

The strategic role and value of importers of niche products in the food and wine industries

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ABSTRACT

Purpose: To investigate the strategic role of importers of niche products and the value they provide to other actors in their marketing channels.

Methodology: Qualitative research with in-depth interviews of key personnel. Data from ten importers of fine, premium or specialized wine and food are analysed.

Findings: Importers of niche products primarily take the focus role and/or the commitment to total quality distribution. Further, importers provide value to niche suppliers in three important ways: through marketing activities and access to established networks, supplier and product development, and relationship values. The value provided to customers can also be categorized in three ways: expertise and product information, assortment strategy, and delivery terms.

Research limitations: The limited data means that generalisation to a larger population is difficult. It is also acknowledged that weaknesses are associated with cross-sectional research.

Practical implications: It is important to find an importer that is a good fit. This could include long-term, close, and personal relationships, frequent and direct contact with key people, and similar business philosophies, values, and objectives. In addition, an importer should be able to offer comprehensive international logistics solutions. Importers look for highly specialized producers of high-quality or high-value products, expressing product expertise and passion. Small, family-driven supply firms are often preferred.

Originality/value: Despite their importance, there is little documentation of the role of niche product importers in the supply chain. This research establishes their preferred role in the supply chain and identifies the value they provide to both customers and suppliers.

Key Words: Partnership; Supplier relations; Customer relations; International marketing

INTRODUCTION

Niche marketing is often viewed as a superior approach for small or specialised firms. The underlying reason for this view is that niche markets have been claimed to be more profitable

(Linneman and Stanton, 1991), and the increasing diversity in consumer tastes and habits, and the changing needs of business and organisational markets, seem to favour smaller, nimbler firms that can better tailor their offerings to this fragmented market (Dalgic, 1998; Dalgic and Leeuw, 1994). Consequently, niche marketing, which can be understood as focused marketing that is directed at a limited and specialised market with relatively few customers and competitors (Dalgic and Leeuw, 1994), has been reported to have been successfully applied by firms throughout the world (Dalgic and Leeuw, 1994).

Limited resources in terms of financial capabilities, human resources, and market information systems, and few prospective customers within their home market, however, raise the question of how these niche firms can manage to grow beyond their initial market base. By expanding internationally, niche firms need to more strongly relate to important and escalating distribution tasks, such as inventory holding, market information, customer support, market coverage, sales contact, and order processing. These tasks are core wholesale functions that are crucial to the essential purpose of the chain, which is often provided by specialized wholesalers (e.g. Stern *et al.*, 1996). Wholesaling, however, which in the broadest sense consists of all sales flowing through distribution channels, with the exception of sales to final consumers for personal consumption (Rosenbloom and Andras, 2008; Stern *et al.*, 1996), has often been underappreciated. On the contrary, getting rid of middlemen, and in particular wholesaling middlemen, has been a popular goal for decades (Rosenbloom, 2007). This view often implies that distribution is perceived as merely a cost burden that firms should strive to minimize (Rushton *et al.*, 2006) and that the wholesaler as an *institution* in distribution channels is unnecessary (e.g., Rosenbloom, 2007). Admittedly, there is now a growing understanding that distribution does fulfil an essential *function* in marketing channels and has the potential to play a positive value-adding role (Quinn and Sparks, 2007; Rosenbloom and Andras, 2008; Rosenbloom, 2007). For niche firms in particular, with their often limited resources, this potential value is even more pronounced. Wholesalers fulfil functions and provide value in the distribution of niche products, which suppliers, and also customers, can hardly take on themselves.

There is, however, only limited academic literature available on niche marketing (e.g., Dalgic, 1998; Dalgic and Leeuw, 1994; Hezar *et al.*, 2006), as well as on wholesaling in general (Dawson, 2007; Quinn and Sparks, 2007), despite calls to investigate the contribution of wholesaling due to its great importance (Mackeown, 2007; Quinn and Sparks, 2007; Stern *et*

al., 1996). In addition, as an intermediary, a wholesaler needs to be equally concerned with suppliers and customers, but few academic studies include both the upstream and downstream aspects of the marketing channel, and even fewer include the international aspect, as well. Consequently, studies focusing on the value provided by international wholesalers, such as importers (Roosenblom and Andras, 2008), to their niche suppliers and their customers are scarce. In an attempt to partly fill this gap in the literature, the purpose of this study is thus to investigate the role and value of importers of niche products as intermediaries in marketing channels. The research questions of this study are: 1) to identify the perceived strategic role of importers in the marketing channel, 2) to identify the value importers provide to suppliers in the marketing channel, and 3) to identify the value importers provide to customer firms in the marketing channel.

In the following section, the definitions and strategic roles of wholesalers, together with the relationship marketing and value concepts, from the existing literature are briefly identified and discussed. Next, the methodology for the research at hand is presented, followed by a presentation and discussion of its findings. This paper then continues with the conclusion and practical implications of this research, followed by pinpointing some of its limitations and providing recommendations for future research.

IMPORT WHOLESALING

Definitions

Wholesalers, together with other firms (manufacturers and retailers in particular), form a sector's marketing channel (Stern *et al.*, 1996). The wholesale distribution industry may go virtually unnoticed by the general public, but is in fact a very large and diverse sector of great importance (Quinn and Sparks, 2007; Stern *et al.*, 1996). For developed countries, such as the U.S., wholesaling accounts for around ten percent of the national economic output (Stern *et al.*, 1996; OECD Factbook, 2009). This includes a considerable variety of functions or activities and types of institutions. Examples of these institutions include wholesale merchants, industrial distributors, importers, exporters, agents, foreign distributors, merchandise brokers, commission merchandisers, freight forwarders, and manufacturers' agents (e.g., Rosenbloom and Andras, 2007; Stern *et al.*, 1996).

Well-known definitions of wholesaling include definitions such as:

...exclusively or primarily engaged in the resale of goods in their own name to retailers or other wholesalers, to manufacturers and others for further processing, to professional users, including craftsmen, or to other major users (European Commission, 1990, p. 5).

...is concerned with the activities of those persons or establishments which sell to retailers and other merchants, and/or to industrial, institutional, and commercial users, but do not sell in significant amounts to ultimate consumers (Stern et al., 1996, p. 107).

Alternatively, for production-dominated economies, the wholesaler can be defined as “an intermediary with functions of braking bulk, smoothing demand and supply, marshalling information, providing credit and facilitating exchanges across national boundaries” (Dawson, 2007, p. 314).

In addition, the practitioners’ view of wholesalers are often similar to that of, for example, Mackeown (2007), who suggests that wholesalers take financial ownership of the product, resell the product without altering it in any way, sell only to trade customers, and, finally, manage the physical handling of the product.

Although there are a number of different definitions of wholesaling with different scopes, it appears that the single-most distinguishing feature of wholesaling is that the functions of a wholesale firm are directed to other intermediaries in the channels, such as business buyers, not to the final consumers. Interaction with final consumers is the responsibility of the retailer. Wholesaling is thus concerned with an intermediate set of functions linking firm to firm, rather than firm to consumer (Dawson, 2007).

Wholesalers that specialize in importing are not usually described as import wholesalers but just importers or import companies. This type of firms is in actuality wholesalers (Rosenbloom and Andras, 2008). Importing is an example of direct exporting where a manufacturer (or exporter) sells directly to an importer (or buyer) located in a foreign market area (Albaum et al., 1998). According to Stern et al. (1996), an importer takes the title and possession of the products and does not represent the supplier. Further, the importer can source from multiple manufacturers and keep broad and even competitive product lines.

Strategic Role in the Marketing Channel

Importers may play different roles in their marketing channels. According to Stern *et al.* (1996), wholesalers have five viable competitive strategy alternatives. First, the *focus strategy* implies a strong focus on product assortments and market segments where the firm has competitive advantages. Second, the *marketing support philosophy* involves supporting any task, activity, or function for either suppliers or customers that will result in more effective and efficient marketing for the entire channel. Third, the strategy of *exploring international markets* is a means of seeking growth opportunities in other countries, either directly or through joint ventures or marketing alliances. Fourth, the strategic *deployment of technology* involves improving communications and thereby enhancing customer service, which benefits everyone in the channel. Effective distribution technologies can also be indispensable to both suppliers and customers who are unable or unwilling to make their own investments. Fifth, the strategy of focusing on *commitment to total quality distribution (TQD)* includes taking responsibility for the overall quality of the products throughout the channel by performing quality assessments of suppliers' products and, thus, absorbing more of the quality assurance functions in the channel.

As briefly noted, previous research has focused on removing or weakening wholesalers as intermediaries within a marketing channel rather than investigating their strategic posture. Efforts to study wholesalers' marketing strategies have therefore been limited to considerations of focus strategies and which segments to target (e.g., Walle, 1994; Matheson and Matheson, 1999; Goodnow and Kosenko, 1992; Rovit *et al.*, 2002). The other roles wholesalers might adopt – marketing support philosophy, exploring international markets, deploying technology and the commitment to total quality distribution –hitherto remain virtually unexplored.

Value and Relationship Marketing

Long-term relationships are often the basis for importer-supplier cooperation (Rosenbloom, 2007), as well as for niche manufacturer-customer interaction (Dalgic and Leeuw, 1994). Strong relationships offer an effective way to exploit narrow niches through superior market and customer knowledge and, thereby, the superior ability to serve customer needs, accompanied by high customer loyalty. In addition, strong relationships with customers may reduce some of the risks inherent in niche marketing, such as the risk of failed transaction-

specific investments (Ghosh and John, 1999). For an internationally oriented firm, increased uncertainty through international exposure (McAuley, 1993) may further prioritize the creation of long-term relationships with a core group of its most important customers.

Relationship marketing has rapidly emerged as one of the dominant paradigms of marketing (e.g. Baker, 1995; Eiriz and Wilson, 2006). Relationship marketing refers to establishing, developing, and maintaining relational exchanges (Morgan and Hunt, 1994), where the main objective is to foster a bond with each customer for mutual benefit (Shani and Chalasani, 1993).

The reported benefits of using importers are typically related to the importers' local market knowledge and expertise, as well as their existing business relationships with local organizations and governments (Rosenbloom and Andras, 2008). Since distribution systems and the linkages among channel partners vary significantly across nations and markets, an importer who is familiar with any given local environment would be favourably positioned compared to a foreign manufacturer.

In order to identify ideal partners to build such relationships, the partnership literature may provide important insights. Partnership may represent a viable type of long-term relationship that is suitable for niche manufacturers and importers. According to Lambert *et al.* (2006, p. 169), a business partnership can be defined as “a *tailored* business relationship based on mutual trust, openness, shared risk, and shared rewards that results in business performance greater than would be achieved by the two firms working together in the absence of partnership”. The facilitators of such a partnership are the characteristics of the firms that promote partnership development. The most important of these facilitators are compatibilities with regard to management philosophy and technique, corporate culture, and business objectives (Lambert *et al.*, 2006). The partners should also exhibit a willingness to collaborate in developing a norm of mutuality (MacNeil, 1980; Cooper and Gardener, 1993) and symmetry (Langley and Holcomb, 1992).

METHODOLOGY

Design and Setting

Following our review of the literature, it was clear that examining the role and contribution of international niche wholesaling was warranted for both practical and theoretical purposes. A qualitative approach was determined to be the appropriate approach. Qualitative research enables the selection of specific cases to address the research questions, and this approach is successful in providing an understanding of how and why something occurs (Freeman and Cavusgil, 2007). The research questions are well defined, and grounded in theory and practice, but in absence of previous empirical investigations, the preferred overall approach is to address a limited number of cases in depth (Eisenhardt, 1989; Yin, 2003).

In this research, the unit of analysis is the niche wholesaler. This unit of analysis is appropriate for answering our research questions (Yin, 2003). The population selected for this research is comprised of niche product importers in the food and wine industries. These industries generally consist of a number of small- and medium-sized firms. Importers are the preferred type of intermediary in this study because importers are more likely to have the necessary knowledge of small and specialized markets than exporters since importers connect international firms with domestic retailers, rather than the other way around.

Case study research can be conducted on either a single case or multiple cases (Eisenhardt, 1989; Yin, 2003). In the Norwegian food and wine industries, wholesalers vary in scale and scope and a multiple case approach is called for (Yin, 2003). In order to cover differences in scope and scale, we opted to base the research on a limited number of cases, with the possibility of increasing the number of cases if necessary. Retailers carrying international niche products were initially identified. Based on their product lists of gourmet, delicatessen, and fine food and wine, we selected ten importers for further research. All ten agreed to participate in this study. This number falls within the range of the four to twelve cases recommended by Eisenhardt (1989) for this type of research in order to ensure sufficient data without creating subsequent overload during analysis. Accordingly, the respondents were not selected randomly, as a non-random selection of firms is suitable for extending theoretical knowledge (Diamantopoulos and Cadogan, 1996; Eisenhardt, 1989). The original niche manufacturers, and thus, suppliers to these food and wine importers, are located in France, Italy, and Portugal. As recommended by Eisenhardt (1989), the sample was heterogeneous in terms of product categories, firm size, and production methods, providing insight from several niche categories. The suggested firms were initially contacted through an informational letter and a telephone call. Key information about these firms is provided in Table I.

Insert Table I Approximately Here

The importing functions suggested by Stern *et al.* (1996) were a good fit for the selected importers. All of these importers listed market coverage, sales contact, inventory holding, order processing, market information, and customer support as the functions they provide to their suppliers. Admittedly, though, some nuances could be detected. For instance, the market coverage function for one importer (Specfood 1) was subject to product availability and limited inventories, and required effective logistics systems and rapid distribution to provide the products, and Wine 2 likewise emphasised the necessity of short lead times. In addition, the sales contact function is manageable due to potentially limited sales leads caused by the dominance of a few retail chains and/or by a large state monopoly. Furthermore, the customer support function was rather limited for these importers. Overall, the importers handled the market side of the business in terms of conducting marketing activities, providing market information, such as by suggesting market-based adaptations of products, sales, and ordering, and partially being responsible for the inventory holding and all of the logistics, from manufacturing site to customer, while the suppliers concentrated on the product. In other words, the types and levels of service varied somewhat, but clearly fell within the range of functions that are usually provided by wholesalers in general (Stern *et al.*, 1996). However, it is worth noting that the logistics service provided to suppliers was rather substantial, a point that is often acknowledged by practitioners (Mackeown, 2007). This could be based on necessity related to niche producers' limited size and capabilities.

In addition, the primary functions that the importers provided to their customers (product availability, bulk-breaking, and assortment convenience) were in accordance with the findings of the literature (Stern *et al.*, 1996). Credit and finance functions were offered to some extent in the form of extended credit and product stocking. Customer service and advice and technical support were only provided to a limited extent, mostly through the provision of sales materials (product samples and brochures) and some training. The infrequent use of these

latter functions is probably due to the nature of the products offered (food and wine), which do not require substantial technical support or advice. Another possible explanation could be the limited size of the importers, and their subsequently limited capability to provide substantial service.

Data Collection and Analysis

Semi-structured, in-depth personal interviews with key informants were used as the data collection method in order to allow for discussions and follow-up questions. The key informants are general managers, as they are the only persons adequately positioned to address issues related to the strategic capabilities of their firms. Such “elite interviewing” focuses on respondents who are “influential, prominent, and well-informed” (Marshall and Rossman, 1995, p. 83), characterizes the homogeneity of sampling and allows the respondents to comment on the overall view of the company with regard to other organisations in the industry. This method also offers insight into the respondents’ own interpretations of their environments and improves the researcher’s ability to understand underlying or latent constructs (Churchill, 1992; Miles and Huberman, 1994). Furthermore, while the number of observations is limited, the data is suitable for practical implications, and such an approach is well suited to extend the emergent theory (Diamantopoulos and Cadogan, 1996; Eisenhardt, 1989). During the last interviews, there was a reduction in the amount of new and relevant information that emerged and might further clarify the research issues. This could suggest that the number of respondents was sufficient (Bryman and Bell, 2007).

The interviews were conducted either on site at the given firm’s office or by telephone in accordance with each respondent’s request. The interviews lasted from one hour to one and a half hours. Their average duration was one hour and twenty minutes. The interviews were of a non-threatening nature, as all informants were guaranteed anonymity.

The interviews commenced with a short presentation of the project. The purpose of the interview was defined as a means of learning about how niche product importers craft their strategy and organise their relationships with their customers and suppliers. General company information was, to some extent, collected prior to the interviews in order to avoid spending unnecessary time on this task during the interviews.

An interview guide had been prepared prior to the interviews, inspired by the interview guide developed by Larson (1992). Efforts were made to ensure that the questions were not biased towards preordained theoretical perspectives (Eisenhardt, 1989). The questionnaire was tested

by marketing scholars for face validity. Further testing was deemed unnecessary because our primary concern was to include relevant topics and to probe interesting avenues for investigation that were presented during the interviews, rather than to adjust the exact wording of the questions. During the interviews, respondents were encouraged to explain and clarify their views. Prompts such as “This was interesting; can you further describe...” were frequently used to obtain the necessary information. The interviews were audio-recorded and transcribed in full immediately afterwards. Information from each interview was provided to the respective respondent for comment and approval.

The qualitative analysis was theme-based and manually conducted. The unit of analysis was the firm, as perceived by the key informants. The interpretations, interview transcripts, and summaries of our preliminary findings were then independently reviewed by two researchers, thus fulfilling the generally accepted criteria regarding the reliability and validity of qualitative data analysis (Fugate *et al.*, 2006). A cross-case analysis was conducted to identify similarities and differences among the cases (Eisenhardt, 1989), and we have attempted to establish a clear chain of evidence that makes it possible to follow the path from the initial research questions to the conclusions and back through the reporting (Yin, 2003).

RESULTS AND DISCUSSION

The Perceived Strategic Role of Importers in the Marketing Channel

The importers were offered descriptions of the five suggested key strategies (Stern *et al.*, 1996), and asked to assess their firm’s role within this framework. The respondents generally reported that the framework applied to their operations, thus confirming its applicability. Interestingly, though, only three of the strategies applied to our sample. Seven of the nine importers recognised the focus strategy as their primary strategy, while two rely on the Total Quality Distribution (TQD) strategy. In addition, several importers rely on the TQD strategy as their second choice, while one single case indicates exploring international markets as the first choice. See Table II for the full overview.

Insert Table II Approximately Here

The importers primarily adopt the focus strategy. The importers are focused in regard to their geographic customer markets, but they also report a focus on limited geographic sourcing. The importers use suppliers from one or a few countries, or even from regions within a single country. Another important focus aspect, either in isolation or combined with geographical focus, is product category, such as cheese, wine, ham, health food, or certain fine foods. For example, Finefood 5 has gained in-depth knowledge of ham and has a good working knowledge of Italian, enabling this firm to focus entirely on a specific region in Italy for sourcing. Furthermore, the focus on providing high-value products is also dominant in terms of product quality versus price. Wine 2, for example, reports conducting intense research prior to contacting new suppliers in order to identify which supplier offers the best product at the best price. Finally, for one importer (Finefood 4), the preferred production process, in terms of artisan crafting, is another aspect of its focus strategy: “it is important that the supplier is a small-scale manufacturer or a manufacturer which uses traditional methods – fabrication artisanal” (Finefood 4).

There are several possible explanations for the dominance of focus strategy. One could be that importers perceive their type of business as specialized in nature since they focus on specific types of tasks, namely buying and reselling. This could be said about all wholesalers, as, in the basic sense, wholesalers focus on providing distribution services, and thus, are specialists in this matter (Rosenbloom, 1987; 2007). Although it is not surprising that niche manufacturing firms would take a focus role, it is more interesting to observe that their customers, the importers, also employ this focus as their predominant strategy. This focus strategy fits well with niche theory (Dalgic, 1998; Dalgic and Leeuw, 1994), and implies that despite having the potential to retain a broader array of customers and product categories, the importers still prefer to focus their operations. Previous research has also mainly addressed wholesalers’ marketing strategies in terms of focus strategy (Walle, 1994; Matheson and Matheson, 1999; Rovit *et al.*, 2002). However, it is difficult to be conclusive in regard to whether this is a winning strategy as such, or whether it is based on limited firm size out of necessity, or both. Another possible explanation could be rooted in the nature of the types of products carried; for instance, food and wine products necessitate a stronger expertise than

other types of products. After all, the imports consist of perishable products that are moved across international borders, a process that entails a high degree of complexity (Fernie, 2004).

Another frequently observed strategy in our sample was the Commitment to Total Quality Distribution (TQD). This strategy represents a strong commitment towards managing processes to improve outcomes, as perceived by customers, rather than merely measuring the productivity outcomes achieved against the required resources (Stern *et al.*, 1996). Wine 1 exemplifies this commitment in describing a cork problem his niche supplier experienced:

We had a case with cork that did not fit sufficiently well with the bottle neck, but after one phone call, the wine was heading back to the producer and another shipment of wine on its way back to us – such situations need to be resolved immediately (Wine 1).

This Wine 1 firm also emphasised the importance of forecasting. The importer continuously works to implement structure in the marketing channel by predicting future sales and communicating this prediction to the marketing channel actors, and by developing product documentation, including laboratory analysis and photos. Wine 2 occasionally halts entire production series coming from producers and rejects further distribution due to inadequate product quality. “We are not in (business) for making a short-term scoop in the market place – we are committed to long-term and successful cooperation” (Wine 2). Finefood 3’s R&D department follows up on quality production systems and product quality assessment, and the results are then communicated to the suppliers. This importer also enforces strict requirements regarding product-related adaptations, such as the milk processing and the size of the product pallet for transportation. Finally, Specfood 1 coordinates the logistics system for the entire marketing channel: “We have a rational logistics system in place – we are very good at this, and we don’t have any product inventory – we transport from Europe each week for delivery directly to our customers”.

On the other hand, Finefood 2 explores international markets. This firm explains this choice by emphasising the extensive international travelling activities conducted by its personnel, its many inter-firm relationships, and its well-known reputation. This was also the importer with the largest firm size in terms of revenues, and it is possible that firm size has an impact on the selection of the firm’s strategic role in the marketing channel.

In regard to the perceived roles of the importers, the firms in this study rely mostly on a focus strategy rooted in either geographically limited product sourcing, product category, price-quality ratio (value), and/or the production processes, in addition to a focused target market. This strategy fits well with niche theory (e.g., Dalgic, 1998; Dalgic and Leeuw, 1994), but could also be industry-specific. Second, the commitment to total quality distribution was also prevalent.

The Value Importers Provide to Suppliers in the Marketing Channel

The importers listed a number of examples that they believed the suppliers appreciate, as presented in Table III, and these examples could be categorized into a few main categories. The first category includes marketing activities and reliance on established networks. Here, all of the activities related to public relations (PR), media coverage, product tests, local labelling, and access to local distributors and retailers can be found. Many of these activities can be categorized as ordinary functions, as they are generally provided by importers, but it was clear that the performance of these activities was valued beyond that of any expected minimum level, and thus, the perceived benefits exceeded both the expectations and perceived costs. As Specfood 3 put it: “We take care of all the hard tasks...and we are familiar with the tribe language on the market side”. One firm (Wine 1) also emphasised the importer function of being a “door opener” for a supplier, enabling a firm to offer its products in a new market in a fast and comprehensive manner that would otherwise be complicated, resource-demanding, and time-consuming. Moreover, several firms value access to established networks and being part of a larger and reputable product assortment. This enables instant and wide market coverage and exposure to potential retailers, as well as increased customer interest due to the importer’s assortment reputation. Furthermore, it is clear that there is a distinct division of responsibilities:

Some of the best things (related to our relationship) are that we handle everything that is going on in Norway (the customer market), while they (the supplier) take care of everything in Italy (the supplier’s production country). They don’t care about how we work with their products. Other suppliers may be more controlling, for example, they may say that now you must sell more of product X because it sells a lot in Belgium. We are thus free from tedious and detailed control from our supplier” (Finefood 2).

Finally, several of the firms reported that there was a sincere gratitude expressed by the suppliers for taking care of all of the logistics from the suppliers' production site (ex works) and the related paperwork, which would be a time-consuming and complex task for a small, specialized niche producer with limited logistics synergy and administrative capabilities. "We do a substantial job on storage, locked-in capital, and much distribution and logistics. The customer will never do without us" (Finefood 1).

Insert Table III Approximately Here

The second category of value provided to suppliers is contributing to supplier firm development and product adaptation, based on local marketing knowledge. The niche suppliers depend on their importers to obtain necessary information on market developments, customer needs, and market regulation. This includes direct suggestions to improve or alter products to better suit local preferences, for example, "he trusts my assessments in regard to information about market conditions. Accepts and listens and concurs often when I tell him that this lacks a little bit of this and that, and that this is much better" (Wine 1). Some of these suggestions also require the supplier firms to improve operational structures, like production planning, forecasting, and quality control, and thus, function as inputs for more general business development. It is interesting to observe that, to a limited extent, the niche suppliers obtain market information from other sources. This can be due to their limited capability and/or interest in learning about market issues. By and large, they remain focused on product. Hence, they are exposed to potential partner opportunism (Ghosh and John, 1999). Still, this manner of operating works well for these firms, as they obtain very useful market information from the importers (Rosenbloom and Andras, 2008).

The third category of value provided to suppliers is relationship values. Most respondents described their relationships as personal (and even as friendship) and long term, using expressions such as "stability", "trust", and "commitment" regarding long-term alliances and personal relationship (Finefood 2); "Person chemistry is very good...I need to be on the field and know them...we are very keen on knowing our suppliers well" (Specfood 1).

Furthermore, strong beliefs in having similar organizational objectives (Finefood 1) and values (Finefood 4) or similar philosophies (Wine 2, Finefood 1, Finefood 2), organizational fit (Wine 1 and Specfood 1), and a cooperative environment (Finefood 3) were expressed. Frequent contact between supplier and importer was also reported, with the contact occurring more or less on a daily basis in some cases: “E-mails are exchanged every day” (Wine 2) was the general rule. In addition, it was implicitly understood within the relationships that the importer also offered strong product and industry knowledge (which was not necessarily as strong as that of the producer/supplier, but a sincere, necessary interest and knowledge), which is essential in order for these actors to respect and understand each other. “We experience a lot of understanding with this supplier for our challenges, such as storage, etc.”, as reported by Wine 2. It was also important for the parties to like each other: “We found the tone, and I fell for the products – it is impossible to cooperate unless one finds the tone together” (Wine 2). Business is definitively personal. In general, these findings support the literature concerning relationship marketing and partnerships. Lambert *et al.* (2006), for example, describe a business partnership as being based partly on mutual trust and openness, while compatibilities regarding management philosophy, corporate culture, and business objectives are among the most important facilitators for partnerships, which are mirrored in these findings. Symmetry (Langley and Holcomb, 1992) was also emphasised, as several importers revealed an undisputable interest in doing business with “small” suppliers: “...that this supplier is a medium-sized firm and family-owned is very positive...we are sufficiently large to take his entire product range, which we feel the supplier really appreciates.” (Finefood 2); “we prefer to work with small suppliers” (Wine 1); “we feel a good match with their values, such as small-scale production” (Finefood 4); and “the suppliers need to fit with our system...we seek to work with suppliers which are not large industrial firms – but rather family-owned firms...this supplier has similar objectives to ours: having top quality, being innovative, and conducting product development” (Finefood 1). It is reasonable to expect that similarities in size or symmetry strengthen mutual trust, understanding, and dependability.

The Value Importers Provide to Customer Firms in the Marketing Channel

The importers offer their products mainly to large retail chains, specialty shops, hotels, and restaurants. The perceived value delivered to the customers can be described more directly than the value delivered to suppliers, as presented in Table III. The respondents’ views can be organized into three categories, as shown by the following statements. First and foremost is the issue of expertise and information: “we provide help when they (the customers) have

questions and problems...many make phone calls to different firms, without getting any useful answers – but here they get answers, we know everybody in this business, we can help with finding products, replacements for products which have been phased out and to find stores” (Specfood 2); and “it is our people who make our firm – the knowledge they possess and the quality we deliver, right?...the expertise of our people is one of the best ways to differentiate our business” (Specfood 3). The ability to offer product information and expertise to the customers is explicitly emphasised by nine of the ten importers and is thus regarded as providing an important value.

The second issue is assortment. Customers are perceived to value both breadth and depth in the assortment since this simplifies their purchasing operations. For example, “it is important for the customers that they can buy several products at the same place” (Finefood 4), “it is particularly product quality and assortment breadth that we are good at” (Specfood 2), “we seek to build series of products within a product category – we attempt to have consistency in our product assortment – not just a good single product” (Specfood 1). The product assortment should also have a good quality and/or value perception; for example, “when we compare us to competitors, we have at least as good product quality, but lower prices – that is the response we get from our customers” (Finefood 1). Such a consideration of price-quality ratio could be described as a perceived value (Toften and Olsen, 2004). Some respondents even perceive offering strong value as merely a precondition for a sale, not as an additional value. Furthermore, “it is important that we have an interesting assortment – and we need to deliver at a right price, that is that the price is acceptable to the product quality...if we have a weak assortment, we are not interesting for the customers” (Specfood 3).

The third and final main category is delivery service. To provide value to the customers beyond offering price-competitive products, delivery service was emphasised. For example, “I can be flexible and fast and I have personal relationships with store managers” (Finefood 4), “delivery service – lack of stock availability is the worst there is – one thing is to have too large inventories, that is my problem, related to finances and product life, etc. – but if we run out – I can almost hear the desperate thinking at the other end of the line; where am I to get a hold of the products now” (Finefood 5), and “when we state that we have 300 variants of cheese, this means that we store 300 variants of cheese” (Finefood 2). Furthermore, “logistics are very important to make this happen – in my world, there are many things that have to happen at the right time and place...short delivery times from the supplier are essential – that

is why we concentrate on suppliers within Europe. Supplies from overseas take too long for re-supplying. In two months, there are many new wines entering the market” (Wine 2).

To sum up, the perceived value provided to customers can be organized into three main categories: expertise and product information, assortment, and delivery service. These values are of vital importance for differentiating and for competitive purposes.

CONCLUSION

Main Conclusion

This study has focused on importers of niche food and wine products and their role in the marketing channel. First, a niche supplier with limited administrative, logistical, and financial capabilities and a strong interest — a passion, even — in its product and industry, an importer which takes care of everything after the production point and continues to supply the producer with precise and useful information for further product development is truly embraced. Sharing similar objectives and an interest in long-term personal relationships is a marriage made in heaven. Such an arrangement, which enables both the producer and importer to continue focusing on what they do best and are interested in, entails a distinct division of labour, with the importer performing market-side work and the producer handling product-side duties. The importer connects customers to international suppliers by offering product diversity, quality, and expertise, satisfying the needs of fragmented or specialized markets.

The value that importers provide to niche suppliers resides in three importer marketing activities. The value related to marketing activities and access to established networks is illustrated by PR, media coverage, product tests, labelling access to retailers, and broad and rapid product exposure and logistics. Within the realm of supplier and product development, importers provide precise and useful market information and corresponding suggestions for product development, adaptations, and operational structures. Importers also provide relationship values in offering long-term personal relationships, trust and commitment, and shared values and objectives/business philosophy. The importer needs to be equally concerned with both its suppliers and its customers. The value provided to the customers can be organized into three main categories: expertise and product information, assortment

strategy, and delivery terms. Obviously, the level of service, whether it is provided to customers or suppliers, must exceed the minimum level in order to qualify as valuable.

Furthermore, of the five suggested key strategic roles in the academic literature, niche product importers primarily adopt a focus and/or a commitment to total quality distribution. This focus is enacted through an importer's emphasis on geographically limited customer markets, supplier sourcing, product categories, the provision of value or high-quality products, and production methods. The commitment to total quality distribution is illustrated by an adherence to quality throughout the marketing channel, the forecasting and general implementation of structure, and a strong focus on, and control of, a comprehensive logistics system.

This paper contributes theoretically to the field of study by identifying the most interesting strategic roles adopted by niche product importers in regard to their roles in marketing channels, as suggested by Stern *et al.* (1996). The results of this study suggest that these importers primarily adopt one or two of these roles, namely the focus and the commitment to total quality. This research thus confirms the findings of Stern *et al.* (1996), but also contributes by narrowing the relevant scope for this type of setting. Furthermore, this study contributes by identifying and describing a list of both downstream and upstream value-enhancing marketing activities.

Managerial Implications

Importers can provide useful, value-enhancing assistance and partnership. The important goal, however, is to find an importer that represents a good fit. For niche suppliers, suitable importers should ideally strive towards establishing long-term, close personal relationships that includes frequent and direct contact with key people in the organizations, and necessitate that the individuals get along well together. Furthermore, the importer should display similar or shared business philosophies, values, and objectives to facilitate mutual understanding and to foster commitment and trust. Moreover, a suitable importer should possess product and industry knowledge and interest, offer a strong assortment, and have solid existing customer relationships and local market knowledge. It may also be beneficial to use importers that take on a large portion of the supplier's production volume, but still avoid being categorized as large importers. Finally, the importer should be able to offer comprehensive, international logistics solutions.

In summation, these suggestions are challenging for niche firms to fulfil. A positive factor, however, is that serious importers are continuously searching for new and interesting niche suppliers and are willing make the first move by initiating contact. What then, are importers actually looking for in a niche supplier and, consequently, how can niche suppliers make themselves seem interesting to importers? Importers interested in niche products look for firms that are highly specialized producers of high-quality or high-value products and preferably, innovation-driven or provide rare or protected type of products, with a good reputation, product expertise, and a passion for their business. They are also interested in having long-term personal relationships with partners with similar values and objectives or philosophies who are flexible and adaptable to product adaptations for local markets, ideally with the ability to offer short lead times. Finally, many importers prefer family-owned and family-driven supply firms, which are smaller or similar in size to their own firms.

Research Limitations and Further Research

Like all research, the present study has acknowledged limitations. First, the study examined only ten importers in one selected market within two selected industries. This limited data means that generalising about the larger population is difficult. In addition, the investigated firms were importers, and the respondents communicated their perceptions of their relationships with suppliers and customers. A follow-up study involving both suppliers and customers could have offered more reliable data. It is also acknowledged that weaknesses are associated with cross-sectional research, including the research presented here; a longitudinal study would have produced more reliable data. Despite these acknowledged limitations, the present study was conducted in an exhaustive and reliable fashion. The results therefore constitute a solid basis for more detailed studies in this interesting area of research.

Future research on wholesalers could study the strong relationships between niche suppliers and their importers in terms of trust and commitment, and the apparent lack of problems related to, for example, partner opportunism (Ghosh and John, 1999). Similarly, the means by which firms bond in partnerships within the niche marketing channel remains vague (Bowersox *et al.*, 2007) and more insights into this process would be of particular benefit to recent start-up firms. In addition, since niche suppliers implicitly select their target markets when selecting their importers, it could be interesting to study the processes that guide niche firms in their efforts. Importers may, however, also select their niche suppliers in the same

manner, and studying the determinants, facilitators, and actual behaviour of the importers, as well as their expansion strategies, would further illuminate this important part of the wholesale sector and enable a better understanding of how niche suppliers can relate to importers. Finally, this qualitative research has identified a number of value-enhancing activities, and future research could study these activities in more detail, and possibly develop scales and assess the individual significance of these values.

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Table I Key descriptive information of firm cases

Importer	Product type from niche supplier in question	# of years in operation	# of employees, average this year	Revenues from niche product in question in 1000 € (total firm revenues)
Wine 1	Premium wine from a specific geographic area	12	3	400 (2500)
Wine 2	Premium wine, mainly from a specific region	12	2	12.5 (7500)
Finefood 1	Fine food (olive oil, pesto, pasta)	8	7	203 (3125)
Finefood 2	Fine food (ham)	140	70	1500 (38375)
Finefood 3	Fine food (cheese)	5	12	487.5 (8125)
Finefood 4	Fine food (cured meat)	2.5	1	20.3 (81.25)
Finefood 5	Fine food (olive oil)	5	1	37.5 (150)
Specfood 1	Specialty food (health products)	8	6	12.50 (12500)
Specfood 2	Specialty food (health products)	40	5	720 (2875)
Specfood 3	Specialty food (grocery items)	+100	50	1700 (21250)

Table II Perceived role of the importer in the marketing channel

Firm	Role 1	Description	Role 2	Description
Wine 1	Focus	Limited geographic sourcing, good value	TQD	Forecasting, cork problems
Wine 2	Focus	Good value, partly geographic scope	TQD	Stops poor vintages
Finefood 1	TQD	Pick right type of products, ensure correct product quality to customers		
Finefood 2	Exploring international markets	Use importer's well-known name and many international contacts		
Finefood 3	Focus	Product category	TQD	Quality production systems and control, production requirements, size of product pallets for transportation
Finefood 4	Focus	Geographic, artisan crafted		
Finefood 5	Focus	Product category and geographic sourcing		
Specfood 1	TQD	Quality in logistics	Focus	Product category
Specfood 2	Focus	Segment and product category		
Specfood 3	Focus	Product category	TQD	Quality control, meet expectations of actors in the marketing channel

Table III Perceived value provided by importers to suppliers and customers

Firms	Representative type of supplier	Value to supplier	Types of customers	Value to customer
Wine 1	Small, family-owned and -driven firm	Assist in developing firm, door opener for the firm, marketing activities, product adaptation, personal friendship, good organizational fit, reputation	Large state monopoly for consumer market, restaurants, hotels	Product information, price-quality ratio, expertise
Wine 2	Small firm, owner-driven	Access to networks/contacts, good reputation, product development, provide logistics, marketing, market information, storage, personal and long-term relationship, similar philosophy	Large state monopoly for consumer market, restaurants, hotels	Price-quality ratio, expertise
Finefood 1	Small, family-owned firms, owner active in operations	Join a larger and reputable quality assortment, similar organizational objectives and philosophy	Specialty shops, hotels, restaurants	Price-quality ratio, expertise, delivery terms, breadth and depth of assortment
Finefood 2	Medium sized, family-owned firm, owner active in operations	Carry its entire product range, good payment track record, product development/market adaptation, personal relationship, similar organizational philosophy. Long-term alliance	Retail chains, hotels, restaurants	Expertise, delivery security
Finefood 3	Medium-sized private firm, PDO regulated (protected designation of origin)	Frequent contact, personal relationships, cooperative environment	Retail chains (+80%), other retailers, Hotels, restaurants	Expertise, assortment breadth
Finefood 4	Small, family-owned, traditional artesian crafted, geographic area	Market access, similar values	Specialty shops (85%), Internet shop	Expertise, terms of delivery, assortment breadth, price-quality ratio
Finefood 5	Small to medium sized firms, country specific	Performed activities, market access, enable press editorial publicity, logistics operations, personal and long-term relationship, ability to adapt, stability, care/precision, similar business philosophy	Retail chains (80%), hotels, restaurants, Internet shop	Price-quality ratio, terms of delivery, expertise
Specfood 1	Innovation-driven firms with producer-based brands	Good logistics system, channel to all major retail chains in the market, good personal relationship, organizational/concept fit	Retail chains (90%), hotels, restaurants, health institutions	Assortment (breadth and coherence), delivery security, price-quality ratio
Specfood 2	Small firms	Stable and long-term relationship, trust	Retail chains (70%), hotels, restaurants, wholesalers, consumers	Product quality and assortment breadth, expertise
Specfood 3	Innovative firms and strategic fit	Takes care of labelling, food security issues, logistics, documentation	Retail chains	Product expertise, interesting assortment, value products

