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Abstract

Purpose – networks are increasingly recognised as important to successful marketing amongst small and medium sized enterprises (SMEs). The purpose of this study is to investigate the structure and content of network relations amongst SME clusters, and explore the link to marketing performance.

Design/methodology/approach – Following a review of the literature on SME networks and marketing performance, case study analysis is performed on four SME clusters in the Greek agrifood sector.

Findings - Analysis finds that the configuration of horizontal relationships between producer SMEs has little bearing on marketing performance, unless also accompanied by strong vertical connections between key members of the SME cluster and other actors in the supply chain. The disposition of these key members towards information-seeking and contact building outside of their SME clusters is also identified as important.

Practical implications – to improve marketing performance, leaders in SME clusters should focus on building strong vertical relationships in the supply chain, and encourage knowledge gathering from external market contacts.

Originality/value – unlike many studies of SMEs, networks and marketing performance, this research investigates the networking phenomenon at the level of whole SME clusters, rather than at the level of individual SME owner-managers.

Keywords: value chains; marketing relations; SMEs; Greece; agrifood sector; case studies

Classification: Research Paper

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1. Introduction

In the growing body of literature on marketing in small and medium sized firms (SMEs), numerous studies have contended that the marketing performance of SMEs may be enhanced if such firms make proactive use of the business networks in which they are embedded (e.g. Gilmore, et. al. 2000; Blankson & Stokes, 2002; Gilmore, et. al. 2006). For example, by sharing customer insights and knowledge, SMEs may gain improved market intelligence, which may then lead to greater brand awareness and recognition. Although the literature presents many case studies of SMEs that have benefited from engagement in such networks, most analyse the impacts of networking activity at the level of individual SME owner-managers. Far fewer studies have investigated the impacts of networking activity on the marketing performance of whole SME clusters, where geographically proximate groups of individual SMEs pool their resources, or agree to do business with each other for mutual gain, on either a formal or informal basis. SME clusters exist in many sectors, but are particularly represented in agrifood and natural resource industries via collaborative arrangements such as producer associations or co-operatives. Yet comparatively few studies have investigated how firms within such clusters manage their inter-relationships in order to achieve commercial success. The aim of this paper is to address this gap by exploring the role that inter-firm relations play in the marketing performance of SME clusters. The paper is structured as follows. First, drawing from the literatures in marketing and small firm networks, the paper reviews what is known about the link between marketing performance and SME networking, and how different patterns of inter-firm relations may influence that link. Next, the methods and results are described of case study research of two pairs of SME clusters in the Greek agrifood sector, each pair comprising one stronger performing case and one weaker performing case. By tracing and comparing how patterns of inter-firm relationship in each case evolved over time, the research identifies key factors of importance to marketing performance. The paper concludes with managerial implications and avenues for future research.

2. Marketing Performance and SME Networks

It has long been established that marketing performance is very important to overall firm performance, including amongst SMEs (Langerac 2003; Kara, et. al. 2005), being manifest in indicators such as strong brand awareness, expressions of consumer preference, and high levels of market share (Grønholdt & Martensen, 2006). However, it is traditionally assumed that achievement of strong marketing performance is problematic for small firms because of their distinctive characteristics compared with large firms (Blankson and Cheng, 2005). Specific features that cause problems include time and financial constraints (Davis, et. al. 1985), a 'survival' mentality (Hankinson, et. al. 1997), lack of strategic planning (Dodge & Robbins, 1992; Fuller 1994; Sashittal & Wilemon, 1996), and lack of good market information or marketing expertise (Rocks, et. al. 2005).

In recent years, marketing scholars have investigated networks as a potential route to improved marketing performance for SMEs. In particular, studies have examined how small firm owner-managers overcome constraints and achieve their objectives through building relationships with others in their personal network (Gilmore, et. al. 2000; Gilmore, et. al. 2006). It is found, for example, that through networking with other firms, individual SME owner-managers can address their individual resource constraint problems (Deakins 1991), as well as improve their marketing activities (Carson, et. al. 2004; Gilmore, et. al. 2006). Although these studies describe the marketing performance effects of the personal networks of individual SME owner-managers, it may be argued that similar dynamics and effects may hold true for the members of whole SME clusters. For example, SMEs who operate in a cluster - such as an association of farmers or processors supplying downstream actors in a value chain for beef, milk or fresh produce – may benefit from access to higher quality resources or better market intelligence than would be possible if they operated in isolation from each other. SME clusters may also have the effect of reducing transaction and co-ordination costs between members, which may increase the efficiency of the chain (Williamson 1975). Other benefits classically associated with relationship marketing might also be accrued due to improved communication and trust between cluster members, such as the creation of more added value (Ambler & Styles 2000; Gummesson 2002), or the improvement of vision and management (Möller & Halinen 1999).

In practice however, inter-firm networks often evolve in a haphazard and unpredictable fashion (Batonda & Perry 2003), and can take a variety of forms in terms of structural and relational characteristics (Carson, et. al. 2004). For SME clusters, this leads to the question of which types of inter-firm relations are linked to strong marketing performance. The evidence is somewhat divided on this question. On the one hand, Carson et al (2004) find that high usage of marketing activities is linked to the existence of mature, stable relations between firms in a business network. Such stable relations may be reinforced by pre-existing social cohesiveness between actors (Huggins 2000; Requier-Desjardins, et. al. 2003), which foster greater commitment and trust in marketing relations. According to this evidence, it may be argued that the stronger the social ties and well-established relations between the members of an SME cluster, the greater the likelihood of good marketing performance. On the other hand, other authors note the 'paradox' inherent in strong inter-firm network relations, whereby the ties that can initially enable better adaptation to the marketplace may subsequently lead to inertia and loss of market focus, due to institutionalisation of norms and over-reliance on current network partners at the expense of innovation and anticipation of new market opportunities (Håkansson & Ford, 2002; Beverland, 2005; Beverland 2009). Indeed Lechner and Dowling (2003) find a link between partner switching behaviour in business networks and achievement of a more favourable market position by the relevant firms, because by changing partners SMEs access a greater depth and diversity of external resources. Therefore, rather than performance being enhanced by reliance on the nearest partners in a business network, it is the 'weak' ties developed with key actors external to a network that boost opportunities and outputs (Granovetter 1973). Following this evidence, it may then be argued that optimal inter-firm relations in SME clusters are not necessarily those that are most intense or stable over time.

When considering the marketing performance of SME clusters, a further issue relates to the relationships between such clusters and other actors in the wider value chain. Traditionally, studies of SME clusters have tended to focus on relationships at the horizontal level (Powell, 1990), that is, on how members within a cluster relate to each other, and the benefits or difficulties that may then arise. However, it may be argued that inter-firm relations at the vertical level - that is, between members of the

SME cluster and other actors in the value chain - are also important to marketing performance, because such performance depends on the ability of the chain to deliver to end customer needs (Grunert, et. al. 2005). To understand better how SME clusters may improve their marketing performance therefore, there is a need to investigate not only how individual members within such clusters relate to each other, but also how those members relate to other actors in the value chain.

In addition to the effect of structural and relational characteristics on the marketing performance of SME clusters, the role of leadership should also be acknowledged and this has been discussed widely in the literature. Unlike the traditional individualistic approach to leadership, in which the focus is on leaders' intrapersonal competencies e.g. self-awareness, self-regulation and self-motivation (Argyris, 1995; Stewart et al., 1996), a more recent approach focuses on how network relationships amongst individuals create organisational value (Day, 2001). This approach is concerned more with leaders' interpersonal competences such as *social awareness* (e.g. service orientation and empathy) and *social skills* including building trust and commitment, as well as conflict management (Gardner, 1993; Goleman, 1995; McCauley, 2000). The effectiveness of leadership is argued to depend on contextual conditions (Fiedler, 1967; Vroom and Yetton, 1974), highlighting leaders' capacity to diagnose, understand these conditions and choose appropriate actions to deal with them. The evidence suggests that leaders with more democratic, supportive and participative styles are positively associated with innovative organisational cultures and successful organisational performances, in contrast with "instrumental leadership", where expectations, procedures and tasks are strictly specified (Bowsers and Seashore, 1966; Ogbonna and Harris, 2000). Furthermore, evidence derived from agricultural cooperatives suggests that despite their democratic character, leadership in cooperatives tends to adopt an instrumental and bureaucratic style, usually linked to government intervention, low participation of members and growing corruption, resulting in weak performance (Anbumani (2007). When investigating the performance of SME clusters therefore, there is a need to take account of these aspects of leadership, and the nature of their impact.

3. SME Networks and the Greek Agrifood Sector

These debates about the characteristics of network relations and their link to marketing performance have particular resonance for the agrifood sector in Greece. As a predominantly rural country, agrifood firms make a disproportionately high contribution to the domestic economy relative to the European average (12.8% of GDP relative to a European Union average of 9.6% (Eurostat 2006)), and within the sector, more than 90% of production and processing units are small-scale. However, recent years have seen the entrance of large multinational processing and retailing firms into the domestic market, changing drastically the infrastructure of food markets and distribution channels (Anastassopoulos 2003; Salavou, et. al. 2003) and intensifying competition, mergers and acquisitions (Theodorakioglou & Wright 2000). In this climate, it has become extremely difficult for SMEs in the sector to continue operating in fragmented, localised and production-oriented ways.

In other southern European countries, notably France and Italy, agrifood SME clusters have been developed based on strong horizontal relations between members, which analysts link to the delivery of high quality, value-added products to end consumers (Bessière 1998; Bianchi 2001). In many cases, these have been built on formal cluster arrangements such as co-operatives or producer associations, which are often supported by strong pre-existing social ties between network members (de Roest & Menghi 2000). However, whilst Greece shares many of the characteristics of other Mediterranean countries where agrifood SME clusters have emerged - for example, Greece has one of the largest number of registered farmer co-operatives in Europe at over 6900 - very few examples of clusters with strong marketing performance exist (van Bekkum & van Dijk 1997). Therefore, the investigation of inter-firm relations in the context of Greek agrifood SME clusters is particularly intriguing. How do such relations evolve, both horizontally and vertically? What do leading members of the clusters do to manage the relations? And are the patterns of inter-firm relations within stronger performing clusters very different to those of weaker performing counterparts? The next section describes the empirical study designed to address these questions.

4. Methods

In view of the aims of the research, a qualitative methodology was selected, specifically the case study method as described by Yin (1998). The method was deemed particularly appropriate for this research for two main reasons. First, the multiple source perspective lent itself well to the 'whole chain' focus of the research, whereby the network, rather than an individual SME, was the unit of analysis. Second, it allowed for investigation of interactions and processes flowing between actors as well as investigation of the actors themselves (Stake 1995; Shaw 1999), vital for capturing in depth the nature of inter-firm relations in the networks investigated, not just their basic structure.

Four cases of Greek agrifood SME clusters were selected following the principles of the 'collective' case study technique, which involves choosing cases on the basis of each one possessing rival or opposite characteristics that are important to the research (Bickman & Rog 1998). For this study, two important characteristics were identified. First, the extent to which the case SME clusters exhibited strong or weak marketing performance, judged according to Grønholdt and Martensen's (2006) 'mental consumer measures' of performance, such as perceived differentiation of end products, strong image/reputation and consumer preference. By capturing cases with different performance levels, links could be analysed between the inter-firm relations revealed in each case and the performance levels exhibited. The second characteristic was the level of transformation involved in the end product, specifically, whether the product was processed (involving at least one stage of physical transformation from raw state to end product) or fresh (involving no physical transformation). This characteristic was chosen because the degree of processing required to turn raw materials into finished products may impact on the ease with which actors can coordinate their activities and achieve strong marketing performance due to quality uncertainty in both raw materials and final products (e.g. Barjolle & Chappuis 2000). Table 1 depicts the final four cases chosen. Of these, Blauel organic olive oil and Zagorin apples are well-known high value products with strong brands, and are popularly celebrated as being amongst the small number of SME cluster 'success stories' in the Greek agrifood sector. Indeed, the good customer reputation of the latter is highlighted by Fotopoulous and Krystallis (2003). In contrast, both Kefalas organic olive oil and Agia apples are less well-known products, lacking in brand

image, reputation, market price and position. For Kefalas, the development trajectory of this case was linked to that of Blauel, therefore it served as an interesting and quite immediate comparison case. It deliberately allowed investigation of why the Blauel and Kefalas cases experienced very different evolutionary trajectories and performances. Cases from the olive oil and apple sectors were chosen on the basis of typicality, as Greek agricultural production is predominately crop-oriented, with a ratio of 70:30 between the total production values of plant and livestock production respectively. In particular, as olive oil represents one of the most common Greek processed products, its choice instead of meat or dairy products, was deemed very appropriate.

Take in Table 1 here.

Data collection for the case studies was conducted in two main phases, each phase lasting approximately three months and involving residency in or near the geographic regions in which the clusters were located. The main source of data involved depth interviews with key actors in the cluster, in particular the farmers and their representatives. However, given the research interest in investigating vertical as well as horizontal inter-firm relations in the cases, other actors in the value chain were also interviewed, including wholesalers, distributors and retailers. Interviews were also conducted with representatives from local management agencies and associations, where key informants indicated them as influential to network evolution. The depth interviews were supplemented by document scrutiny, for example, of proceedings of general meetings and local industry statistics and history, as well as scientific papers relating to the cases where they existed. Participant observation was also undertaken, for example of negotiation processes with customers and interactions during producer meetings. Data analysis, which followed the coding, categorisation and constant comparison method performed on raw data from transcripts and notes (Strauss & Corbin 1990), combined with the outputs of document scrutiny and observations, focused first on mapping the structural and relational dimensions of each case network, exploring the nature and dynamics of the vertical and horizontal connections between actors. Comparative analysis was then conducted across the cases, searching for similarities and differences between the inter-firm relations of the networks network and how these could be explained. The analysis also sought to identify key

features of the relations that could be salient to marketing performance. The next sections present the case-by-case results, followed by cross-case discussion.

5. Findings

5.1 Blauel Organic Olive Oil (processed product, strong marketing performance)

This cluster has its production and processing base in the region of Mani, in the Messinia prefecture in southern Greece. The origins of this case date back to the mid-1980s when Fritz Blauel, an Austrian entrepreneur with a strong organic ethos, saw the potential for marketing the local olive oil of Mani whilst on holiday there. He gained the cooperation of a group of farmers in the remote village of Saidona to provide the oil, which he and his wife then bottled by hand. Over time, production expanded and the number of farmers and processors increased, and a bottling plant was set up in 1992. Sales have always been oriented towards exports, first to Austria via Mr Blauel's brother, an import agent, then since 1992, to other north European countries and latterly America and Asia. Total annual production in 2005 was around 800 tonnes of oil, 55% of which is certified organic. Today, the network consists of 350 farmers, 18 olive processors, and a single bottling and labelling plant which acts as the focal point for the chain, which sells in turn to 7 wholesalers, 2 foreign import agents and 2 foreign multiple retailers. In terms of network relations, it is noteworthy that not all farmers have the same relations with the bottling plant. Around two-thirds participate in the 'Blauel bio-program' which constitutes a mutual and exclusive relationship, obliging farmers to deliver almost 100% of their annual production for at least five years. In return, the bottling plant purchases the oil at a premium, offers organic production advice and support, and covers the certification costs. The remaining farmers, mostly located outside the Mani region and only involved in the network since 2002, have more flexible contracts covering only the terms of a single transaction.

Given the 'marketing success story' characteristics of this cluster, a tentative expectation was to find strong, socially cohesive inter-firm relations, following the evidence of Carson et al (2004) and Huggins (2000). This was certainly borne out in terms of the vertical network, where the bottling plant, as the focal point in the chain under the control of Mr Blauel, prioritised development of trustful relations, as well as the gaining of novel knowledge about organic olive oil production and marketing, and

creation of informal networks in the global organic olive oil scene. In terms of horizontal relations at the farmer level however, the picture was found to be more complex. On the one hand, for farmers within Saidona village who participated in the 'bio-program', strong horizontal relations were exhibited, enhanced by a pre-existing social cohesiveness. This not only encouraged good relations between farmers, but also facilitated the adoption of new ideas and the need to be market-facing. For farmers outside Saidona village however, horizontal relations appeared rather weak, even if these farmers did belong to formal cooperatives. Two reasons emerged from the analysis to explain why these weak relations did not seem to impact negatively on overall market orientation. First, Mr Blauel had appointed two employees, one in Mani and one in Laconia, whose exclusive task was to take care of any problems relating to the farmers. Second, frequent farmer meetings were held, providing information on what customers were looking for and the growing techniques to satisfy their needs. Both of these actions were an indication of the close involvement of Mr Blauel in the management of the chain, and his dedication to developing good relations even at the complex horizontal level. Indeed, the personal energy and charisma of Mr Blauel were revealed as highly influential to the nature of inter-firm relations within this SME cluster. Overall, the Blauel case demonstrates the positive impact of a leader with strong entrepreneurial and marketing competencies combined with strong collective-management skills.

5.2 Kefalas Organic Olive Oil (processed product, weak marketing performance)
This cluster has its production and processing base in the region of Parnonas, in the Laconia prefecture in southern Greece. Kefalas Ltd. is a cooperative enterprise established in 1999 by twenty-seven local organic farmers. For four years previously, these farmers had been participants in the Blauel bio-programme described above, but were persuaded to leave by the Kefalas village president who saw potential in establishing a new enterprise. Upstream, the network consists of 100 farmers (the 27 cooperative members plus additional farmers from Kefalas or neighbouring villages, who are linked via flexible contracts) and two olive oil processors. In addition to the cooperative's own bottling plant, which bottles, labels and sells 10% of the 150 tonnes annual oil output, there are three other bottling/wholesaling firms in the value chain. The most important of these is Gaia Ltd, which absorbs around 30% of

Kefalas' output, in bulk, and sells this under its own label to domestic multiple retailers and import agent contacts in northern Europe and America.

The Kefalas case was selected on the basis of exhibiting rather weak marketing performance, therefore relatively diffuse, loosely connected inter-firm relations were tentatively anticipated. In practice however, horizontal relations were found to be strong, particularly between the farmer members of the cooperative, where close communication and reciprocity were abundant. There were also some similarities with the Blauel case, in that the cooperative was set up by a non-farmer (in this case, the village president) with strong entrepreneurial and collective-management skills, who drew from the pre-existing social bonds between the farmers to stimulate a new venture. As well as strong horizontal relations, the farmers in Kefalas venture further benefited from the knowledge, experience, and relations gained via their prior involvement in the Blauel programme. This led to the question of why these advantages had not apparently translated into the sought-after marketing performance measures of well-branded, high reputation products. In this case, it was the vertical inter-firm relations that emerged as the key problem area, due to insufficient marketing competencies of the Kefalas leader. Relationships were less strong here, and although characterised by some flows of information and knowledge, particularly with the key bottling firm Gaia, problems in reciprocity and communication were also revealed. Therefore, despite its emphasis on high quality standards, Kefalas struggled to establish its own marketing relationships with domestic or foreign multiple retailers. In conclusion, the Kefalas case exhibited a leader with strong entrepreneurial and collective-management skills, but weak marketing competencies.

5.3 Zagorin Apples (fresh product, strong marketing performance)
The production base of Zagorin apples is in a remote region of Pilio, in the Magnesia prefecture of central Greece. Commercial apple production began in this area in the early 1960s, although the cooperative which manages this activity has been in existence since 1916. The cluster consists of 750 farmers, organised into a cooperative that owns a single standardising, packing and wholesaling plant. From the packing/wholesaling plant, the apples are distributed to seven national multiple retailer chains, as well as to other wholesalers and small local food retailers. In addition, the cooperative also distributes via its sales outlets in the three biggest

central fresh produce markets in Greece, selling to hundreds of open market merchants or small local retailers. 65% of apples produced by the cooperative are sold direct to retailers as opposed to other wholesalers. Overall, the cooperative is the biggest apple supplier and market leader in Greece. The Zagorin brand is the most recognised apple label by consumers and commands the highest premium. 100% of the apples supplied (15.000 tonnes annually) are sold under the Zagorin brand.

In terms of the pattern of inter-firm relations in this case, complex horizontal relations between the apple farmers were revealed. On the one hand, the cooperative has been established for a very long time and good relations were evident between the farmers. On the other hand, the cooperative did suffer from a degree of internal inflexibility in decision-making, caused by the absence of an effective intra-cooperative communication mechanism. This threatened the diffusion of knowledge and information within the cooperative and decelerated the decision making process, especially on structural changes. In terms of vertical inter-firm relations however, the evidence was more unambiguously of strength along the chain. Indeed, this case cluster exhibited quite high levels of vertical integration, since all production, quality selection, standardisation, packaging and 65% of sales to retailers were carried out by the cooperative. Furthermore, the cooperative had developed strong communications with all national multiple retailers and core wholesalers, which facilitated adaptation, exchange, conflict resolution and coordination. Indeed, the developmental trajectory of the Zagorin case was positively influenced by two leaders with strong collective-management skills in the decades of 1960s and 1980s respectively, and, since the early 1980s, by a leader with strong entrepreneurial and marketing competencies.

5.4 Agia Apples (fresh product, weak marketing performance)
The production base for this cluster is in the region of Agia, in the Larissa prefecture in central Greece. Apples represent the most significant crop in this area with more than ten private standardising/packing enterprises in operation. The inter-firm relations for this case revolve around the three largest private packing enterprises, and one cooperative (the Agia Apple Cooperative). The SME cluster itself consists of around 450 apple farmers, who supply the four standardising/packing enterprises. Downstream, the four enterprises operate also as wholesalers, supplying other wholesalers and hundreds of small food retailers at the central fresh product market in

Athens via their own sales outlets. The three private firms distribute almost the total of their annual apple output as branded apples, each brand corresponding to the name of the packing firm. The cooperative enterprise only distributes unbranded apples.

Of the four cases, the Agia cluster emerged as exhibiting the weakest, most fragmented inter-firm relations, manifest in frequent switching between partners in the supply chain and a continuous entry and exit of packing enterprises. At the vertical level, poor relations between farmers and packers were driven by the packers' insistence on verbal agreements rather than written contracts. This often led to the farmers being exploited, as they would be forced to sell their production before it lost its trade value. Hence, farmers in this case were encouraged to maintain loose, non-committing relations between themselves and the different packing enterprises. Only the cooperative packing enterprise operated written contracts with farmers, but it suffered from other problems, notably large levels of accumulated debt and low capital equity, which discouraged any movement towards stronger relations with the farmers. Furthermore, the knowledge networks that the enterprises used tended to be domestic rather than European in orientation, and were characterised by inferior flows of information. Weaknesses were also identified in terms of horizontal inter-firm relations, both at the farmer level and also at the packing enterprise level, as the packers would compete and attempt to undercut each other at the wholesale market in Athens. In the Agia case, it is noteworthy that no one with sufficient leadership qualities, either in terms of collective-management skills or entrepreneurial and marketing competencies, emerged to materialise a sustainable and beneficial collective initiative.

6. Discussion and Managerial Implications

This research aimed to investigate the inter-firm relations within agrifood SME clusters in Greece, and to explore the links with marketing performance. Figure 1 summarises diagrammatically the nature of the horizontal and vertical inter-firm relations of the cases. Overall, the Blauel and Zagorin cases exhibited strong relations, especially vertically in the network. The Kefalas case exhibited strong horizontal relations at the farmer level, but weaker vertical relations outside of one chain partner (Gaia Ltd.). In the case of Agia, weak relations were exhibited both horizontally and vertically in the network.

Take in Figure 1. here

The cases presented here offer a number of key insights into how inter-firm relations within SME clusters are linked to marketing performance. First, they reveal that the overall strength of inter-firm relations can indeed play a role in improving the marketing performance of SME clusters, supporting the arguments of Carson et al (2004) and Huggins (2000). However, the case studies highlight the need to distinguish between horizontal and vertical dimensions of inter-firm relations in a network. For the cases in the current research, it was the strength of the vertical, rather than the horizontal relations that seemed most critical to performance. For example, in the Kefalas cluster, marketing performance was weak in spite of strong horizontal relations amongst the farmers, whereas in both of the strong marketing performance cases - Zagorin and Blauel - tight vertical connections prevailed between the firms in the supply chain, even if there were some weaknesses at the horizontal level. To this extent, the findings accord with Grunert et al (2005), who emphasise the role of good vertical relations and end user focus for market orientation in value chains.

A further finding from the case studies is the importance of open-ness of key actors within the SME clusters to external sources of knowledge about the market - what could be described as the use of 'weak ties' (Granovetter, 1973) to build network performance. This point is illustrated well by the Blauel case, as the bottling plant management showed willingness to share knowledge with other actors both within and outwith the chain, including end users and experts in the organic product scene. Such behaviour contrasts markedly with the packers in the Agia case, who were found to adopt a highly defensive attitude towards other actors involved in the Greek apple scene. This had a detrimental effect on the novelty and diversity of information flowing through the relationships in this case, placing the network in the position of market follower rather than leader. A further refinement can be added to these observations, specifically relating to the importance of the *geographic scale* of external contacts and information gathering to marketing performance in the cases. Whilst in the Kefalas and Agia cases, managers used predominantly domestic-level contacts and information sources, in the Blauel and Zagorin cases, managers were focused on gathering information from European-level contacts. As the markets for

olive oil and apples are more advanced in nature in countries outside of Greece, the latter cases benefited hugely from taking a more international perspective. In the Blauel and Zagorin cases, managers would pick up ideas about cutting edge techniques and methods – for example relating to integrated production management, quality assurance, relationship development – and employ them in their own networks. In contrast, the domestic information gathering by managers in the Kefalas and Agia cases did not tap into this novel knowledge hence the networks were left at a marketing disadvantage compared to Blauel and Zagorin.

Finally, the case study analysis has emphasised how important also is the role of leadership, particularly in terms of the skills and competencies exhibited by those who spearheaded decision-making in the case clusters. . Indeed, it may be argued that both the nature of vertical relations and external actor relations exhibited in each case were manifestations of the relevant key actors' strong entrepreneurial and marketing skills, which allowed them to have a broad network horizon/picture. In other words, actors with a high ability to recognise the strength of 'weak ties', and to build and exploit them, were more likely to create value by establishing either vertical relationships within a supply chain, or relationships with actors and institutions external to this chain, respectively. Revealingly, the same contextual conditions which faced the leaders of the different case clusters here, for example the low flow of information and knowledge in the domestic market, worked differently depending on how the relevant leaders interpreted and responded to them. For example, the leading actors in the Agia case perceived those conditions narrowly as a threat, so they become defensive and isolated, preferring individual over collective action. In contrast, the leaders in the Blauel and Zagorin cases responded differently, being inspired to expand their networking/collective activity both in width and depth, in order to reach/create new resources.

A final finding from the case studies in terms of leadership is that a combination of competencies is required to have a positive impact on SME cluster performance, in particular, entrepreneurial and marketing skills combined with collective-management capability. Ideally, an individual displaying a high degree of all these competencies will be recognised by others as a leader. However, the Zagorin case study demonstrates that this necessary set of leadership competencies might be spread

across more than one individual. Therefore, leaders with complementary leadership competencies can have positive lasting effects on the development of a SME cluster. These effects can be accumulated and enhance the SME cluster performance.

7. Limitations and Avenues for Future Research

The study described here has provided some insights into how inter-firm relations within SME clusters are linked to marketing outcomes. Two main limitations should be borne in mind when interpreting the results. First, as the research is based on qualitative case studies, it should not be assumed that the findings hold true for other SME networks either in similar or different sectors. The results are specific to the cases studied and their particular contexts only, and they are offered tentatively for future, larger-scale research to examine further or verify. A second limitation is that data collection relied heavily on testimony from key network participants for evidence of how the networks evolved and their shape and structure. Although best practice was followed in the design, execution and interpretation of the depth interviews, inevitably the results are a reflection of the views, recall and interpretation of events of the selected informants. The robustness of the findings could have been improved with more time spent 'on location' in the case study areas gathering data from non-interview sources, or else via a longitudinal approach, involving repeated periods of immersion in the field over time. Unfortunately, time and resource constraints precluded these particular approaches in the current study.

In terms of future research, three possibilities are proposed here. First, it would be interesting to test the insights offered here across a larger sample of SME clusters, focusing in particular on the key results relating to the extent to which vertical network strength and external information gathering are related to marketing performance, controlling for variables such as cluster size, longevity and governance. A second possibility would be to explore further the relationship between horizontal network relations and marketing performance, in view of the ambiguous results on this aspect from the current study. Such research could also examine in more detail the interactions between horizontal and vertical configurations of inter-firm relations, and whether particular patterns seem to be related to each other. A qualitative methodology would be most appropriate for this. Finally, in a similar vein, it would be interesting to explore factors which stimulate the evolution of certain

configurations of horizontal and vertical relations, distinguishing those which are contextual, for example, pre-existing social cohesiveness or the type of market that the cluster operates in, from those which are behavioural, for example, the extent to which key actors make links with external actors or are willing to cooperate with each other.

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Figure 1. Inter-firm relations in the four case studies

	Apparent strength of relations between actors and of marketing performance	
	Strong vertical relations **High reliance on (international) knowledge networks** **Strong marketing performance**	**Weak vertical relations** **Low reliance on (international) knowledge networks** **Weak marketing performance**

O L I V E   O I L

Customers

Information / knowledge exchange networks

Blauel Ltd.

Saidona

CASE 1: BLAUEL ORGANIC OLIVE OIL

Other Customers

Information / knowledge exchange networks

Gaia Ltd.

Kefalas Ltd.

CASE 2: KEFALAS ORGANIC OLIVE OIL

A P P L E S

Customers

Information / knowledge exchange networks

Zagora Apple Cooperative

CASE 3: ZAGORIN APPLES

Customers

Information / knowledge exchange networks

Poulis Ltd.   Xatzidakis Ltd.

Xatzisalatas Ltd.   Agia Apple Cooperative

CASE 4: AGIA APPLES

strong vertical relations

strong horizontal relations

Farmers

weak vertical relations

weak horizontal relations

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Table 1. Case study selection

		Marketing Performance	
		Strong	Weak
Level of Processing	Processed Product (olive oil)	CASE 1: 'BLAUEL ORGANIC OLIVE OIL'	CASE 2: 'KEFALAS ORGANIC OLIVE OIL'
	Fresh Product (apples)	CASE 3: 'ZAGORIN APPLES'	CASE 4: 'AGIA APPLES'