draw a distinction between transactional and relational exchanges (Garbarino & Johnson, 1999; Morgan & Hunt, 1994). Trust has been traditionally addressed as an "essential ingredient" for relationship success (Berry, 1995; Garbarino & Johnson, 1999). The presence of trust entails that one partner is confident in the reliability and integrity of another (Morgan & Hunt, 1994). A vast array of studies exemplify the importance of trust in interorganizational exchange. Amongst others, the existing studies suggest that trust enhances a firm's performance (Silva et al., 2012; Zaheer et al., 1998), reduces uncertainty (Manolova et al., 2007), constrains opportunistic behavior (Cavusgil et al., 2004), and prompts the development of entrepreneurial and relation-oriented competencies (Bloemer et al., 2013). Due to the positive outcomes of trust, it is argued to be one of the strongest marketing tools that underpins the relationship marketing paradigm (Berry, 1995). The presence of trust between parties is conducive for their willingness to commit to a relationship (Morgan & Hunt, 1994). Relationship commitment has been defined as the desire and willingness to exert maximum effort in maintaining and nurturing exchange relationships into the future. The parties prioritize the long-term benefits of maintaining the relationship with the existing partners instead of pursuing short-term opportunities in the market.

In addition to trust and commitment, several relational dimensions emerge from previous studies, namely, long-term orientation, communication, cooperation, and social bonding. Long-term orientation refers to the expectation of continuity (i.e., repeated transactions) in a relationship between a buyer and a seller in the future (Dong et al., 2008; Ganesan, 1994; Leonidou et al., 2018; Macintosh & Gentry, 1995). High levels of communication entail the exchange of meaningful, reliable, and timely information between channel partners (Lefaix-Durand & Kozak, 2009; Siguaw et al., 2003). Cooperation between a buyer and a seller involves coordinated, joint efforts implemented to attain mutual goals (Lewin & Johnston, 1997). The social bonding or interpersonal relationship between exchange partners is associated with the feeling of personal attachment as well as personal advice-seeking and socializing outside the business setting (Schakett et al., 2011).

The proponents of the relational approach emphasize the positive outcomes of building a long-term committed relationship between exchange partners, such as lower uncertainty, increased efficiency, and lower transaction costs (Dyer & Chu, 2003; Morgan & Hunt, 1994; Sheth & Shah, 2003). Moreover, the development of a high-quality relationship serves as a safeguarding strategy to secure future transactions and reduce the risk of opportunistic behavior (Brown et al., 2000; Skarmearns et al., 2008). However, despite the benefits acquired in the long-term perspective, relational exchanges are considered more time-consuming and costly than transactional exchanges and, thus, appear more

difficult to manage (Day, 2000).

At the opposite end of the continuum, companies focus on a series of individual discrete transactions with narrow relational content (Dwyer et al., 1987). Transactional exchanges are associated with a low level of interdependency, commitment, trust, and asset specificity between exchange partners (Bunduchi, 2008). The parties have no expectation or obligation of future exchanges (Taylor et al., 2014). Consequently, this kind of exchange requires small investments from the exchange partners and entails low switching costs (Sheth & Shah, 2003). As opposed to relational exchanges, which involve both social and economic dimensions, transactional exchanges have been identified as economic exchanges primarily focused on the exchange of goods/services between partners (Bunduchi, 2008). Typically, the purpose of transactional exchange is characterized by a short-term choice process guided by discrete economic considerations, rather than a long-term strategic emphasis.

Transactional exchanges have been addressed primarily from the transaction costs economics (TCE) viewpoint. According to Rialp et al. (2002), the transaction costs perspective proposed by Williamson (1985) makes an a priori assumption that contracting with independent intermediaries in competitive markets allows for flexibility. Flexibility can be defined as “an ability to change or react with little penalty in time, effort, cost or performance” (Upton, 1994, p. 73). It is often considered a capability: a firm’s ability to foresee changes in the environment and adapt to those changes (Bierly & Chakrabarti, 1996; Sanchez, 1995). Aside from adjusting to unexpected change, flexibility allows firms to exploit the opportunities that arise from it.

Flexibility is especially important for small, resource-constrained firms as it allows them to adapt to sudden changes in the supply chain by avoiding excessive cost and time efforts. Firms that need to operate in international markets shaped by turbulent and unpredictable environments should develop supply chain flexibility. It allows exchange partners to restructure their operations, respond rapidly to customer demands, and meet the expectation of customers in terms of volumes, costs, and qualities (Kumar et al., 2006). Such flexibility allows the exploitation of short-term opportunities by substituting contractors or playing on a set of many possible contractors on the open market with transaction-based terms.

Previous research on channel relationships focused, by and large, on multinational enterprises, while the design of marketing channels among small firms has been generally overlooked. A literature review on international relationship marketing further indicates a clear dominance of multinational enterprises (MNEs) that have been the subject of investigation or have served as a basis for the development of the field (Samiee et al., 2015). Within the small, exporting firm context, the role and significance of transactional exchanges and their contingencies are underexplored. An interesting aspect of the existing body of knowledge within international business is that most of the literature is concerned mainly with highlighting the benefits of relational perspective in marketing channels.

Hence, there is still a need for an enhanced understanding of how small, resource-constrained firms can develop and implement robust export marketing strategies. The lack of attention to this phenomenon has resulted in a relatively weak conceptual development in this field that focuses mainly on large enterprises. Consequently, the choice of exchange modalities among small firms is underdeveloped. One particular issue that stands out is the tension between the exporters’ desire and need for flexibility, on one hand, and the perceived demand for commitment for direct sales to the end users, on the other.

4. Towards a contingency explanation of exchange modes

Although research on marketing channels has evolved over time, previous studies have remained within the classical research domains: power-dependence relationships; relational outcomes; conflict; control mechanisms; channel structure and channel selection; and negotiations

(Krafft et al., 2015). The exponential growth of international marketing over the past several decades has expanded the research on marketing channels to a global scale. The primary focus of channel research in the international context has mainly been on the heterogeneity of the macroenvironment (cultural distance, psychic distance, institutional distance, etc.) and its influence on channels operations.

Responding to the need for more theory-based explanations of exchange mode in the international marketing literature, we argue that a contingency framework is especially suitable in discussing the choice small exporters make with respect to these modalities. Several studies have noted that contingency theory can be useful to explain the strategic choice and fit that exporting companies rely on as they choose international marketing channels. A review of contributions to international marketing channel choice reveals that perceived market uncertainty evokes the significance of contingency challenges for exporting firms. Robertson and Chetty (2000) emphasize that the context determines the way exporters achieve their effectiveness. Yet, certain contexts are bounded by common characteristics and significant similarities in firm effectiveness. In other words, variations in export success are expected to depend on the fit between strategy and contextual environment.

As pointed out by Gabrielsson et al. (2012), in global environments firms need to consider diverse contingencies simultaneously. Further, the contingency perspective contends that firms can improve their performance by coaligning their marketing channel strategy with contextual factors (Kabadayi et al., 2007). A number of studies implement the contingency-based approach to address the role of contextual factors in channel strategies (Grewal et al., 1999; Kang & Brewer, 2009).

Table 1 provides an overview of key studies that have addressed the role of contingencies in channel strategies and how these factors influence firms’ adaptation strategies and performance. The overarching theme within contingency-based studies is the importance of situational characteristics in organizational management, strategies, and behavior (Zeithaml et al., 1988). These situational factors or contingencies are viewed as recurring marketing settings, which require appropriate strategic choices. Organizational effectiveness is considered to be dependent upon the appropriate fit between contingency factors and internal organizational characteristics (Venkatraman, 1989). In other words, firms are expected to achieve higher levels of performance when they take into account the context where strategy is developed and employed (Germain et al., 2011).

The diverse contingencies found across the select contributions in channel design and strategy fall into two broad categories, namely, external environment factors and firm-level factors. The external environment encompasses such contingencies as channel conditions (structure, climate, and power) (Mohr & Nevin, 1990), environmental hostility (Robertson & Chetty, 2000; Yeoh & Jeong, 1995) and uncertainty (Germain et al., 2011), institutional environment (Oliveira et al., 2018), cultural distance (Solberg, 2008), technological intensity (Stoian et al., 2012), and consumer characteristics (Chung et al., 2012). The firm level contingencies frequently addressed in channel research include firm size (Stoian et al., 2012), international business experience (Chung et al., 2012), product complexity (Solberg, 2008), and the nature of the products (Chung et al., 2012). All have a substantial impact on firm strategies in domestic and international channels.

As international channels are susceptible to challenges that stem from constantly changing domestic and foreign environments, researchers often employ the concept of strategic ‘fit’ between contingency factors and the implemented strategy (Hultman et al., 2011; Hultman et al., 2009; Katsikeas et al., 2006; Sousa & Lengler, 2009). Robertson and Chetty (2000) rely on contingency framework to examine whether the level of ‘fit’ between a firm’s strategic posture and its context is conducive for a superior export performance. The contextual factors include channel structure and external environment, particularly, the level of hostility.

As suggested earlier, our aim is to bring forward the importance of the conditions that influence firms’ choice of exchange type. The

Table 1
A Sample of Studies on Contingencies in Channel Research.

Authors	Year	Focus of the study	Contingencies
Mohr & Nevin	1990	Communication strategy and channel outcomes (coordination, satisfaction, commitment and performance)	Channel structure, climate and power
Yeoh & Jeong	1995	Antecedents of export performance	Export channel structure, external environment
Aulakh & Kotabe	1997	The antecedents and performance outcomes of channel integration decisions in foreign markets	Transaction specific factors (asset specificity, country risk), strategic factors (market position strategy, global integration strategy, differentiation strategy), organizational capability factors (international experience, firm size)
Grewal et al.	1999	Drivers of satisfaction in channel relationships	Price competitiveness, trust
Robertson & Chetty,	2000	Export strategy and export performance	Channel structure, level of hostility
Katsikeas et al	2006	Performance outcomes of international marketing standardization; the role of strategic fit between international marketing strategy and environmental contingencies	Macro- (general) environmental factors: economic and regulatory environment, technological intensity and velocity, customs and traditions Micro- (task) environmental factors: customer characteristics, marketing infrastructure, stage of PLC, competitive intensity
Solberg	2008	The influence of relational drivers on relationship quality between exporter and distributor	Cultural distance and product complexity
Hultman et al	2009	Strategic fit between export product strategy adaptation and contextual factors; the link between strategy fit and export performance	Macroenvironment factors: economic, regulatory, sociocultural, and technological environment Microenvironment factors: customer and market characteristics, marketing infrastructure, competitive intensity, stage of PLC
Magnusson & Boyle	2009	The role of psychic distance in international exchange relationships	Stage of relationship development
Sousa & Lengler	2009	The coalignment between international marketing strategy and psychic distance; its influence on export performance	Manager's psychic distance towards a foreign market
Germain et al	2011	Relational exchanges with suppliers and financial performance	Supplier uncertainty, quality orientation
Hultman et al	2011	The role of international experience in the relationship between international promotional adaptation and export performance	Different aspects of international experience: duration, scope, intensity
Chung et al	2012	The relationship between the adoption of standardization/ adaptation strategy and export performance	Firm size, international business experience, consumer characteristics, the legal environment, cultural distance, and the nature of the products
Stoian et al.	2012	The degree of standardization/ adaptation of the international marketing strategy and export performance in SMEs	Firm size, technological intensity of the industry, environmental determinants

Table 1 (continued)

Authors	Year	Focus of the study	Contingencies
Oliveira et al.	2018	The relationship between export entry mode diversity, export performance and its critical contingencies (potential moderators of this relationship)	Institutional barriers, uncertainty of export environments, export geographical scope

evidence from existing studies suggests that international channel strategies and design vary between small and large companies (Manolopoulos et al., 2018; Ramaseshan & Patton, 1994). Yet, it remains unclear what contingencies are influential in exchange modalities among small, resource-constrained firms.

One of the key strategic decisions that small, resource-constrained firms are facing in the choice of international marketing channels is the tension between commitment and flexibility. This dilemma is often expressed as a choice between two extremes or poles in the strategic decision of either a transactional or a relational exchange mode. Tsay and Lovejoy (1999) suggest that “some of these individual exporting firms thrive on the thrill and challenge of the dynamic bargaining process and have confidence in their ability to extract greater concessions in an ad-hoc system than any supplier would actually commit to formally” (Tsay & Lovejoy, 1999, p.107). It is, therefore, problematic to identify the level of flexibility needed and available in the relationship. Skarmeas et al. (2008) note that from the perspective of the industrial buyer organizational customers, “high quality relationships with suppliers can secure supply continuity ... bypass the risks associated with inaugurating new exchanges result in the accommodation of special requirements and facilitate inventory reduction” (p. 24). In this situation, high quality relationships are seen as a function of trust, commitment, and satisfaction.

Thus, we examine in this study how small, resource-constrained firms work with and implement coping strategies towards international channel partners. The overall aim of the research is to investigate how contingencies influence resource-constrained companies' choice of exchange mode in international markets. What characterizes these variables is that they represent situational characteristics that most often are outside of the control of the firm or the manager. In the next section, we elaborate on contingency factors that prevail in the Norwegian seafood industry. In particular, we introduce the classification of contingencies that determine exchange modalities among small, resource-constrained exporters.

5. A classification framework of contingencies

Based on a synthesis of previous studies and insights from the seafood industry, we formulate an integrated classification framework that delineates the contingencies impacting exchange modalities. Previous studies have scarcely relied on the contingency framework to address exchange mode selection. However, our classification is aligned with the literature on contingency factors (Miller, 1992). Accordingly, we introduce a classification framework that demonstrates three broad levels of contingencies, contingency types, and contingency examples experienced in different country contexts (see Table 2).

First, our classification addresses general environmental contingencies that affect exporters' exchanges on a macrolevel. They refer to political instability, market access issues, and economic uncertainty. While operating across different market settings, exporters inevitably face institutional and economic challenges. The former often translates into trade disputes and trade barriers, including tariff and non-tariff barriers to trade. These issues may result in complicated import procedures, partial import restrictions, or a blanket ban (e.g., embargo). All

Table 2
An Integrated Classification Framework of Contingencies Impacting Exchange Modality.

Nature of contingency	Type of contingency	Contingency examples	Countries
1. General environmental	<ul style="list-style-type: none"> - Political instability - Market access issues - Economic uncertainty 	<ul style="list-style-type: none"> - Trade disputes, tariff, and non-tariff barriers to trade - Legal hostility effects - Exchange rate fluctuations - Economic in-/stability and vulnerability 	Russia, EU, the US, China, India, Brazil
2. Industry	<ul style="list-style-type: none"> - Global supply uncertainty - Global demand uncertainty - Global competitive intensity 	<ul style="list-style-type: none"> - Natural fluctuations in supply due to externalities (weather, extraordinary nature phenomena, pandemics, natural cyclical variations in production, etc.) - Uncertainty of supply and demand conditions in agri-food chains drawn from global demand and supply situations 	Most market-based economies with competition for critical input in food markets
3. Firm	<ul style="list-style-type: none"> - Financial and human resources - Product customization - Product perishability 	<ul style="list-style-type: none"> - Strong commodity orientation of industries justifies little sales and marketing staff - Lack of domestic demand drives small companies towards international markets - Commodity perspective gives little/very basic product adaptations. Product offering is limited to a number of different species rather than sophisticated value-adding of product (i.e., advanced processing) - Perishable products are complex in nature, which requires extensive information exchange 	Scandinavian countries, Portugal, Italy, Greece, New Zealand

of the above would require significant changes in export channels and exchange relations. Furthermore, differences in the levels of economic stability and exchange rate fluctuations are expected to affect exporters' desire to invest time and resources into committed exchanges or maintain exchanges on a transactional basis.

The next level of contingencies addressed in our classification framework refers to industry-level factors. The global seafood industry, as most agri-food industries, is characterized by substantial supply and demand uncertainty. The fluctuations in seafood supply are dependent on natural conditions that are nearly impossible to anticipate. This is likely to result in a perceived need to enhance an exporter's flexibility. On the other hand, the demand fluctuations that prevail in the industry may drive exporters towards commitment in order to secure stable transactions. Another industry-level contingency that affects exporters' exchanges is the level of global competition. Exporters in the seafood industry face an intense competition both on a country level and on a global scale. When dealing with larger rivals, small exporters need to seek for and rely on distinct sources of competitive advantage. One of the potential advantages that distinguishes them from larger exporters is their adaptability to customer requirements and their flexibility in terms of volumes.

Finally, on the firm level, small firms are bounded by three types of contingencies: financial and human resources, product customization, and product perishability. Financial and human resource constraints result in limited capacity to initiate and maintain relational exchanges. As the relational exchanges require substantial investments, small firms are likely to avoid commitment on a long-term basis.

Product customization refers to adjusting such features as the type of product (e.g., whole fish vs. fillet, fresh fish vs. frozen fish), size, and packaging. However, a relatively small number of exporting companies are willing to add value to fish and fishery products through additional processing and customization. Exporters that focus on customizing their offerings with more value-added products are likely to establish direct channels with supermarket and restaurant chains.

Another important feature of seafood products is perishability. When dealing with fresh fish and fishery products, exporters are constrained by considerable pressure to sell the product within a reasonable time frame. This also applies to logistical issues, such as appropriate transportation conditions and minimal delays. Apart from perishability, the nature of the seafood product also involves variability in size and quality of the product. All of the above require an extensive information exchange, communication, and a willingness to resolve potential conflicts between the buyer and the seller.

The classification framework delineates unique types of contingencies that determine exchange strategies adopted by Norwegian seafood exporters. We acknowledge that exporters' exchange choices are

guided by the contingencies determined at the environmental level, industry level, and firm level. In this study, we will focus on two levels of analysis, firm level and industry level contingencies. The next section of the paper discusses the methodology conducted in this study. We elaborate further on the research setting represented by the Norwegian seafood industry and describe the sampling, data collection, and data analysis.

6. Methodology

6.1. Research setting and design

The setting for this research is small, resource-constrained firms with a strong orientation towards international markets. Many small exporters that operate in a market characterized by fluctuations in supply of critical input and demanding customers experience a dilemma regarding what mode of exchange to choose. The choice is mainly between a more long-term relational oriented mode and a short-term discrete transactional mode. The reason for this adaptation seems to be related to a set of critical uncontrollable factors, or contingencies; the small exporters are exposed to and behave according to these contingencies. The large number of small exporting firms play an important function in the global value chain for seafood. There are many potential customers, such as some large corporations and a wide range of small- to medium-sized and larger intermediate actors. In this setting the small, resource-constrained firms are, by and large, torn between maintaining long-term committed relationships and playing the market by discrete sales. A key aim for this research is to explore the reasons underlying the strategic exchange mode choice that small firms pursue in order to survive over time.

Our investigation of the Norwegian seafood industry and the contingencies driving the export exchange modality (in international marketing) is best described as an explorative study. Our approach relies on a carefully selected set of key informant in-depth interviews. In addition, the research is supported by a literature review focusing on contingencies and strategic adaptation by export-oriented firms. Our focus is on the seafood industry as it represents the second-largest export industry in Norway (after oil and gas). At the same time, it is characterized by a high presence of small firms with strong international business orientation (Johansen et al., 2019; Voldnes et al., 2020). Due to the importance of export activities and the high fragmentation of the industry, it provides a highly appropriate context for the purpose of the study. We focus on a specific instance of small, resource-constrained exporters operating within a particular context. Our study is, therefore, bounded by external factors specific to the industry, such as international market conditions, product characteristics, and international

supply chain features. The study falls into the case study category of research method as it is designed to provide in-depth explanations for a contemporary phenomenon within the real-world context (Yin, 2017). The companies are selected in order to secure a sound representation of the typical small exporting firm from the seafood business. Drawn from this we develop a set of research propositions for further investigation and conceptual development.

6.2. Data collection

We identified small-sized seafood exporting companies located in Norway, which varied from having six to twenty-one employees. We selected respondents based on firm-specific and industry-related factors that might influence a firm's international marketing channel strategies. All the selected companies place a major emphasis on exporting, which constitutes approximately 70–92 percent of their trade. The exporters purchase seafood from Norwegian producers and sell it mainly to processors and retailers in international markets. The main target markets of the selected companies are EU countries (e.g., Poland, Denmark, France, Germany, Spain, Lithuania, Latvia, etc.), the UK, the US, and some Asian countries (China, South Korea). Since the seafood business is highly diversified in terms of product specificity, it was necessary to select companies that operate with a comparable product portfolio. The product portfolio is determined by fish species, level of processing, and product type (e.g., fresh, frozen, salted, etc). Different species represent unique market adaptation opportunities and structures in the international marketing channel. Processing level and product type add to the market complexity. Shelf life/product perishability is another important consideration in the global seafood business because it represents a precondition for international market choice and marketing channel decisions (for a detailed discussion around these issues, see Dulrud and Grønhaug (2007), Ottesen and Grønhaug (2003), Tuu and Olsen (2013)).

The interviews were conducted with three senior sales managers who had worked in the seafood industry for more than eight years. In line with Ottesen and Grønhaug (2003), we selected top managers as our respondents as they play a crucial role in decision making in small-sized firms. In small internationally oriented firms, the top manager is the primary decision maker who manages and controls firm actions.

The data collection is based on a multi-item interview guide with 46 open-ended questions. Prior to the interviews, the questionnaire was pretested on two exporters through a 60-minute session. The respondents were encouraged to comment on the relevance of the questions, other factors not included in the pretest guide, and the structure and length of the interview guide. In this preliminary development phase, an elicitation technique was used to reveal important contingencies perceived by the respondents. In the discussion with the respondents, we placed emphasis on how different contingencies relate to exchange mode choices in international marketing channels. Equally important throughout this phase was to secure construct validity so that we could be sure that the respondents would have the same comprehension of the constructs used in the interview guide as the researchers intended to discuss and study. Based on the comments and the literature review, the final key factors were developed. The interviews lasted for about 70–90 min and were conducted in English.

In-depth interviews were found an appropriate data collection method as they enabled us to get insight into the managerial reasoning behind strategic choices. In-depth interviews allowed us to focus on personal experience and individual perceptions of exporting managers, as well as the nuances of their behavior to acquire a deeper knowledge of the phenomenon in a specific context. Such an in-depth approach was chosen to investigate which factors play a decisive role in choosing a particular exchange mode among small exporters in this specific industry.

We used repeated semi-structured interviews with the respondents to increase the validity of the interviews and other information collected.

This allowed us to focus on a set of predetermined topics and, at the same time, explore spontaneous issues raised by our respondents (Ryan et al., 2009). Our interviews followed an interview guide that contained explorative aspects of the key constructs: relational and transactional exchanges. Initially, we identified potentially important constructs before the interviews to develop measures more accurately as well as to strengthen the empirical grounding for extending the existing theory (Eisenhardt, 1989). Then, we made an operationalization of the measures for relational and transactional exchanges based on a targeted literature review of the previous studies. At the same time, we did not attempt to anticipate all constructs before the data collection. The contingency variables were identified based on empirical observations. Moreover, the interrelationships between the constructs were addressed during the analysis of the acquired data and further addressed in propositions. We tried to avoid making a priori theoretical assumptions or propositions as they may lead to bias and limit the extent and quality of the findings (Eisenhardt, 1989).

The interviews took place over a two-month period and were conducted with three senior sales managers of Norwegian seafood exporters. Additionally, we conducted follow-up interactions with the respondents and industry informants for further clarification and validation of the findings. Table 3 provides brief information about each interviewee, including a description of the company's export activities, information on the respondents, and the highlights with regards to the choice of exchange mode strategies.

6.3. Data analysis

Upon the completion of the data collection, the interviews were transcribed and analyzed. Based on the data at hand, we identified several themes, which were then marked with specific codes. Next, we presented the observed constructs (exchange types and contingencies) and relevant summarized pieces of evidence in the tables. Three exchange modes were found in our data: transactional exchanges, relational exchanges, and an intermediate strategic option – casual exchanges with frequent buyers. Our empirical findings indicate that the choice of an exchange mode was related to a number of contingencies. Five contingency factors emerged based on our data: exporter's resources, global supply and demand uncertainty, the global competitive environment, product perishability, and product customization. We selected the patterns that referred to the characteristics of the exchange modes and matched them with patterns related to antecedents.

We implemented an explanation-building technique in order to further analyze our data. The data from the case study was compared against supporting and conflicting arguments from the literature. This allowed us to develop five research propositions, which provide insights on how exporters organize their exchanges with buyers.

In order to summarize and present the data, we used a narrative with interjections of quotations from our informants that emphasize our findings and validate our propositions. Each proposition reflects a specific contingency factor as well as the exchange type, which is favored under this particular condition. Further, our empirical observations were supported by theoretical arguments from previous research. This allowed us to indicate the proximity of our empirical evidence with the existing theory.

7. Results

Our in-depth interviews reveal various contingencies which lead to specific exchange modalities observed among the exporters. Based on this analysis, we are able to delineate a typology of three key exchange modalities that are unique to Norwegian seafood exporters. These are transactional exchanges, relational exchanges, and casual exchanges with frequent buyers. Two of the abovementioned exchange types reflect the opposite poles of the traditional exchange dichotomy. The third type, however, emerged as an intermediary mode combining the

Table 3
Profile of the Interviewees.

Firm	Exporter A	Exporter B	Exporter C
Main products	Fresh salmon	Fresh and frozen salmon, wild-catch fish: cod, saithe and halibut	Approximately 20% frozen and 80% fresh. Fresh and frozen cod, haddock, saithe. Whole variety of fresh fish including herring, red fish, pollock
Main target markets	China, South Korea, Holland, Poland, Denmark, Germany, Spain, the US	Europe, the US	France, Spain, the UK, Sweden, Germany, the US
Main type of customer	Processors, mostly; some retailers in the US	Processors, distributors, and retailers	Wholesalers, distributors, retailers (super market chains, restaurants)
Annual turnover	Around EUR 70 million	Around EUR 150 million	Around EUR 90 million
Number of employees	6	11	18
Number of employees involved in export sales	2	5	7
Firm experience	1 year	16 years	51 years
Position of person interviewed	Sales manager	Sales manager	Sales director
Respondent's experience in the firm	1 year	8 years	8 years
Respondent's experience in the seafood industry	12 years	11.5 years	26 years
Key takeaways with regards to choices of modality	The company relies mainly on transactional exchanges (around 65 % of total sales). The remaining 35 % are accounted for contract-based relational exchanges	According to the internal regulation from the firm's financial department, 30% of total volume can be contracted for long-term relational exchanges, 70 % of the total volume is sold on spot market (transactional exchanges)	The customer base of the company is stable but the day-to-day business is spot-related. 60 % of total volume is sold on contractual-relational basis. The rest is sold mostly to known frequent buyers

noncommitment nature of discrete transactions and the socio-relational dimensions at the interpersonal level. We next elaborate on each of the implemented modes and present supporting evidence from the in-depth interviews.

7.1. Transactional exchanges

Our empirical observations support our initial assumption that small exporters are likely to rely on noncommitted transactions when developing their exchange strategies. The study respondents described this strategy as 'spot trade,' which is considered more natural due to the resource constraints and uncertainty of global supply and demand conditions. Unlike long-term contractual relationships, spot trade is associated with a greater flexibility in terms of product features, volumes, and delivery. The following quote from the sales manager of Company B illustrates the reasoning behind favoring a transactional form of exchange: "For spot, it is easier. It is actually easier than contracts.

Because you do not need too much background... Of course we do background checks but not in the same way [as with contracts] and there is less match-making actually." The exporters' desire to avoid contractual complications can be explained by a number of factors, including the uncertainty of the seafood industry. The flexibility provided by transactional exchanges is regarded as a tool to cope with the volatile supply and demand conditions that are common in the global seafood industry.

While relying heavily on spot trade, exporters face the risk of losing sales due to intense competition or selling their products at a lower price in the case that there is an overload of seafood in the market. The downside of avoiding commitment to the buyers was revealed in exporters' vulnerability to the sudden loss of a potential buyer. As one sales manager explained, "You never know what is going happen if you just rely on that... Because they may find someone that they are working with so well that they have to cut one of their suppliers, and it could be me. Then you always have to be out there looking for new customers" [Company A]. As illustrated in this example, a lower level of commitment arising from discrete transactions enables resource-constrained exporters to constantly exploit new possibilities and expand to new markets. Thus, by expanding their network, exporters increase their chances to maximize their profit.

The decision to engage in a discrete transaction with a potential buyer is based on the alignment of mutual interests. One of the respondents compared the process of initiating discrete transactions with finding a match: "It's like being on Tinder. You always try to find a match. And you see if you like the customer and then the customer has to see if they like you. And then if it's a match, it's a match. Then you work together" [Sales manager, Company A]. Along with actively searching for new clients, exporters pursue a reactive strategy represented by a response to unsolicited orders. Another sales manager further elaborated: "We try to find the other possibilities or to get better paid at least. So, it can be both: we can call and search around, we can be contacted as well" [Company B].

Earlier studies in relationship marketing referred to discrete transactions as 'casual dating,' or the initial phase of the relationship development process (Dwyer et al., 1987). However, our observations suggest that transactional exchanges may represent a certain exchange strategy that is based on finding an appropriate match. Therefore, we add to the existing concept of casual dating within the marriage analogy and introduce a 'Tinder' approach to buyer-seller exchanges. This approach draws analogy with the dating app that follows the principle of seeking a match among other dating alternatives based on the alignment of chosen criteria. While casual dating refers to the initial stage of a buyer-seller relationship, the 'Tinder' approach explains the process of relationship initiation and selection. Accordingly, transactional exchanges result from both a proactive search on behalf of the exporters and a reactive response to buyers' requests guided by the pursuit of flexibility. When exporters face increasing demand, they do not feel the need to move on to the next stage of relationship and commitment.

7.2. Casual exchanges with frequent buyers

Distinct from the conventional exchange types, namely relational and transactional exchanges, our findings reveal an intermediate strategic option that combines the elements of the two exchange types. We refer to it as 'casual exchanges with frequent buyers.' Such exchanges are characterized by relational dimensions such as social bonding, extensive communication over time, and a large number of successful repeated discrete transactions within the pool of known buyers over the years. On one hand, these potential buyers represent a network of relational customers, but without the commitment to carry out a series of transactions over time. On the other hand, they represent an opportunity for small exporters to be a preferred supplier, provided that they conform with the current market situation that is balanced along current demand and supply conditions (price/volume).

We provide the following comment from one of the study respondents to illustrate casual exchanges: "We have regular customers that

buy from us every week. We don't have contracts with them, but we have a close relationship" [Sales manager, Company A]. In such exchanges, the seller and the buyer share a mutual understanding that there is no guarantee or obligation to carry out transactions over a long period of time. The short-term orientation adopted by both the seller and the buyer was described by the sales manager of Company B: "Also for the customer, it is safer not to commit to longer contracts. Because the prices are changing rapidly, you never know what is going to happen."

The customer pool represents a strategic resource for the small exporters since casual exchanges with them involve some relational dimensions that may eliminate transaction costs. Some of these relational elements are social bonding, extensive communication over time, and a large number of successful discrete transactions repeated over the years. Such exchanges appear to involve frequent communication on the phone and in person, reciprocal visits and trips, and a number of social occasions that take place outside of work.

The sales managers indicate that they often develop a close personal relationship and emotional attachment to the customers and sometimes perceive them as friends and family. One of the respondents described such close relationships as the following: "We've been invited to their weddings, we've been at their homes, having dinner around the family table. So, we get to know them very well" [Sales manager, Company A]. The example illustrates the extent of social interactions outside the business context and indicates some level of mutual attachment. Furthermore, the exporters state that in some cases they prefer to sell to the buyers that they already know, as previous experience allows them to develop trust and ensure their safety. As elaborated by one of the respondents, "You contact people that you know already, because these are the people you can trust. You always try to get new customers, get to know them and try to sell to them as well. But if you already have a product and... Especially, if it's fresh salmon, then you have to do it quickly. So, we don't have time to establish new relationships and sell the salmon. You sell it mostly to existing customers. These are people that you also trust. You know that they will pay the given price and they will pay you at least."

Consistent with Witkowski and Thibodeau (1999), we maintain that personal bonding is an important dimension in international interfirm relationships, especially for small firms operating in international markets. These relational elements allow exporters to develop a certain level of interpersonal trust with their frequent foreign buyers. The presence of personal bonding along with other relational dimensions may reduce transaction costs for both the seller and the buyer and, thus, substitute for a higher level of commitment and interorganizational trust.

The importance of the personal relations between a seller and a buyer has been further addressed by Dulsrud and Grønhaug (2007), who refer to social events as "important bricks in market-building processes." Social arrangements and familiarity can be found in episodic transactional relations. The presence of such social mechanisms provides stability, which allows exchange partners to mitigate the turbulence in the global trade.

Our respondents emphasize that a close personal relationship with a buyer (e.g., personal visits, social engagements, extensive communication) leads to the development of trust. Trust is considered an important attribute of exchange with international buyers, as it reduces the risk of opportunistic behavior, improves the mutual understanding between parties, and allows exporters to better meet buyers' needs. Therefore, operating within a group of known buyers enables exporters to sell the product quickly and, at the same time, minimize their risks based on perceived interpersonal trust. Moreover, the development of interpersonal trust increases the exporter's chances to be selected as a preferred supplier among other competitors.

Although some exchanges within small companies were associated with a certain level of the social-emotional dimension (e.g., personal attachment, social bonding, communication, interpersonal trust), our respondents emphasized that their selling decisions were mainly defined by the price. The following example provided by Company A demonstrates the crucial significance of economic considerations in choosing a

buyer: "Always sell at the best price. Even if it's my best friend and he can't pay the price. Well, then I have to sell to someone else. That's business. And that's what everybody knows. We are good friends, but good business doesn't come with charity, to be honest. Yes, if he can buy cheaper from one of my competitors, he would do that. If I can sell at a higher price to another customer, I would do that. And we both understand that very well. It comes down to money and that's what you have to respect."

Based on evidence ascertained from the interviews, we suggest that small exporters may choose to engage in casual exchanges within a pool of known buyers. Such exchanges do not involve strict commitment constraints and in them firms have no contractual obligation for future transactions. Although casual exchanges may contain certain relational dimensions, they are guided by self-interest and a mutual understanding of the nonbinding relationship between partners. When it comes to making a sale, the exporter's choice is purely determined by economic considerations and self-interest rather than relational dimensions (e.g., trust, commitment, long-term orientation, etc.). By incorporating socio-relational elements in otherwise short-term transactional exchanges, exporters can develop a certain level of interpersonal trust within a pool of known buyers and build a 'safety net' for future exchanges. The existing customer pool enables companies to benefit from lower transaction costs since they have less need for costly safeguarding strategies (Katsikeas et al., 2009; Skarmeas et al., 2008).

7.3. Relational exchanges

The third type of exchange found among small exporters refers to relational exchanges that involve long-term committed relationships between exporters and customers complemented by contracts (Poppo & Zenger, 2002; Ring & Van De Ven, 1994). Relational exchanges employed by exporters are associated with trust that improves the performance of the relationships (Heide & John, 1990; Morgan & Hunt, 1994). Moreover, exporters involved in relational exchanges are willing to commit their time and efforts into maintaining the relationship in the future. Committed relationships are found to have a long-term orientation and high levels of communication. Close collaboration with partners is associated with more incentive to work on problems together and find solutions rather than terminate the relationship. The findings indicate that, in relational exchanges, exporters are willing to give priority to their regular customers even when they are offered a better price elsewhere. While relational exchanges motivate long-term cooperation, cooperative behavior may take a longer time to develop. Cooperative behavior in the present develops an expectation of cooperation in the future. It has been empirically shown that past success in contracting with an exchange partner leads to greater success in the present (Larson, 1992). Long-term contracts may help exporters to achieve successful exchanges, especially in the early, vulnerable stages of the relationship (Poppo & Zenger, 2002). Furthermore, contracts may be used to indicate trust and loyalty in a relationship between exchange partners (Woolthuis et al., 2005). In this case, the willingness to engage in a long-term contract may be interpreted as a sign of commitment to a relationship. Long-term contracts promote expectations that the exchange partner will not pursue short-run gains and thus complement the informal limits of relational exchanges. Moreover, relational exchanges involving trust and commitment may complement the adaptive limits of formal contracts by promoting the refinement of formal contracts when change and conflict arise (Poppo & Zenger, 2002).

For seafood exporters, engaging in long-term relationships with customers appears to be associated with the lower part of the channel, namely, the retailers. A sales director in an exporting firm clarified: "The further in the market you get the more specific is the contract or the relationship. It is easier to build a long-term relationship with a retailer or a restaurant chain than it is with an importer... It's tougher to get in there but once you get in, you establish the relationship and you start to have a regular supply... It's easier to stay there - easier to maintain this relationship" [Company C]. As indicated in the abovementioned example, the level of

commitment in the exchange increases as exporters move further in the marketing channel. At the same time, the development of a direct supply to a retailer also requires long-term contractual obligations, which ensure the stability of supply. A contractual obligation is found to be indicative of commitment on both sides of the relationship dyad due to substantial uncertainty and strict requirements for product quality in the seafood industry. Therefore, exchange partners combine relational mechanisms (i.e., commitment, trust) with legal contracts as safeguards against opportunism. This falls in line with earlier assumptions raised by Achrol and Gundlach (1999) suggesting that “contracts and relational norms are not really incompatible, but rather, each cures the inevitable imperfections of the other” (p.111). Furthermore, respondents suggest that the desire to develop long-term committed relationships is determined by the level of product customization. For instance, branded products (e.g., fillet products) require agreements and partnerships, as the market for them is much smaller and more specialized. In order to ensure that the products are sold at their best price, it is necessary for the company to have a base of regular customers that they can trust.

Overall, our empirical observations reveal that resource-constrained exporters engage in three types of exchanges with buyers. The choice of a particular exchange mode was found to be guided by a set of internal and external contingency factors, namely, firm resources, product customization, product perishability, uncertainty of global supply and demand conditions, and global competitive pressures. Fig. 1 depicts the proposed conceptual model based on insights from Norwegian seafood exporters. In the following discussion, we address the associations between the observed contingencies and exchange modality choices.

8. Research propositions

Based on the empirical observations, we have conceptualized three types of exchange modalities: transactional or ‘Tinder’ exchanges, casual exchanges with frequent buyers, and relational exchanges. We suggest that the choice of an exchange modality among small, resource-constrained exporters is guided by the firm-level and industry-level contingencies. In the next section, we formulate our research propositions regarding the association between the contingency factors and the exchange modalities discussed above.

8.1. Contingencies arising from exporter’s resources

The first contingency factor that we address refers to exporter’s resources. Due to limited financial and human resources, small firms tend to prioritize open transactional exchanges that require a low level of commitment and provide a greater degree of freedom. Small exporting companies are relatively poor in terms of financial and human resources

(Laufs & Schwens, 2014). Considering the multiplicity and variety of export markets, managing long-term relationships with extensive commitment seems to be too demanding for them. This challenge was emphasized by one of the respondents [Company A]: “We always try to call everybody and have a good relationship with our customers. But the problem is if you get to have a good relationship with someone, then it goes at the expense of someone else. And as I’m saying, we don’t have enough time for that.” Moreover, when dealing with more distant geographical markets, exporters need to develop sufficient foreign market knowledge in order to engage in relational exchanges. The respondent added that the company relies on transactional exchanges in Asian countries, as relational exchanges would require more time and effort: “It is difficult also, when you are not there... So for me it would be too much work.” Due to scarce human resources, exporters do not have enough time to invest in building long-term committed relationships. Instead, they prefer to engage in less demanding short-term transactions.

Another sales manager mentioned that their company has a regulation from the financial department that allows them to contract no more than 30 percent of their volume, thus, the rest of the products are sold on the spot market. The respondent provided the explanation for choosing spot sales: “I think that spot sales are more natural for our company, because of this limitation we have for the contracts...It’s not so complicated as contracts. Because in contracts you have different measurements, you have different obligations and what you can promise to deliver as well, so they are more formalized” [Company B].

Thus, the reliance of small exporters on transactional exchanges is found to be associated with their reluctance to engage in contracts. Furthermore, the development of long-term relational exchanges is associated with greater investments in terms of time and managerial effort, which can present a challenge for firms with scarce human resources. Therefore, we suggest:

P1. The smaller the amount of financial and human resources, the more likely that small exporting firms will engage in transactional exchanges.

8.2. Contingencies arising from global supply and demand uncertainty

The second contingency factor relates to the uncertainty of supply and demand in the global seafood industry. In comparison with other industries, the supply of highly perishable products is determined by the uncertainties over volume availability, product quality, prices, seasonal factors, and climate conditions (Shaw & Gibbs, 1999). Although some similarities are found between seafood supply and supply of other agricultural raw materials (e.g., seasonality, perishability, asset specificity), fish harvesting is bound by greater uncertainty due to harvest

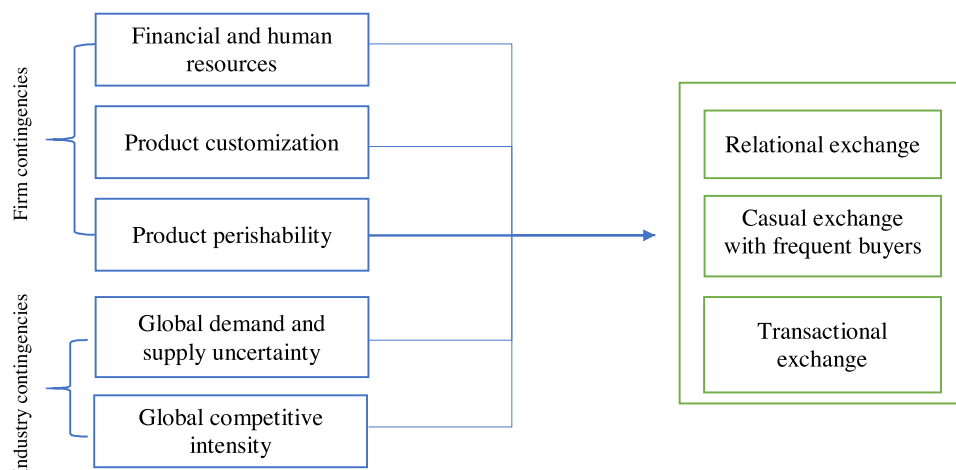


Fig. 1. Proposed Typology of Exchange Modalities.

planning influenced by climate and biological factors and the lack of control over both (Isaksen et al., 2016). The uncertainty of supply results in certain limitations for all channel members. For instance, a lack of upstream supplies in the home market limits the ability of channel members to meet downstream demand (which challenges the demand-driven paradigm). Further, as mentioned earlier, exporters' strategic choices are affected by supply conditions in other international markets.

At the same time, the agri-food chains are challenged by demand fluctuations (Taylor & Fearn, 2006). Changes in end-user demand can create potential challenges for the upstream part of the channel due to the bullwhip effect. The fluctuations of demand, which peaks and declines several times over the year, may lead to excessive inventory levels, delivery delays, elevated costs, and a reduced level of service (Jabbarzadeh et al., 2017). Since agricultural commodities (i.e., seafood) tend to be time-sensitive and have a shorter shelf life than other commodities, they require a quick response to demand fluctuations (Du et al., 2009).

The variability of global supply and demand conditions is likely to affect all members of the distribution channel and may appear especially challenging for small exporting firms, as their size may influence their level of control over critical resources. As a result, the upstream channel members strive to seek a balance between both uncertainty on the supply side and the high variability of demand. Consistent with Dreyer and Grønhaug (2004), we found that small firms are inclined to lean on flexibility in order to cope with turbulent and unpredictable settings. This is particularly relevant to such contexts as the fishing industry, which depends significantly on the volumes of catch. According to our empirical findings, the seafood industry is highly dependent on external conditions such as biological factors, weather, and logistics, which influence the availability of the product. In industries where the supply situation is uncertain, flexibility is central for the survival and profitability of firms (Dreyer & Grønhaug, 2012). This premise is in line with contingency theory, which emphasizes the positive outcomes of finding a match between environmental uncertainty and firm strategy (Merschmann & Thonemann, 2011). Firms that possess high levels of flexibility are able to adjust more quickly to changes in supply, and consequently, perform better in a highly uncertain environment. An interviewee elaborated on the issues related to flexibility when selling fresh salmon: *"Since we are selling salmon, we always have to have flexibility. You never know what's going to happen. Sometimes, the farmer has more salmon, so you have to sell more salmon. Sometimes the salmon is bigger or smaller, or sometimes the truck doesn't show up, or sometimes it's bad weather... So, flexibility and quick thinking – that's what you need to work with salmon. Because it's a fresh product, it always changes, so you never know what is going to happen"* [Company A]. Flexibility was viewed as a natural response to the unpredictability of product qualities, logistical issues, and weather conditions.

The uncertainty of supply conditions leads to challenges in terms of planning the availability of a particular product and predicting the volumes intended for sale. Exporters strive to find a balance between contracting vs. selling on the spot market depending on external conditions. This dilemma was explained by one of the respondents as follows: *"There is less frozen products available in Norway than it used to be. So, this year we are not making as many contracts as we have been before, because we are afraid that we don't have enough volume. And the prices are increasing, so we prefer just to lay low and sell in the spot market, when we are sure that we have the product. We think that is the right thing to do this year. But that might be wrong in other times, when there is more fish available. Then when there is more fish available, then it's better to have a contract on the frozen side. When there is lack, we don't want contracts because we can earn more on the spot market"* [Company C].

At the same time, the lack of contractual base leaves exporters vulnerable to fluctuations in demand. They must take into account the demand conditions for various seafood products available in the market. It is necessary for them to react quickly in order to meet opportunities

that arise from these changing conditions. When there is a shortage of the product on the market, companies have the possibility to exploit opportunities and earn more money by selling at a higher price on the spot market. One respondent illustrated the need for flexibility in the following statement: *"When the market is very good [for the exporter], the demand is very high and there is less fish than predicted, then it is easy, anybody can sell. But if there is an overload in the market of some kind of product, you have to use all your contacts to get rid of the fish, to sell the fish"* [Company C].

Due to the volatile conditions of the global seafood industry, exporters are faced with a dilemma. On one hand, supply uncertainty limits their commitment to relational exchanges. In other words, it urges them to favor transactional exchanges. Additionally, transactional exchanges give exporters opportunity to maximize their profit under favorable demand conditions. On the other hand, the lack of relational customers is associated with considerable risks due to demand fluctuations. Consequently, exporters seek exchanges that allow them to mitigate the risks associated with supply and demand uncertainty in home and host markets. Based on our findings, exporters seem to gravitate towards the low-commitment form of exchanges. However, exporters need to incorporate socio-relational dimensions as a safeguarding strategy to secure stability. In light of the above explanation, we suggest:

P2. The higher the global supply and demand uncertainty, the more likely that small exporting firms will engage in a series of casual exchanges with select customers as a safeguarding strategy and to achieve stability.

8.3. Contingencies arising from the global competitive environment

Another contingency factor that has an impact on the choice of an exchange mode is competitive environment. Small exporters face intense competition both on a country level and on a global scale. They often have to compete with larger firms that surpass their financial and human resources. Evidently, it is more achievable for larger competitors to secure their sales by developing long-term contractual relationships. Consequently, small firms need to seek other sources of advantage rather than the ability to commit to long-term contracts.

Several previous studies have addressed the link between competitive setting and flexibility. Firms with flexibility are able to redeploy their resources and implement different strategic options in dealing with competitive behaviors. The supply chain literature also emphasizes the role of flexibility in the presence of intense competition. Sound flexible operating systems enable firms to mitigate competition uncertainties (Yi et al., 2011). One advantage used by small exporters is their flexibility in terms of output volumes and delivery terms.

In the supply chain literature, output flexibility is considered to be a strategic weapon for small firms (Fiegenbaum & Karnani, 1991). The ability to vary output volume allows small firms to compete more effectively against larger rivals, particularly in volatile and capital-intensive industries. These firms develop output flexibility to adjust to customers' wishes and requirements, as illustrated by one of the respondents: *"We are a small company and we are trying to turn around if there is any interest from the client. Or if there are any changes, we are trying to meet those in order to show our clients that we are a bit more flexible. So, we can meet their requirements and change the breakdown, for example, or the delivery day or so on"* [Company B]. These firms invest their time and effort to accommodate customers' demands in order to gain an advantageous position among the existing competition.

When exporters receive a request from a potential buyer, it is crucial for them to provide a quick delivery response ahead of their competitors. One of the respondents explained the importance of delivery speed in the following example: *"A lot of your customers, sometimes they come on Friday and they say: okay, this is what we need and then they come on Tuesday saying: wait a minute, we want more, we need this and this and that as well. Can you deliver? And then you try as fast as you can to go out and, as*

I answered before, they often have other people working on this, so you try to be the faster one, to deliver the extra goods or the extra product that they need” [Company A]. Monitoring and being involved in discrete transactions allows the exporter to quickly address the demands of a potential buyer and outrun the competitors.

Based on our observations, we suggest that small exporters must operate in a highly competitive environment. Facing increasing competition in Norway and in foreign markets, they put effort into expanding their product portfolio and, at the same time, strengthening their flexibility. Their ability to adapt to customers (in terms of volumes and delivery terms) allows exporters to gain positional advantage among larger rivals. Moreover, their ability to supply a vast array of products in certain volumes allows small firms to find more opportunities to sell at a higher price. Under these conditions, exporters need to continuously explore their options and create advantages according to changes in the market. In this case, the presence of long-term commitments could limit their ability to deliver orders quickly and manage their volumes along the way. However, a focus on short-term transactional exchanges allows exporters to be more flexible and outrun larger competitors. Accordingly, we suggest:

P3. The greater the global competitive intensity, the more likely that small exporting firms will engage in transactional exchanges in order to fill market voids for special products ignored by large companies.

8.4. Contingencies arising from product perishability in the choice of exchange type

Exporters indicate that it is more challenging to maintain relational exchanges when it comes to fresh fish. Potential complications may arise due to product perishability. One example is related to logistical issues. Norwegian seafood exporters serve multiple markets, including the EU, the UK, the US, and Asian countries. Since these companies operate mostly in geographically distant markets, the perishability of seafood is an important factor to consider in terms of international distribution. For instance, in the case of delays caused by changing weather conditions, exporters have to put a lot of time and effort into resolving an issue as soon as possible. Such delays may compromise the quality of fresh seafood. An exporter would need to negotiate the quality issue with the customer and, consequently, either sell the product at a reduced price or take it back and sell it to another customer that would accept this quality. At the same time, it is necessary for exporters to ensure that the quality of the product satisfies regulatory requirements, which vary in each foreign market. The sales director emphasized the importance of product perishability by comparing fresh and frozen seafood: “*Because this is fresh fish – you have to react immediately. So especially during winter, there is a lot of things happening, so we just have to fix it. When it’s frozen, we have more time. If we ship a container of, for instance, cod blocks to a British customer and there is a problem, well, the goods are frozen so they are in the store, we can check thoroughly what has happened, etc. and discuss with the customers. And then it is okay, if he doesn’t want it. Then we know what the problem is and we can sell it to somebody else and have more time. When it comes to fresh, we just have to solve it right away*” [Company C].

Thus, the perceived risks of engaging in relational exchanges with contracts are higher when exporters deal with fresh, perishable products. It may be more problematic for exporters to fulfill contractual obligations due to time constraints. Conversely, it is much easier to establish relational exchanges with customers such as supermarkets when exporters are selling frozen products. Frozen seafood can be stored for longer periods of time and, therefore, it is associated with fewer risks. As explained by the sales director of Company C, “*It is much more common to make contracts for specific volumes when it comes to frozen fish and frozen products. So for the frozen, up to now, 80 % has been contracted.*” Thus, conditions may appear to be more favorable for relational exchanges when it comes to frozen seafood as it the perishability is much lower. Therefore, we suggest:

P4. The lower the product perishability, the more likely that small exporting firms will engage in relational exchanges by establishing direct sales to the end customers.

8.5. Contingencies arising from product customization in the choice of exchange type

Finally, our observations indicate that resource-constrained firms implement relational exchanges involving contracts when the required product customization is high. Exporters may need to differentiate themselves from the competition by customizing the product based on the unique needs and wants of customers. Aside from customer requirements, the level of product customization can be affected by regulatory conditions that exist in the host market. Our findings indicate that exporters have the ability to sell a more standardized product (e.g., whole fish) on a transactional basis while dealing with the intermediary (indirect sales). By contrast, when dealing with a specific product designated for an end user, such as a retail chain or a seafood processor (e.g., processed seafood products, fillets), it is necessary for exporters to rely on a longer-term committed relationship. As an illustration, one of the exporters argued, “*We can sell the whole fish everywhere. But if we are talking about fillet products, like loins, tales, that is different, because the market is smaller, more specialized and if we don’t have regular customers that we can rely on, it can be very, very expensive. If you end up with, let’s say three tons or five tons of unsold fillet products on a Friday and you don’t sell it on Monday, you have to sell it at a low price. Then you lose so much money. So, it is more important to have agreements and contracts on those kinds of fish than on the whole fish*” [Company B].

In some cases, exporters have to invest in specific equipment in order to customize the product according to the customer’s requirements. One of the respondents explained that greater product customization resulted in relational exchanges, including contracts. The reasoning behind the preferred exchange modality was provided in the following example: “*Sometimes you need to buy the equipment to produce the product due to the requirements from the client. That should be more formalized I think. But for the whole fish at the end you will always find another customer. For example, if this one can’t take this fish, you will find another one. But for fillet, I think it is a more specialized product. So I think it should be more formalized or contracted*” [Company B].

Furthermore, our observations support the importance of product flexibility among small exporters who work with customers demanding customized products. Product flexibility involves exporters’ ability to accommodate nonstandard specific orders and adapt to customers’ requests (Vickery et al., 1999). In order to enhance such flexibility, it is necessary for exporters to have the ability to supply a wide variety of products. One of the export managers provided the following explanation: “*But then we have other customers that are specialized. They want halibut, red fish, salmon filets, monkfish tails... And for those customers it’s very important that we have that range of products*” [Company C]. At the same time, it is important for exporters to be able to provide products within this variety in requested, and often small, volumes. The exporter added: “*That makes us different from some of our competitors. Because some of our competitors are only selling big volumes: full trucks or half trucks. But we do both. We have all the specialized small customers that pay a lot but also demand a lot of services and a lot of following up. Because we deliver maybe one palette and on that palette of 500 kilos you have 7 or 8 different species. So, there is a lot of work to do to put all this together. But it also makes us a more interesting partner.*” Therefore, exporting firms that need to develop product flexibility to meet product customization needs should engage in relational exchanges to secure their investments.

Our empirical observations indicate that small exporters are willing to compromise their flexibility when the level of required product customization is high. Exporters develop long-term relationships with contracts in order to acquire stability in regular trade with end users. However, due to the industry characteristics and resource constraints, small firms are unable to operate on a fully relational basis. As a result,

relational exchanges are implemented in combination with transactional forms of exchange. Thereby, the exporters are able to tailor the customer-specific requirements and set aside a portion of their volumes for relational exchanges without losing their flexibility. Hence, we posit the following research proposition:

P5. The greater the level of product customization, the more likely that small exporting firms will engage in relational exchanges.

9. Conclusions

Although previous literature has repeatedly acknowledged the existence of distinct exchange strategies (Day, 2000; Dwyer et al., 1987; Morgan & Hunt, 1994), as well as their antecedents and outcomes (Garbarino & Johnson, 1999; Li & Nicholls, 2000; Sheth & Shah, 2003; Siguaw et al., 2003), limited attention has been directed towards small firms. Most of the previous studies on exchange modalities have focused on large firms or provided explanations regardless of firm size. Our study offers a new perspective to the exchange mode dilemma in international distribution channels by focusing on small exporting companies. In the pursuit of explaining how small exporters organize their exchanges, we conducted a contingency-rooted study of the Norwegian seafood industry.

Based on the synthesis of pertinent literature and insights from the seafood industry, we suggest a classification framework that delineates contingency factors impacting small firms' exchange modalities. Our empirical observations indicate that the choice of a particular exchange mode is guided by firm-level contingency factors (i.e., resources, product perishability, product customization), and industry-specific factors (i.e., global supply and demand uncertainty and global competitive intensity).

As documented in the previous studies (Brouthers et al., 2009; Majocchi & Zucchella, 2003), our results confirm that resource constraints have a substantial impact on firm strategies in international markets. Faced with limited human and financial resources, small exporters are reluctant to commit to relational exchanges. Instead, they seem to gravitate towards transactional exchanges, which require fewer time and resource investments and offer greater flexibility. Our findings further suggest that exporters prefer to engage in transactional exchanges while dealing with fresh, perishable seafood products. By contrast, frozen seafood products that are associated with fewer time constraints (e.g., risk of delivery delays) are more likely to be sold via relational exchanges. Moreover, relational exchanges are found to be a more viable alternative when exporters sell a customized product. Standardized products (e.g., whole fish) are likely to be sold on a transactional basis due to a wide range of potential customer options (e.g., trader, wholesaler, processor). However, products that undergo greater customization tend to be contracted directly to the end user. For instance, closer, relational exchanges are preferred for value-added seafood products.

Distinct from the traditional exchange dichotomy, relational vs. transactional exchanges, our findings reveal a third exchange mode, namely, casual exchanges with frequent buyers. This exchange mode allows exporters to benefit from the advantages of both relational and transactional exchanges. Due to the highly uncertain supply and demand conditions of the global seafood industry, exporters prefer to maintain a balance between the relationship commitment and flexibility of nonbinding transactions. Such casual exchanges allow exporters to rely on socio-relational dimensions, which provide stability in the face of demand fluctuations. At the same time, exporters avoid the risks associated with developing committed relationships due to supply uncertainty. Finally, we suggest that the choice of exchange mode depends upon the global competitive environment. In particular, our observations indicate that under conditions of intense competition from larger rivals, small firms strive to enhance their flexibility in terms of output volumes and delivery terms. At the same time, small exporters put

considerable effort into expanding their product portfolio. To be able to provide a quick response to a customer's request, exporters prefer to engage in nonbinding transactional exchanges. Thus, small firms are able to meet the needs and wants of the customer and fill market voids with products neglected by larger rivals.

Our paper makes several theoretical and managerial contributions. Theoretically, we shed light on an underresearched phenomenon within export literature, namely, that of small firm exchange modalities. We specifically delineate a classification of distinct contingencies frequently cited in the literature and suggest that they guide exporters' exchange choices. Though our study focuses on the unique setting of the Norwegian seafood industry, these contingencies may be applicable to small firm exchange modalities in other contexts, particularly, in agri-food industries.

Managerially, we emphasize the importance of choosing an appropriate exchange mode dependant on certain conditions. This is particularly vital for small exporters that have limited administrative heritage and fewer strategic options, in sharp comparison with their larger counterparts. However, careful consideration of exchange strategy may allow export managers to exploit the benefits of small firm size, such as flexibility and agile decision making. The appropriate response to firm-level and industry-level factors may enable exporters to better cope with the challenges of a dynamic international business environment.

10. Limitations and directions for future research

Our study is tempered by certain shortcomings that may limit the generalizability of this study and, yet, offer a number of directions for future research. First, the context of the study was set within the seafood industry in Norway. The industry specific nature of the study refers to particular environmental factors, product characteristics, and supply chain features. Among other characteristics, the seasonal factor plays a particular role in the seafood context. The seafood exporters need to carefully maintain the balance between supply and demand conditions both locally and internationally, and the time span for reacting to changes is relatively short. As a result, bargaining power varies during the year. Overall, our observations uncover unique aspects of the seafood industry and, thus, may not be generalized across other industrial sectors and countries. Hence, it is highly desirable to empirically validate our conceptual model in multiple countries and across different industries.

Second, our empirical observations were based on a set of in-depth interviews with export/sales managers. This approach allowed us to acquire valuable insights into managerial reasoning and decision making as well as identify consistency among the provided responses. However, it is necessary to conduct a larger-scale study in order to empirically test the suggested propositions. A survey-based data may offer greater possibilities to generalize the study to a greater extent.

Third, although we introduced a third exchange type, namely casual exchange, to the traditional exchange dichotomy (relational vs. transactional exchanges), more attention should be given to the understanding of interfirm relations. Since the early development of relationship marketing in early 1990s, the scope and content of buyer-seller relationships have evolved over time. Further research is needed to add to the understanding of the nature of interfirm exchanges in the digital era.

Fourth, the present study suggested a limited number of contingency factors determining the choice of exchange type. Due to the limitations of our data, it is necessary to investigate the impact of other organizational and environmental variables, such as institutional environment, economic conditions, sociocultural factors, market turbulence, managerial characteristics, and firm experience.

Finally, our study addressed one side of the relationship dyad, namely, the seller. Although we mentioned that the seller and the buyer share a mutual understanding of the nature of their exchange relationship, future research should incorporate the perspective of the buyer

into exchange strategies. The dyadic approach may offer greater insights into the reasoning behind selecting one or the other exchange type and uncover additional factors that influence this choice. We hope that the insights provided in this paper will inspire scholars to pursue this line of inquiry and shed additional light on market exchange strategies of small, resource-constrained exporters.

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