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From Pre-Internationalization to Post-Internationalization: Relationship Marketing Perspective

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Abstract

Although several aspects of the internationalization process and relationship marketing strategy have been addressed in the literature, there is a lack of a unified theoretical framework that explains the impact of relationship marketing strategy on internationalization process. This study was undertaken as an initial attempt to address the role of relationship marketing in the internationalization process. To understand this concept, the internationalization process is divided into two stages: pre-internationalization, which focuses on overcoming the psychic distance and post-internationalization, which focuses on market entry and positioning. At the different stages of internationalization, different variables of relationship marketing assume relatively greater levels of importance, which are likely to have implications for the implementation of an internationalization process. Through a thorough analysis of the literature, and a number of international examples, three research propositions are provided and streams for further research necessary to understand this neglected area of research are then provided.

Keywords Internationalization, relationship marketing, psychic distance, market entry

Paper type conceptual paper

1- Introduction

The purpose of this study is to contribute to the internationalization and relationship marketing literature by providing new insights about the correlation between them. This is accomplished by taking a different approach that does not rely implicitly or explicitly on the assumption that all components of relationship marketing are correlated. The issue addressed is the identification of manifestations of relationship marketing components in the internationalization process. This includes an analysis of how firms use these components to carry out internationalization.

This paper conceptually links two 'relatively' old and very important research streams: internationalization and relationship marketing. From the authors' point of view, the fragmentation of the marketing discipline does not reflect the 'real' marketing world. Previous research in international business and international marketing examines the process of internationalization from a management perspective, e.g. transaction cost theory (Zhao and Luo and Suh 2004). This study is one of the first papers which links internationalization with a core marketing framework and suggests that internationalization process is generally required to develop a successful relationship marketing strategy. If such a strategy were proven empirically, then it would suggest that the constituent variables of relationship marketing should be important factors in influencing the development of internationalization process. The aim of this study, therefore, is to develop a conceptual framework of relationship marketing in the context of internationalization process, based on communication, trust, commitment and satisfaction as a relationship marketing components (or variables). In brief, this study reveals how implementing of two stages of internationalization process are affected by above components. Such components can help a firm resolve the complexity and uncertainty integral to the process of internationalization.

Research gap- In an international marketing context, relationships are affected to a much higher degree by diverse social, cultural, and other environmental factors which, in turn, can significantly modify the role and scope of relationships from one country or region to the next (Samiee and Walters 2003). Ruzzier and Hisrich and Antoncic (2006) state that internationalization is achieved through the establishing, developing and integrating of relationship. Leonidou et al (2011) claims that relationship marketing strategy is applicable to the internationalization process because it's the first step in company internationalization, provides a popular form for foreign market engagement and involves minimal business risks. Similarly, Leonidou and Katsikeas (1996) state relationship marketing would improve the internationalization process (e.g. exporting) in terms of focus on interaction between exporter and foreign customer and facilitating various exporting barriers such as psychic distance. Under these terms, it can be argued that the aspect of customer following in the internationalization process emphasizes the importance of existing relationships, as well as the maintenance and development of them (Hellman 1994).

Early scholarship on the internationalization process of firms focused mainly on two approaches: the Uppsala Internationalization Model and the Innovation-Related Model. Both approaches are often referred to as the "stages model", because they explain the internationalization process of firms as an incremental and gradual process (Uner et al 2013). The revised Uppsala model (2009) concentrates on relationship as a core component, because internationalization depends on a firm's relationships and network (Johanson and Vahlne 2009). Firms go abroad based on its relationships with customers who are committed to developing the business through internationalization. However, the U-model does not explain when the internationalization process starts and why or how the process takes place or how to predict the movement from one

stage to the next is not properly addressed (Andersen 1993). Ellis (2000, p. 445) state while both the U and I-models are useful for classifying firms according to their degree of internationalization, neither model can be used to explain and predict the movement of the firm from one stage of development to the next. He claims proponents of the U- model argue that specific patterns of internationalization, while reflecting the psychic distance between the home country and foreign markets, are inherently unpredictable and make no attempt to explain how the internationalization process actually starts. In turn, I-model researchers reason that progressive internationalization loosely reflects learning and experience and have generally adopted the propensity to export as their dependent variable.

Although the term relationship marketing was first used by Berry in 1983, many authors had already discussed relationships between marketers and customers. There was little work done in the late 1980s, with relationship marketing picking up interest again in the mid- 1990s (Berry, 2002). To date, most literature on relationship marketing focuses on the impact on an organization rather than contributing to relationship marketing thinking in the literature. There is a call for research, which contributes to theory building rather than simply testing within a particular context. This is problematic because it means that there is no real consensus or agreed framework on the work and therefore literature contributions have little impact on the area (Möller and Halinen, 2000).

Coviello and Munro (1997) suggest that integrating internationalization with the network [of relationships] approach would enhance the understanding of the internationalization process especially for small software firms. However, it is not yet completely clear how relationship marketing helps the internationalization process and what specific tasks do these relationships fulfill that help internationalization (Harris and Wheeler 2005). Ellis (2000) claims that the

growing focus on the dynamics of international exchange relationships is evident in an increasing number of studies based on relationship marketing approaches. In contrast with the abundance of studies, only a limited amount of work has focused on the role of relationship marketing strategy in internationalization process. The growing interest in international business and in the learning organization has evolved into a distinct line of inquiry focused on how firms use relationship marketing in international expansion. Currently, marketing theory provides little by way of guidance for international marketers wishing to choose relationship marketing strategy and its components in international expansion. Being unable to choose appropriate relationship marketing strategy in internationalization process is a problem for international marketers, since both relationship marketing and internationalization are resource intensive. Getting it wrong is a source of concern for international marketers. Accordingly, in this study, we utilize a theoretical perspective to develop a conceptual model of the outcomes of investing in internationalization and relationship marketing.

2- Conceptual framework and theory development

Relationship marketing

In a world of increasing globalization and large corporations, relationship marketing is a way to allow customers to feel cared for, to acknowledge their individuality, and to provide personal attention (Geddie and DeFranco and Geddie 2005). Conway and Swift (2000) claim that in international context, relationship marketing has additional complications. Relationship marketing is defined as attracting, maintaining, and enhancing relationships with customer (Kumar and Bohling and Ladda 2003). Morgan & Hunt (1994) define this relationship as “successful relational exchanges”. Relationship marketing strategies are typically designed to

gather information in order to help firms identify and retain their best customers and to maximize customer value and profitability (Ashley et al 2011).

A good deal has been written on the components of relationship marketing. For example, Sin et al (2005) define six components for relationship marketing: empathy, understanding the desires and goals of customers; bonding, buyer and seller relationship; communication, information exchange; shared value, beliefs of partners; reciprocity, favor providing and trust, rely on the promise. Gronroos (2004) defines three factors, which almost guarantee the success of relationship marketing: interaction, communication and the delivery of value. Similarly, Murphy and Laczniak and Wood (2007) define three stages for relationship marketing: establishment, maintenance and reinforcement. Also, Conway and Swift (2000) state relationship marketing has three components: commitment and trust, seller's customer orientation/empathy, experience/satisfaction. Ward and Dagger (2007) suggest that developing, maintaining and strengthening a relationship will depend on the customer's perception of the importance of key relationship dimensions, namely, bonding, empathy, reciprocity, trust, friendship, recognition, thoughtfulness, understanding, time to listen, commitment, loyalty, and shared values. Payne (1994) argues the relationship marketing contains two main marketing tasks – attracting new customers and retaining those that already exist. Izquierdo and Cillan (2005) claim there are three types of relationship marketing activities: those oriented to attract consumers, creating relationships; those oriented to retain customers and to create loyalty, developing relationships; and those oriented to maintain the relationship.

The identification and specification of relationship marketing components began with a review of key theories and frameworks that have guided empirical research in this subject. Iterating between theory and practice enabled us to develop an extensive set of potential relationship

marketing components. This list included some variables that were classified best to each stage of internationalization process, they are: communication, trust, commitment and satisfaction. That is, the importance of particular relationship marketing components in internationalization process success may be more context-specific than heretofore thought.

Dwyer et al. (1987) define a two-phase buyer-seller relationship. These phases are "awareness" and "exploration". Borrowing from this, in this paper, we propose two stages for relationship marketing strategy: "establishing the relationship" and "strengthening the relationship". The "awareness" which is based on initial relationship, is similar to "establishing" stage; and "exploration" which focuses on potential exchange, is similar to "strengthening" stage. The former stage consists of "communication" and "trust", and the latter consists of "commitment" and "satisfaction" components. The four constructions of communication, trust, commitment and satisfaction will now be discussed.

Communication- effective communication is essential for organizations seeking to internationalize. Communication can be both formal and informal exchanging and sharing of meaningful and timely information between buyers and sellers (Sin et al 2002). Andersen (2001) claims one of the central aspects of relationship marketing is communication with customers. Ndubisi (2007) argues an effective communication between an organization and its customers lead to better relationships. However, many studies have stressed that poor communication with the foreign customers has been one of the most common barriers in international business (Leonidou et al., 2011). Research has found that relationship marketing may fail in foreign country because of cultural distance and can be solved with effective communication to meet the needs of overseas markets (Palmer 1995). In light of the existence of psychic distance between

the firms and foreign customers in an international business relationship, adequate communication is vital for firms, which are intended to extend internationally.

Trust- Seal (1998) argues the success factor of establishing relationship with new customers is building trust. Trust is defined as a belief or conviction about the other party's intentions within the relationship (Chattananon and Trimetsoontorn 2009). Trust has been identified as the central variable in most relationship marketing models (Fontenot and Wilson, 1997 and Ndubisi and Wah, 2005). Moreover, trust encompasses the ideological values of relationship marketing and reinforces its moral and ethical imperatives (Mitussis and O'Malley and Patterson 2006). Companies pursuing long-term plans for developing relationships might focus on attempting to move consumers from the emotional towards the behavioral plane by encouraging their trust in that particular company (Long et al 1999). Trust reduces the perception of risk and increases the confidence of the buyer (Ching and Ellis 2006), persuades people to share information, and is crucial in the early phases of a relationship (Johanson and Vahlne 2009). Thus, trust is an essential prerequisite for increasing commitment, which is particularly critical in relationship marketing, due to the existence of psychic distance between firms and foreign customers.

Commitment- Commitment is the central variable in most relationship marketing models (Fontenot and Wilson 1997), because it maintains the relationship (Morgan and Hunt 1994) and is a measure for understanding relationship marketing strength (Ndubisi and Wah 2005). Firms become internationalized as a sequential process of ever-increasing market knowledge and market commitment over time (Williams and Lee 2009). Any increase in market knowledge leads to an increase in market commitment. The success of internationalization depends on the capacity of transfer of this knowledge abroad and better market position (Fang et al 2013). Commitment demonstrates a strong voluntary desire to continue the relationship helps to reduce

the risks of the exchange and is expected to prove beneficial for firms and its customers (Leonidou et al., 2011).

Satisfaction- Relationship marketing aims to integrate marketing with quality and places strong emphasis on quality as a major part of "customer" or user retention and focuses on the development of strategies for long-term relationships (Conway and Willcocks 2000). Good quality relationships mean that customers are able to have trust and confidence in the selling parties through achieving a continuous sense of satisfaction (Yu and Tung 2013). The idea of customer satisfaction is therefore complemented by the comprehensive integration of the customer into an interactive value-generating process, based on interdependence and reciprocity (Juttner and Wehrli, 1994). Customer satisfaction has a positive impact on relationship quality and, ultimately on behavioral loyalty (Adjei and Clark 2010). Satisfaction with past experiences can provide confidence that the each exchange party is concerned about the other's welfare in the relationship (Ching and Ellis 2006).

The internationalization process

Internationalization research emerged in the late 1950s and 1960s and focused primarily on large multinational companies and their international activities. This was often called the economic approach, and resulted in a vast body of theoretical and empirical data (Ruzzier and Hisrich and Antoncic 2006). It is important to make sense to this considerable theoretical and empirical data, and therefore this conceptual paper has been developed. This paper, therefore, fills the gap by conceptualizing some of the terms and aligning various elements previously discussed in the literature, but not considered in terms of their interaction.

The term the "internationalization process" denotes how firms expand into new markets, become involved in progressively more international relationships, and use increasingly more resource-consuming organizational structures over time (Chetty and Agndal 2007).

Anderson (1993) suggests an operationalized model based on the Uppsala theoretical model, discussed previously. Anderson's operationalized model has two stages: development within specific country and development across country. In this model, psychic distance is a prerequisite of choosing a new market. Similarly, Coviello (2006) defines "pre-internationalization" concept for establishing network relationship and "post-internationalization" concept for initial foreign market entry in international new ventures context. We use these concepts and propose them for model in this paper. Pre-internationalization focuses on overcoming the psychic distance and post-internationalization focuses on market entry and positioning. Recently Khojastehpour and Johns (2014) suggested the conceptual framework of relationship marketing in internationalization context, seeing the adaptation of the relationship marketing components into the both stages of internationalization process. They claim trust and commitment has high degree of correlation to pre-internationalization and low degree to post-internationalization. Moreover, commitment and satisfaction have high degree of correlation to post-internationalization and low degree to pre-internationalization.

Pre-internationalization: overcoming the psychic distance- Each country has its own unique features in terms of cultural characteristics; local networks; language; the nature of contacts with the national government; education systems, and so forth (Lin 2012). When products, services or resources are to be transferred across national boundaries, the firm has to select the country where or with whom the transactions should be performed (Andersen and Buvik 2002). In fact,

the psychic distance would predict a pattern of internationalization in which one would find internationalization in familiar countries in the first stage and internationalization in less familiar countries in the latter stages (Chang 2011).

According to Johanson and Vahlne (1977), firms start their internationalization by approaching international markets and market selection. They select markets that are psychically close to them and then enter new markets with successively greater psychic distance. They define psychic distance as a number of factors preventing information flowing between stakeholders in the market. The incremental character of internationalization in the beginning of an internationalization process is largely attributed to the lack of market information. This lack of market information is strongly influenced by Psychic Distance (Ninan and Puck, 2010). Hadjikhani (1997) states that increasing foreign market knowledge, which decreases the psychic distance will provoke a firm to proceed with its internationalization process. For example, Atech and Mtech developed relationships in their foreign markets to overcome their lack of knowledge of the foreign markets (Chetty and Campbell-Hunt, 2003). However, distortion of information transmission associated with psychic distance implies the necessity of trust development. This means, trust plays a crucial role in overcoming the challenges to successful international exchange relationship (Katsikeas and Skarmeas and Bello 2009). Child and Rodrigues and Frynas (2009) state building trust relationship with local customers reduces the impact of psychic distance and is significant for the successful internationalization. They suggest that this would be a worthwhile area for further investigation. Similarly, Coviello and Kristina and Martin (1999) and Kontinen and Ojala (2010) claim that psychic distance can be overcome by leveraging network of relationships.

Post-internationalization: market entry and positioning- The internationalization process continues with the commitment to the external markets (Blomstermo and Sharma and Sallis 2006). It provides the strategy for foreign market entry (Sedoglavich 2012). In fact, the important part of the internationalization of firms is the entry mode choice of firms (Chetty and Agndal 2007). Entering to new market is a gradual process because it requires searching for new opportunities, examining them, and creating relationships in locations where they did not previously exist. For example, in the US, the market is expanded through acquisition, while in Japan expansion is generally through strategic alliances with an established trading house. In Malaysia, organizations expand through the services of an agent (Mathews and Zander 2007). Although some studies reveal international experience rather than objective information have positive impacts on market entry strategy, other studies show that this experience played no significant role in explaining why foreign entrants into the United States used joint ventures rather than wholly owned acquisitions. There is no evidence of "incremental" internationalization in their case studies of Swedish technical consultancy firms, suggesting experience may not be a determinant of entry mode choice (Erramilli 1991). Lamb and Liesch (2002) claim that insufficient international market knowledge is considered to be major obstacles in the development of internationalization process.

After overcoming the psychic distance in order to choose foreign market entry, the internationalization process uses the concepts of market commitment and market uncertainty for the next steps (Sharma and Erramilli 2004). The Uppsala model suggests a sequential pattern of entry into successive foreign markets, coupled with a progressive deepening of commitment to each market (Buckley and Casson 1998). Foreign market commitment is an important element in the internationalization process (Welch and Welch 1996) and creates a psychological and/or

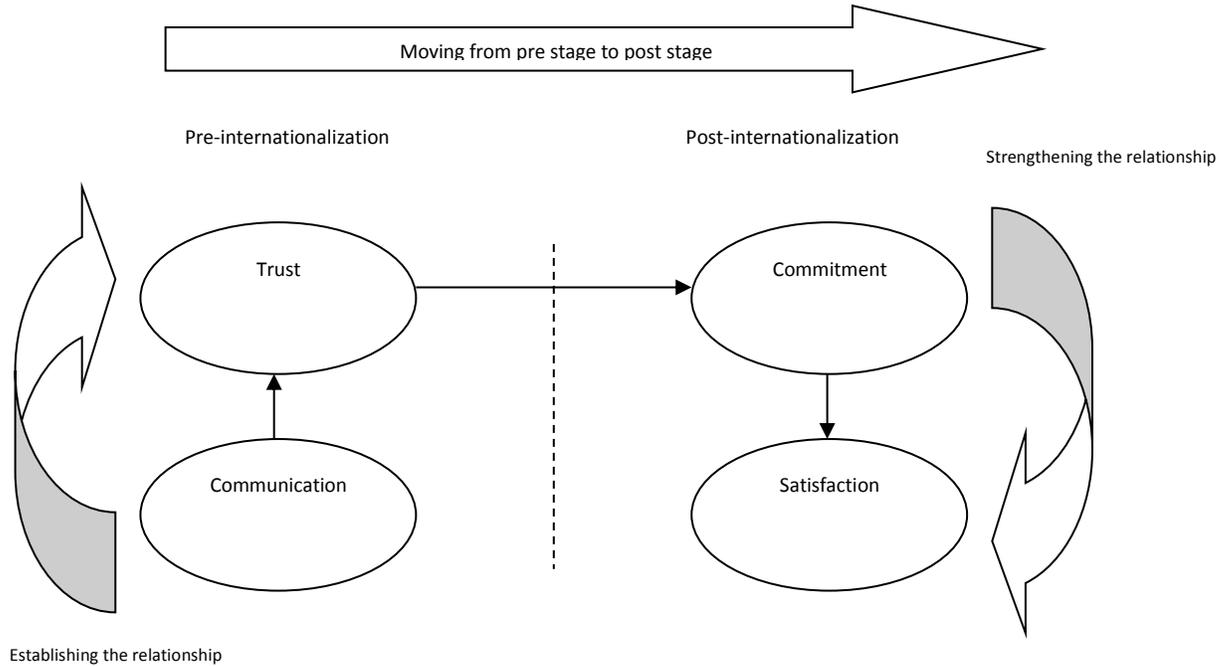
attitudinal stake in a relationship over time (Lamb and Liesch 2002). In fact, a network of relationships reinforces the market commitment and enables the firm to intensify market activities (Johanson and Johanson 2006).

Conceptual framework

Previous internationalization theories (traditional and born-global) emphasize the role and influence of relationships in business transactions (Chetty and Campbell-Hunt 2004). Firms' internationalization process can best be explained by networks of relationships. This is because the focus of the network perspective is on the market and firms' relationship to that market and on the exchange of information between firms and foreign customers (Fletcher 2008).

Despite varying definitions and key concepts, it is evident in the literature that there is agreement about the processes and objectives of internationalization. Based on the literature, therefore, we define internationalizations as entering an international market through the adaption of the organization's processes, transfer of knowledge and opportunities to reach a new market. Although internationalization provides an understanding of market entry, it does not consider the ongoing relationships. An understanding of Relationship Marketing may provide a more in depth understanding. Figure 1 shows a model intended to act as a conceptual framework for marketing researchers working towards the effectiveness of relationship marketing on internationalization process:

Figure 1: From pre-internationalization to post-internationalization



Source: Adapted from Khojastehpour and Johns (2014)

The model consists of two concepts: internationalization and relationship marketing. Relationship marketing begins with communication, which is crucial in building international business relationship and influence the other component of establishing the relationship stage, namely trust, which subsequently affects the components of strengthening of the relationship stage. In light of existence of psychic distance between buyers and sellers, adequate communication is central starting point for overcoming the psychic distance process and builds trust. In turn, trust facilitates communication.

The model postulates an unpredictable interplay between psychic distance and market entry. It also posits that foreign market entry knowledge is acquired by overcoming the psychic distance. The pre-internationalization stage explicitly emphasizes that the internationalization of a firm entails the establishing the relationship through communication and trust. It is triggered when

firms decide to expand internationally. The model reveals a positive relation between pre-internationalization and establishing the relationship stages. This is due to a greater ability to detect the foreign market opportunities and reduce the uncertainties of going abroad. A critical consideration in pre-internationalization stage is the compatibility between firm and foreign customer. It enables the internationalizing firm to accumulate foreign customer information it really needs, and to interpret the information in an international context.

Survival and success of the internationalizing firm may depend on its ability to establish the relationship with these customers. Factors that appear to be important in influencing internationalization are effective communication and mutual trust, and these are likely to be associated with the firm's ability in adopting helpful relationship marketing strategy. Pre-internationalization typically involves the problem of basically deciding to communicate with foreign customers to overcome the psychic distance. Overcoming the psychic distance is considered to be the starting point of internationalization in our model. Pre-internationalization may provide the first point of contact with foreign market customers via communication and the establishment of reciprocal pre-post connections. Overcoming the psychic distance happens with establishing an effective relationship, which facilitates solving this problem in foreign market. In this stage, firms face significant distance problems stemming from what the literature terms the "overcoming the psychic distance" that initially outweighs the incremental benefits of internationalization. In addition, firms expanding internationally will face initial relationship lacks and insufficient information about the foreign market and its customers.

Relationship marketing offers potential for learning and for building trust and commitment, both of which are preconditions for internationalization (Johanson and Vahlne 2009). Wu et al (2007, p. 297) claim that trust helps to create a positive environment for the exchange of local market

know-how and reduce the costs associated with monitoring the transactions between exchange parties.

After firms have learned to successfully handle this initial relationship, by establishing an effective communication, they start to build trust and convert it to commitment. This occurs in the mid-term internationalization process. From that point onwards, the post-internationalization stage begins and firms appear to develop the ability to strengthen its relationship with foreign customers and can gain greater profitability from this relationship. Increasing commitment to foreign market leads to customer satisfaction that begins outweighing the economic benefits. Trust may develop into commitment if there is willingness and positive intentions. Thus trust is a prerequisite for commitment. If trust does lead to commitment, it implies that there is a desire to continue the relationship, a willingness to invest in it, even recognition of the necessity of making short-term sacrifices that benefit another for reasons of long-term interest for oneself (Johanson and Vahlne 2009). Trust and commitment are related to customer factors, i.e., affective communication, cultural sensitivity and likeability of partner; and firm factors, reputation and competencies of partner (Styles and Patterson and Ahmed 2008).

Table 1 indicates examples of Australian organizations that went through the internationalization process. Examples were drawn from the academic literature or the media and ten examples are discussed. These examples were chosen because they demonstrate the internationalization process and represent a variety of industries. Furthermore, some are goods, while some are services, and different internationalization models were selected. Organizations from Australia were chosen, because they demonstrate how organizations from a relatively small country can develop an internationalization strategy.

Table 1: Examples of organizations and their pre and post internationalization

Company	Product industry	Case study source	Pre-internationalization	Post-internationalization
Bloom Cosmetics	Cosmetics	Anon, 2012	The Australian dollar was low, so Natalie Bloom sold her goods to American stores. This got the attention of media outlets and her product became a global brand	Bloom Cosmetics now has a number of partners selling stock globally. They have now partnered with Japanese manufacturers to develop products quickly for The US market.
Mick's Whips	Stockyard products	Anon, 2000	This small organization was selling products locally within Australia	The internet enabled the organization to sell products online
RL Hardy	Wine	Bartlett, 1999	Two separate organizations: BRL and Hardy. BRL sold fortified wines, with grape resources, while Hardy was a well known brand name.	After the merger, BRL Hardy was able to become a global brand, due to commitment to strengthening the brand and using the two organization's skill diversity.
Aconex Pty Ltd	Software: online information exchange	Liesch, Steen, Middleton and Weerawardena, 2007	Commenced in Australia in 2000. Travelled to international markets in 2003. Scouting visit to assess the market and build relationships	Launched in the UK, followed by Dubai and Hong Kong. They now have clients in approximately 50 countries. Their advice to organizations is to think global from the outset.
The Wiggles	Family entertainment: concerts, DVDs, CDs, merchandise, television shows	Liesch, Steen, Middleton and Weerawardena, 2007	Australian band established in 1991, playing at children's birthday parties and shopping centres. With the support of business partners, they began to tour to English speaking countries to sell their product with little modification.	In 2001, they performed at the Macy's Thanksgiving Parade in 2001. They now receive 75 to 80 per cent of their revenue from overseas market and have tailored their product to non-English speaking countries (eg. Taiwan and South America) by licensing their brand or modifying the product. Each market is tested prior to

				modifying the product, to assist with the internationalization process.
Cochlear Ltd	Medical technology	Liesch, Steen, Middleton and Weerawardena, 2007	This company has received international recognition for their development of cochlear implants. Initially developed from an idea in 1967. The first cochlear implant was conducted in 1978 and the company began exporting internationally in the early 1980s. In 1984, the company set up an international office in Colorado, USA.	The company expanded to Europe, Japan and USA. They needed to work closely with doctors and medical professionals to enhance product credibility. Opposition was evident in France and Japan, due to a more conservative medical culture. Clinics were established in these markets and this led to increased approval in the product. The company indicates that for organizations in small markets, such as Australia, going global is a necessity, rather than a choice.
DSpace	Advanced satellite communications technology	Liesch, Steen, Middleton and Weerawardena, 2007	The Founder of the organization arrived to Australia in 1995 from Britain and established his organization. The organization attracted a number of business partners and the organization partnered with the University of South Australia. This led to their first international project in The UK, where the university had previously operated.	To strengthen their international projects the organization hired a London-based employee and the Australian business maintained contact with the client to ensure everything ran smoothly. Now, most of the organization's employees are located out of Australia and most clients are international.
Ellex Medical Lasers Ltd	Medical Lasers	Liesch, Steen, Middleton and Weerawardena, 2007	Founded in the early 1980s, the company grew and was supported financially through an Australian Government research and development grant. In the late 1980s, Mr Previn took the product to a trade show in Texas (USA)	The company appointed distributors in international markets. Scaling up the factory and employing more staff was essential to meeting customer demand in an international context.
Infomedia Pty Ltd	Electronic Parts Catalogue	Liesch, Steen, Middleton and	Founded in 1990 and partnered with Ford. The car market was insufficient for the organization, so when Ford invited the organization to meet with Ford Europe. Team members flew to Europe to show Ford	The organization strengthened relationships with distributors in Europe and with Ford. This increased their international market and they commenced operating in Japan

		Weerawarde na, 2007	Europe they could compete on an international level.	Canada, The US and new international markets for Ford.
MYOB	Accounting Software	Liesch, Steen, Middleton and Weerawarde na, 2007	Founded in 1987. MYOB Australia was an Australian version of the US product MYOB. Over half of MYOB's global sales came about as a result of MYOB Australia. By 1996, MYOB Australia purchased the rights to MYOB, including the US operation.	MYOB developed arrangements with distributors and entered the New Zealand and South-East Asian market. MYOB acquired the distributors to ensure control.
Rising Sun Pictures	Feature film visual effects specialist	Liesch, Steen, Middleton and Weerawarde na, 2007	Founded in 1995 to provided services to the Australian film and multimedia industries. Their first international project was working for clients in Asia.	As their reputation was built, they were invited to work on a US film, filmed in Australia, because it was more cost effective. Due to this exposure, they moved away from developing commercials and now only work on feature films, to global clients from Hollywood through to Australia.

The table above indicates some examples of how organizations have embarked on their international operations. The examples demonstrate the importance of matching organization cultures and the importance of understanding the culture of the country firms are internationalizing to. As the literature indicates, the examples demonstrate the importance to selecting nations with a close psychic distance in the early stages of internationalization. Furthermore, commitment to business partners, trust and satisfaction is a key requirement of internationalizing. In many cases, the establishment of local offices was required for a strong international expansion. Finally, 'luck' and existing contacts played a part in some of the internationalizing efforts. This included local contacts and introductions. The examples were drawn from a variety of industries, but the same country (Australia) to demonstrate different ways for internationalization.

3- Research implications and propositions

Developing relationship marketing has often been regarded as the core aspects of international business, because such relationships set the framework within which buyers and sellers behaviorally interact, coordinate their activities, and exchange resources in a global market setting (Leonidou et al., 2011). By transferring relationship marketing theory from a domestic to an international context, various factors emerge which can impede the establishing and strengthening the relationship. These factors are largely a consequence of different psychic distance and can be synthesized in the concept of different market entry strategy. Batonda and Perry (2003) claim that establishing the relationship would be relatively difficult in overseas Chinese societies because of the high psychic distance. However, strengthening the relationship

would be easy because of the long-term orientation towards psychic distance, which leads to strong network of relationships. In contrast, strengthening stage of relationship is difficult in the West because of the short-term orientation towards profit.

Khojastehpour and Johns (2014) claim communication and trust are often stated as a vital factors in the pre-internationalization stage and that commitment and satisfaction play an important role in the post-internationalization stage. The influence of trust on the establishing of relationships is considerable, especially at the pre stage of internationalization. Furthermore, trust has the potential to influence the development of two other major variables: commitment and satisfaction. A high level of trust is likely to engender a more positive attitude, which in turn is likely to increase the level of customer satisfaction. Communication is a vital component in the establishment of relationship marketing. Effective relationship depends on effective communication, and communication becomes even more important when one is trying to establish international relationships.

If the relationship marketing develops further, it is likely that psychic distance will be overcome through communication and trust and entering to the new foreign market facilitate by converting trust to commitment. The basic premise is that, when working in an international context, the success of relationship marketing strategy is dependent on its components, which are selected for the internationalization process. An understanding of a number of case studies, as provided in the examples, and considerable understanding of internationalization and relationship marketing, as discussed in the literature review, has enabled us to develop a series of testable research propositions:

P1: the pre-internationalization stage will be facilitated by relevant relationship marketing components namely communication and trust

P2: moving from pre stage to post stage will be reached by changing trust to commitment

P3: the post-internationalization stage will be facilitated by relevant relationship marketing components namely commitment and satisfaction

If the above propositions are valid, then relationship marketing components and stages of firm internationalization will tend to reflect each other and offers a number of advantages over other independent variables. First, interconnected relationships between establishing the relationship components, communication and trust; and pre-internationalization stage enable firms to overcome the psychic distance in international expansion. Second, moving from pre-internationalization to post-internationalization offers the development of trust between the firm and foreign customers and changing it to commitment in order to strengthening the relationship. Finally, interconnected relationship between strengthening the relationship components, commitment and satisfaction; and post-internationalization stage leads to strong relationship between the firm and foreign customers.

4- Conclusion and discussion

This study contributes to theory by proposing a redeveloped theoretical integrative conceptual model of internationalization process, centering on two stages for internationalization, pre and post; plus considering relative relationship marketing components for each stage. From the relationship marketing perspective, the internationalization process is the establishing and strengthening the relationship between firms and their customers in a foreign market. The importance of relationships in the internationalization process has been one of the key beliefs of international business theory, but what remains unexplained is the impact of the relationship marketing on the internationalization process. This study goes beyond that making congruency between internationalization process and relationship marketing strategy and introduces a

conceptual model of the influences of relationship marketing components on two stages of internationalization process. Moreover, this article attempts to capture a gap between two stages by considering trust and commitment between firms and foreign customers; and suggests that the process of internationalization appears to be quite consistent with relationship marketing strategy.

An appreciation of how the internationalization stages fit together not only allows for greater strategic cohesiveness through time, but simultaneously contributes to the company's ability to develop strategic flexibility (Welch and Welch 1996). The novelty of our approach lies in the formalization of two stages of internationalization within the two stages of relationship marketing strategy, rather than relating to one or two of them. The model is very flexible, in the sense that it is easy to modify the assumptions to address other issues. It can be extended to take account manufacturing company, as well as service firms. This requires extending the analysis of internationalization from relationship marketing perspective. The model can be rendered more dynamic by allowing firms to determine the timing of transfer between pre-internationalization and post-internationalization.

We argue that several treatments of psychic distance and market entry in the internationalization-relationship marketing link, will offer greater insights into this topic. The selection of relationship marketing components includes those controlled by the firm and extends to foreign market that provides the firm with some type of strategic advantage in international markets. In my opinion, the establishment of such a model would be particularly helpful for examining the internationalization process through relationship marketing components. However, this study has not led to a coherent framework that may help both scholars and practitioners to gain a convergent understanding of the internationalization process of firms. The examples provided in

this paper have strengthened the understanding of the internationalization process. This paper seeks to develop a conceptual framework of internationalization process, which reconciles different theoretical perspectives, and bears normative implications for managers.

5- Managerial implications

Of importance for individual firms is the possibility that the pre and post stages of internationalization may be connected in some way. This has been mostly neglected in the literature to date. It is expected that the pre stage precedes and influences the development of post stage in such a way that the effectiveness of the post stage could determine the success of pre internationalization. An important implication of the internationalization literature identified in this article is the need to develop a comprehensive relationship marketing strategy, in which the effective linkage between stages in the process are regarded as important for successful long-run penetration of foreign markets. Further research can empirically explore the pre and post stages of the model in more depth.

The main implication that emerges from this study is that there is a need to analyze firm's capability in terms of adapting to foreign market via relationship marketing strategy. Analyzing firm's characteristics in different stages of the internationalization process provide much insight into how firms develop the attitudes toward foreign market entry. The basic premise underlying this research is that it may be advisable for firms developing relationship marketing strategy to try to overcome the psychic distance and choose appropriate market entry strategy. The literature review covers the research that seems relevant for the entry strategy decision with particular emphasis on the relationship marketing components.

From a managerial viewpoint, relationship marketing means that the management of firms should try to extend the existing network of relationships both domestically and internationally. Firms need to utilize its existing relationships in the new markets. For example, existing customer relationships can be used in information gathering and may therefore be of help in developing new customer relationships. Managers also need to analyze the existing successful or profitable relationships and the way in which they have been developed. This argument is based on the fact that new relationships abroad can be handled in a similar manner.

6- Future research

This paper indicates that as relationships develop on a continuum from establishing the relationship to strengthening the relationship, the relative importance of the components that influence both stages on the internationalization process. This being the case, there is an opportunity for further research to test the validity of the proposed model and, as a result, propose relationship marketing components for different stages of internationalization.

Relationship marketing components can be examined within various contexts, such as business to business and consumer markets. Taking these sectors separately, it would be possible to develop a means of assessing degree of internationalization and correlating it with levels of communication, trust, commitment and satisfaction for both stages of internationalization. Issues to be addressed would include:

An identification of the time of moving from pre stage to post stage through analysis of:

- the perceived level of communication and trust with foreign customers
- the interpretation of the term “changing commitment to trust”

An identification of the relationship marketing components through a consideration of:

- the influence of related components on establishing and strengthening the relationship
- the reasons given for successful relationship and its development

A series of research propositions were developed in this conceptual paper, from the review of the literature and analysis of internationalization examples. It would be useful for further research to empirically explore the following hypotheses:

P1: the pre-internationalization stage will be facilitated by relevant relationship marketing components namely communication and trust

P2: moving from pre stage to post stage will be reached by changing trust to commitment

P3: the post-internationalization stage will be facilitated by relevant relationship marketing components namely commitment and satisfaction

This conceptual paper has highlighted an understanding of the pre and post internationalization phases and indicated how the concepts previously discussed in the literature work together. This understanding is essential for expanding on knowledge of relationships in an internationalization framework. This paper, therefore, makes a contribution toward understanding this under-researched area in more depth.

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