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Benefiting from dedication and constraint in buyer–seller relationships☆

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ABSTRACT

This paper contributes to recent calls for studying the effectiveness of relationship-based marketing practices [De Wulf, Odekerken-Schröder, & Iacobucci, 2001; Palmatier, Robert W., Dant, Rajiv P., Grewal, Dhruv, Evans, K.R. (2006), Factors influencing the effectiveness of relationship marketing: A meta-analysis, *Journal of Marketing*, Vol. 70, October, 142–143.] by identifying the influence of relationship investments, personnel competencies, frequency and quality of communication on some selected B2B relationship outcomes. The paper also sheds light on the discussion of the role of contextual factors on relationship development by incorporating the construct of quality of supply alternatives into the hypothesized structural model and empirically testing this model in the context of the transforming Polish economy. The results of research conducted among business customers are used to verify the model using SEM techniques.
According to a prior conceptualization [Bendapudi, Neeli, Berry, Leonard L. (1997), “Customers' Motivations for Maintaining Relationships With Service Providers,” *Journal of Retailing*, Vol. 73[1], 15–37.] research suggests that companies operating in B2B markets may benefit from both dedication-based and constraint-based relationships, but the first type of relationships brings more positive outcomes. The widest set of relationship benefits may be achieved by improving the emotional tone of the relationship which is connected mostly with developing competencies of personnel and a high quality of inter-firm communication. Other analyzed marketing practices should be carefully used because they may not lead to expected results. The research results are discussed with regard to prior studies in the area. Some managerial implications, study limitations and suggestions for further research are presented.

1. Introduction

During the 1990s many researchers employed a relational perspective to explain marketing and purchasing behaviours in the Business to Business area (e.g. Anderson & Narus, 1990; Ganesan, 1994; Holmlund, 1997). Consistent with Kuhn's (1996) concept, some scholars (e.g. Groonroos, 1994; Gummesson, 1997; Palmer, 1996) proclaimed relationship marketing (RM) as a new marketing paradigm. The growing popularity of business relationships as a research area characterizes business relationships as extremely complex and heterogeneous, with research based on a wide set of diagnostic variables and research methods (Iacobucci & Zerillo, 1996). More recently, a network approach to B2B marketing relationships has received growing attention (e.g. Baraldi, 2008; Ritter, Wilkinson, & Johnston, 2004).

In the network approach a company is embedded in a set of market relationships that surround it (network), and the company in question is seen as having a limited ability to manage these relationships (Ford, Gadde, Håkansson, & Snehota, 2003). While the network approach seems to be promising for marketing scholars, even in the scientific literature it is criticized due to its lack of managerial relevance (Brennan & Turnbull, 2002; Golfetto, Salle, Borghini, & Rinallo, 2007). From a managerial perspective research projects devoted to business practices which bring positive outcomes in dyadic relationships with counterparts seem to be well justified. This paper takes a dyadic perspective. Rather than examining an entire network of entities, here we focus on ways firms can build beneficial relationships with individual business customers. According to Iacobucci and Zerillo (1996) this paper examines inter-organizational constructs from the perspective of relationship actors which is one of many possible levels of studying relational marketing phenomena (p. 387). Even if companies are seldom in total control of all relationships with counterparts (Ritter et al., 2004, p. 175), more and more actions oriented at the loyalty of business customers are widely observed. There has been a call for studies verifying the effectiveness of relationship-based marketing strategies in various environmental settings (De Wulf, Odekerken-Schröder, & Iacobucci, 2001; Palmatier, Dant, Grewal, & Evans, 2006).

There is no consensus with regard to the universality of customer relationship development models (O'Malley & Tynan, 2000; Pels, 1999). A relationship marketing philosophy which might be effective in countries with highly developed economies (e.g. USA or UK) may fail when

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transplanted to a market which is sustained by a different set of cultural and economic conditions (Palmer, 1996). This suggestion was recently supported by the international research conducted by De Wulf et al. (2001) in the context of U.S., Belgian and Dutch consumer markets. All countries investigated in this study have a long tradition of market-based economics, but are not similar in terms of competitive intensity, which is argued to influence the effectiveness of particular marketing tactics. Taking this into consideration, prior models of B2B relationship building may not be fully relevant to emerging economies like those in Central and Eastern European (CEE). Currently, CEE countries are still transforming from a centrally planned economic model and when compared with western countries are significantly different in term of both culture (Koopman et al., 1999, p. 511) and level of economic development.

Indeed, the utilization of Ganesan's relationship development structural model (1994) done by Światowiec (2003) in Poland shed some light on that issue. Światowiec proposed that Polish companies do not perceive long-term relationships with suppliers as an effective manner to compete. In further work in Poland (Światowiec, 2006), found that the positive emotional tone of business relationships had a weak impact on long-term relationship orientation contrary to Morgan and Hunt (1994), where they point to trust as a key driver of relationship development. These results acquired in Poland correspond with the typology of customer relationships proposed by Bendapudi and Berry (1997) suggesting than some companies are likely to develop more constraint-based as opposed to dedication-based business relationships. Like Ganesan (1994) Światowiec (2006) focused only on antecedents of customer long-term orientation with suppliers, and the influence of these factors on other relationship benefits (e.g. referrals, patronage concentration) was not verified.

Even if some prior relationship development models are not fully applicable to conditions of transforming post-communist countries, the results of the survey conducted in big enterprises in Poland suggests that increasing customer loyalty is treated as a major challenge as well as a managerial priority in this region (Zdziarski & Obłój, 2003). Some Polish companies have adopted customer relationship management (CRM) computer based systems which create the informational basis for developing customer relationships, but 50–70% of these CRM projects remain unsuccessful (Stachowicz-Stanusch & Stanusch, 2002). These projects are often initiated under competitive pressure or fashion in the business press and some spectacular, expensive failures (e.g. implementation of national telecom Telekomunikacja Polska) motivates managers of industrial companies in Poland to use a more careful approach to relationship-based marketing projects.

All in all, developing knowledge about the influence of marketing tactics on business customer relationships has substantial managerial value. Prior B2B relationship models were conceptualized in the context of developed countries and may not be fully relevant in the context of CEE post-communist economies. Therefore, studies regarding factors conducive to the effectiveness of business customer relationships in Poland may bring new insights regarding the universality of relationship marketing theory. While it is impossible for any single paper to examine the influences of all potential relationship antecedents here we compare the effectiveness of selected practices but examine both constraint-based as well as dedication-based antecedents. The specific practices were suggested in previous models of customer relationship development and examined empirically.

A number of models of customer relationship development have been proposed (e.g. Heide & John, 1990; Wathne, Biong, & Heide, 2001 Morgan & Hunt, 1994; Siguaw, Simpson, & Baker, 1998). These models differ in both their theoretical assumptions and the sets of direct determinants of relationship outcomes (Palmatier, Dant, & Grewal, 2007). In this paper the selection of relationship development factors was based on the results of prior studies but was tempered by managerial considerations. First, all selected factors (Fig. 1) were statistically significant and the strongest determinants of relationship outcomes based on a recent meta-analysis of relationship marketing

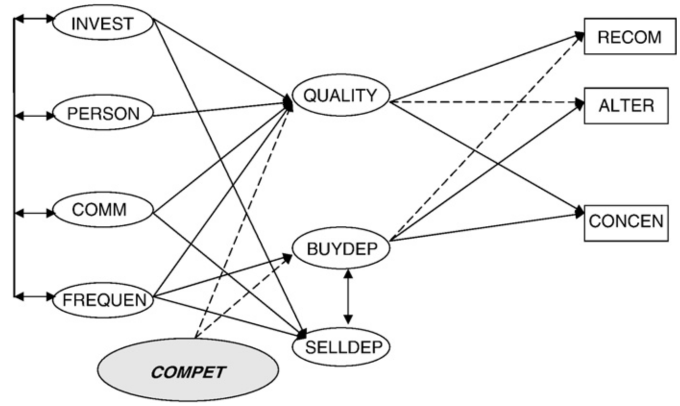

Fig. 1. Hypothesized model.

empirical models (Palmatier et al., 2006). Secondly, it was assumed that from a managerial perspective it would be useful to analyze only those antecedents which marketing managers can impact directly. Consequently, some antecedents of relationship development like relational norms or conflict (Palmatier et al., 2006, 2007) which seem to be dependent on joint actions or cultural issues, were excluded. Consistent with prior conceptualizations (Palmatier et al., 2006) antecedents, mediators and outcomes were differentiated within the model of inter-firm relationship development presented here. The conceptual model of the effectiveness of marketing tactics on relationship outcomes is presented in Fig. 1. All paths in the model are hypothesized as positive except for the four marked with discontinuous lines which are hypothesized as negative relationships.

A discussion of the elements of the proposed structural model and hypothesized interconnections will follow. The methods utilized will then be presented followed by the results of the current study. This will be followed by a discussion of the implications of the findings for researchers and then for managers. Finally, we will discuss some of the limitations of the study as well as directions for further research.

2. Conceptual framework and hypotheses

2.1. Relationship antecedents

According to Palmatier et al. (2006) one can distinguish between Customer-Focused Antecedents, Seller-Focused Antecedents and Dyadic Antecedents. Although a relationship is a two-sided phenomenon, it was decided to specifically analyze the impact of these antecedents which refer to four marketing factors: communication quality, communication frequency, personnel competencies and relationship investments.

2.1.1. Communication quality and frequency

Communication is an inherent element of the process of inter-firm relationship development. Empirical studies suggest that high quality communication creates a suitable atmosphere for the appearance of trust because it allows for better specification of objectives and expectations (Anderson & Narus, 1990). The communication construct incorporates both formal and informal sharing of information between companies, which is accomplished in a timely and understandably manner. Some qualitative results suggest that business customers place more emphasis on "personal communication," than on formal information sharing (Mitręga & Halliday, 2008; Newman, Lings, & Lee, 2005). Some results suggest that the quality of communication may directly increase relationship outcomes (including financial ones). Other studies indicate that relationship benefits are only indirectly (through relationship mediators) influenced by communication (Griffith & Lusch, 2000). Not only the quality but also the frequency of communication (interactions) is argued to influence customers' opinions about their relationships with suppliers. This communication frequency can be