

MASTER'S THESIS

Defining and Developing Relations in the Swedish Adhesives Market

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Abstract

The research problem of this report has been to characterise the relationship between supplier and customer in a business-to-business market. The research problem has been further developed in forms of two research questions dealing with the present stage of the relationship lifecycle and factors affecting the stages in the relationship lifecycle.

The specific company that has been under investigation is Casco products and a few of their customers. The method used has been personal interviews with ten of Casco's customers. All information has been collected via an interview guide that has been presented in advance to all selected respondents. The study has been of a qualitative nature.

The conclusion is that there are ten factors that affect the commitment phase in a relation, although all factors might not be applicable to all industries. Another conclusion is that a relation develops over time and that the model of relationship development isn't developed to fit all industries perfectly.

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1 INTRODUCTION

This chapter will introduce the reader to the subject at hand and why it is of interest. First a general problem is presented, and then two definitions of relationship marketing are represented. Then there is a problem discussion. This all leads to the research problem and the research questions that are the purpose of this thesis.

1.1 General problem

The purpose of business is to satisfy the needs of its customers. A business that fails to do this in a competitive economy will not survive, because customers will go elsewhere. Businesses that are good at satisfying customer needs have the best opportunities to grow and prosper. (Doyle, 1998).

One way to achieve customer satisfaction has been the classical marketing mix model of Borden's "4Ps" which emerged during the 1960s: This model was during the 1990s recession questioned as a framework for marketing decisions, because it was based on studies on consumer goods during the 1950s and 1960s in the US markets and not for industrial companies ((Business to Business) Gummesson, 1995, p.299) or services context, where relationships with customers are of greater importance. (Peck et. al, 1999)

Recently, an unprecedented number of business firms in many industries have been entering into a variety of inter-organisational relationships (IORs) to conduct their business deals. Previously, these transactions often were concluded through either discrete market transactions or inter hierarchical arrangements. (Ring & Van de Ven, 1994)

Today organizations cannot always cope with the increasingly complex environments from internal resources and competence alone. One approach that has become increasingly popular is joint development, where two or more organisations share resources and activities. This is to obtain materials, skills, innovation, finance or access to markets. More and more organizations have realized that resources and activities may be available through co-operations as of ownership. (Johnson & Scholes, 2002)

Gummesson (1999) states that it is five to ten times cheaper to keep an existing customer than it are to obtain a new one. Hence building a relationship to the existing customer should be of great importance to achieve the goals set up in the marketing strategy.

1.2 Relationship marketing

Webster (1992) discussed that relationship marketing changes the role of marketing in the corporation. He showed that new organization forms, including strategic partnerships and networks, are replacing simple market based transactions and traditional bureaucratic hierarchical organizations.

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According to Grönroos (1994), the scope of marketing is shifting from traditional marketing (Transactional Marketing) towards relationship marketing. The traditional marketing with the marketing mix management paradigm with its four Ps, has an active seller and passive consumer and buyer. It also says that no personal relationship with the producer and marketer of a product is supposed to exist, other than in a few exceptional cases. This view of marketing obviously does not fit the reality of industrial- or service marketing very well. (Ibid)

There are several definitions of relationship marketing. The following two relationship marketing definitions have been chosen to explain what relationship marketing is:

“Relationship marketing is marketing seen as relationships, networks and interaction.” (Gummesson, 1999, p. 1)

The other definition is Grönroos's (1994, p.9):

“Marketing is to establish, maintain and enhance relationship with other partners, at a profit, so that the objectives of the parties involved are met. This is achieved by mutual exchange and fulfilment of promises.”

Dwyer and Tanner (1999) argue that relationships develop over time and that four steps in a “relation developing process” can describe this development and its characteristics. These four steps are **awareness**, **exploration**, **expansion** and **commitment**. In the **awareness stage**, buyer and seller independently consider the other as an exchange partner. In the **exploration stage**, we find the parties probing and testing each other. Initial purchases might take place in this stage. In the **expansion stage** the association moves from one of testing and probing to one of enlarging rewards and the scope of exchange. **Commitment** is a lasting desire to maintain or preserve a valuable, important relationship.

Peck et al (1999) looks upon this relationship development process a little bit differently. They argue that relationship marketing acknowledges that different marketing strategies are needed for customer acquisition and retention. The relationship-marketing ladder of loyalty identifies six different stages in relationship development. These six different stages are; **partner**, **advocate**, **supporter**, **client**, **purchaser** and **prospect**. **Partner**: Someone who has the relationship of a partner with you. **Advocate**: Someone who actively recommends you to others, who does your marketing for you. **Supporter**: Someone who likes your organization, but only supports it passively. **Client**: Someone who has done business with you on a repeated basis but are negative, or at best neutral, towards your organizations. **Purchaser**: Someone who has done business with you just once with your organization. **Prospect**: Someone whom you believe may be persuaded to do business with you.

According to Wilson and Jantrania (1996), a strategic alliance or partnership may be defined as a relationship where a synergistic combination of individual and mutual goals encourages the partners to invest time, effort and resources to create a long term collaborative effort that achieves individual partnership strategic advantage. They also state that there are seven factors that keep these relationships together. They are **goal compatibility**, **trust**, **satisfaction**, **investments**, **structural bonds**, **social bonds** and

comparison levels of the alternatives. **Goal Compatibility** is when customer and seller are sharing some common goals. **Trust** is critically related to the perceptions held by one party of another party's abilities, expertise and knowledge, as well as to the individuals' perception of the other party's motives and intentions. **Satisfaction** is important since a relationship will not endure if the supplier is unable to meet the buyers' expectations. **Investments** in a relationship range from physical facilities to knowledge and training, investments that may not be recovered if the relationship ends. Researchers have found that **social bonding** leads to higher level of commitment to the relationship. **Structural Bonding** refers to investments dedicated to the relationship that cannot be used again. The **Comparison Level of the Alternative** represents the level of performance that can be obtained by changing relationships.

As seen above, relationship marketing is about interaction and relationships, which require at least two parties who are in contact with each other. Gummesson (1995) has classified 30 different relationships. One of them is the basic relationship of marketing, that between a supplier and a customer.

Both Grönroos (1994) and Gummesson (1999) view relationship marketing as a dramatic change in marketing thinking, as a paradigm shift.

1.3 Problem Discussion

Trends has shown (Grönroos, 1994) that companies today evermore use relationship marketing in addition to transaction marketing that was the common way of business in the past.

By understanding the nature of relationships, actors on the market can grow closer to its partners, and thereby gain competitive advantages. Limited research has been conducted in this field, and since this area is growing (Grönroos, 1994); it is of importance to investigate it further.

According to Möller & Wilson (1995) it is obvious that organizations engage in relational exchange in order to obtain economic gains. In an abstract sense, the lack of a firm's own resources and the availability of desired resources through trading with other organization lead to exchange.

Other motives for using relationships are that they will mean less hassle, for example, if delay occurs and faulty goods or service are delivered. It is easier to sort out problems between "friends" who trust each other (Gummesson, 1999).

Many metaphors have been used in business and research to bring understanding to the complex phenomenon of buyer-seller relationships. Indeed, the utility of the metaphor is in what it simply reveals about something very complicated. (Levitt, 1983)

The relationship between a seller and a buyer seldom ends when the sale is made. Increasingly, the relationship intensifies after the sale and helps determine the buyer's choice the next time around. Such dynamics are found particularly with services and

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products dealt in a stream of transactions between seller and buyer- financial services, consulting, general contracting, military and space equipment, and capital goods. (Op cit)

The sale, then, merely consummates the courtship, at which point the marriage begins... The quality of the marriage determines whether there will be continued or expanded business, or troubles and divorce. (Op cit)

According to Dwyer and Tanner (1999), the relationship lifecycle has great impact on customer satisfaction. This and the impact of relationship marketing in general show that this area is of interest for business to business companies to study further. Hence, this is the topic for the study.

1.4 Research Problem

How can the relationship between supplier and customer be characterised in a business-to-business market?

1.4.1 Research Questions

RQ 1: How can the present stage in the relationship lifecycle be characterised in the business-to-business market?

RQ 2: How can the factors that affect the stages in the relationship lifecycle be characterised in the business-to-business market?

2 LITERATURE REVIEW

Literature needed for this thesis will be reviewed in this chapter. First are theories that are in relation with relationship development handled. Then focus lies upon theories that describe factors that contribute to relationship success.

2.1 Models of relationship development

Authors have written about models for relationship development, below two of them are reviewed. This theory will be used to answer research question one

2.1.1 Model of relationship development (Dwyer. Tanner, 1999)

This model describes a four-step relationship phase.

- 1.Awareness
- 2.Exploration
- 3.Expansion
- 4.Commitment.

In the **awareness stage**, buyer and seller independently consider the other as an exchange partner. This stage might last forever, or the parties may move to the next stage of the process by engaging each other in some form of interaction. Phase characteristics; no interaction, unilateral considerations of potential partners (Op cit).

In the **exploration stage**, we find the parties probing and testing each other. Initial purchases might take place in this stage. They are part of a trial process. This relationship is very fragile. The association is easily terminated. The interplay of five enabling processes supports the developing relationship (attraction, communication and bargaining, power and justice, norms development, expectations). Attraction is the degree to which the interaction between the buyer and seller yields them net payoffs in excess of some minimum level. In the development of relationships, communication and bargaining are the process by which the parties rearrange the distribution of their obligations, rewards and costs. Parties to most potential relationships hesitate to clearly state their needs, preferences, or goals. Power is an ability of an organization. Justice is the image of what is merited or due. Norms are standards of behaviour for the parties, the guidelines by which the parties interact. Expectations; foremost among expectations is trust, "the belief that a party's word or promise is reliable and a party will fulfil his or hers obligations in an exchange relationship". The trusting party derives confidence from a belief that the other party is consistent, honest, fair, responsible, and helpful. Phase characteristics; interaction between the parties occurs, a gradual increase in dependence reflects probing and testing. Termination of this fragile association is simple (Op cit).

In the **expansion stage** the association moves from one of testing and probing to one of enlarging rewards and the scope of exchange. Account development, cross-selling and up-selling are manifestations of the expansion phase. Phase characteristics; one

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party has made a successful request for adjustment, both parties are satisfied with some customisation involved, additional benefits from products, services or terms are sought from the current partner rather than from an alternative partner (Op cit).

Commitment is a lasting desire to maintain or preserve a valuable, important relationship. Thus, this commitment phase is characterised by the parties exchanging significant recourses. When the parties share a common belief in the effectiveness of future exchange in the commitment phase, they dedicate resources to maintain the relationship. Phase characteristics; some means of sustaining the relationship result: contracts, shared ownership, social ties, input are significant and consistent. Partners adapt and resolve disputes internally (Op cit).

In the early phases of relationship development, either partner can walk away from the exchange without trouble. As mutual dependencies increase and the cost of switching to another exchange partner take on significance, ending a relationship can become a knotty problem. **Dissolution**- termination of an advanced relationship- can make assets dedicated to the relationship obsolete and acquire additional search, negotiation, and set up costs for both parties (Op cit).

2.1.2 The relationship marketing ladder of loyalty

According to Peck et al. (1999) relationship marketing acknowledges that different marketing strategies are needed for customer acquisition and retention. The relationship-marketing ladder of loyalty identifies the different stages of relationship development and has relevance for all groups (buyers, intermediaries and consumers) within the customer market domain.

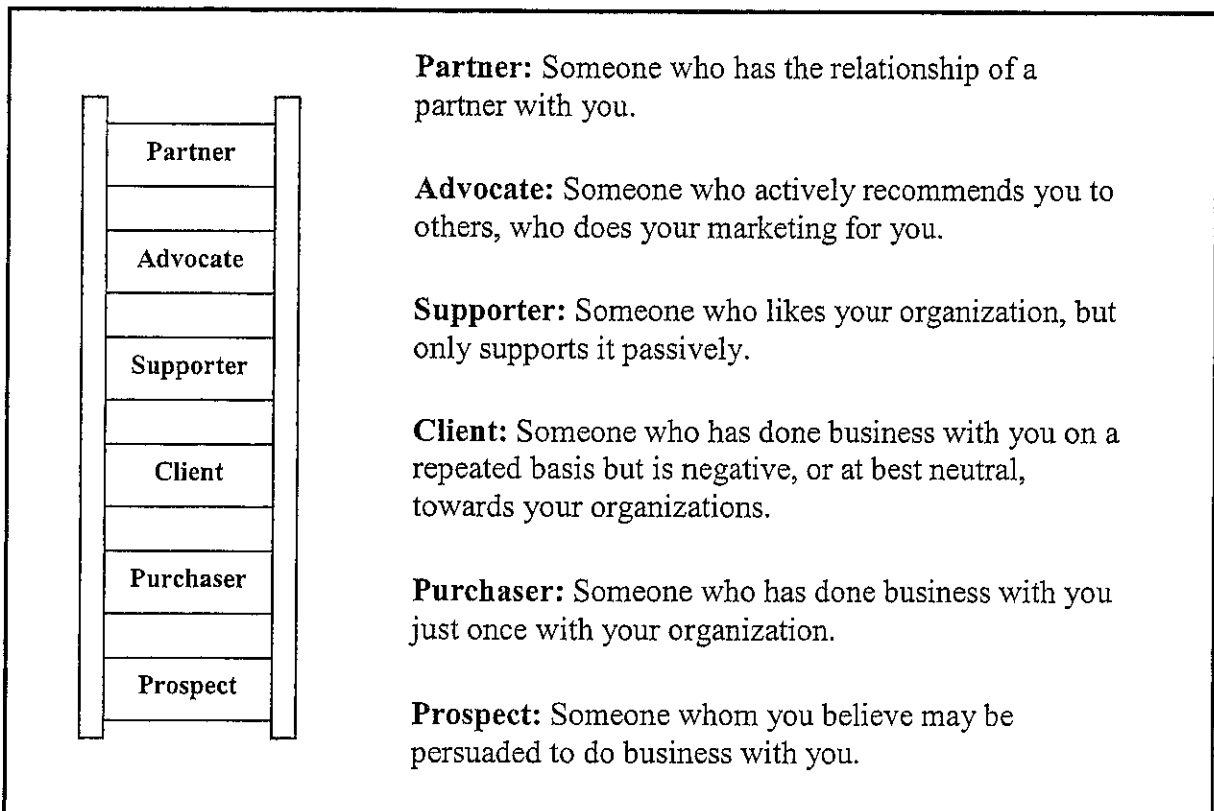


Figure 2.1 – The relationship-marketing ladder of loyalty.

Source: Peck et al., 1999, p. 45

The first task in the relationship-marketing ladder of loyalty is to move a prospect into the first rung to become a purchaser. The next objective is to turn the new purchaser into a client who purchases regularly; and then develop into a supporter of the company and its products. The next advancement up the loyalty ladder is to an advocate. This provides powerful word-of-mouth endorsement for a company. In a business-to-business context this may ultimately develop into a partner, where they are closely linked in trusting and mutually sharing relationship with their supplier. (Peck et al., 1999)

An important implication of the loyalty ladder is that it is not necessarily desirable to progress a relationship with every customer; some customers or customer segments may not be suitable for the investment needed in developing a relationship to supporter or advocate, as it may prove too costly. Frequently there may be a need to change an organization's marketing activates and increase the marketing expenditure on the relationship, building elements of the marketing mix. Managers therefore need to consider the potential lifetime value of a customer and determine where it is appropriate to make this commitment (Op cit).

2.2 Models that describe relationship success

In this sub chapter models that describe relationship success will be described.

2.2.1 The key constructs (Wilson and Jantrania, 1996)

According to Wilson and Jantrania (1996) a strategic alliance or partnership may be defined as a relationship where a synergistic combination of individual and mutual goals encourages the partners to invest time, effort and resources to create a long term collaborative effort that achieves individual partnership strategic advantage. This definition may be the motivator of a relationship but the glue that holds it together and allows it to develop is the constructs outlined in Table 1.

Table 1

- Goal compatibility
- Trust
- Satisfaction
- Investments
- Structural bonds
- Social bonds
- Comparison levels of the alternatives

Goal Compatibility

Some significant portion of each partner's must be seen as being met only by collaborating in a relationship. The synergistic aspect comes from the merging of quality and price where buyers are concerned about "*the lowest all-in-cost, the lowest cost when all is said and done, not the lowest initial price per unit*" (Burt 1989). Under these circumstances both parties may receive financial rewards and the supplier may become a better business and increase its operating profits from other customers. Becoming a single sources supplier may have significant value. Having goal compatibility is important for the long run survival of the relationship because as long as both partners see their goal being met by joint action they are motivated to maintain the relationship (Op cit).

Trust

Trust is a construct in most models of long-term relationships. Trust is critically related to the perceptions held by one party of another party's abilities, expertise and knowledge, as well as to the individuals' perception of the other party's motives and intentions. In the business exchange relationships, trust in the IMP group model is seen in a social exchange context between individuals and between organisations. It is clear that trust is a construct that needs to be defined and measured. Nevertheless, it is the gateway to a successful relationship (Op cit).

Satisfaction

Satisfaction relates to performance of the key elements of the exchange process. A relationship will not endure if the supplier is unable to meet the buyers' expectations. However, many sophisticated buyers are now willing to work with selected suppliers to raise their performance and make the suitable partners. Buyers must be satisfied with the side of their exchange or they will seek alternative partners (Op cit).

Investment

Investments in a relationship range from physical facilities to knowledge and training (investment that may not be recovered if the relationship ends). This creates a barrier to exit from the relationship (Op cit).

Social Bonding

Researchers have found that social bonding leads to higher level of commitment to the relationship. However, the level of the investment in the relationship and the quality of available alternatives also influences commitment (Op cit).

Structural Bonding

Organizations become tied together in relationships when the cost of existing becomes high. Investments dedicated to the relationship that cannot be used again tend to hold partners together. Intertwined technology makes it difficult to end relationships. Structural bonds may include social pressures one group in the firm places on another group to maintain the relationship because the former group is enjoying great benefits from the relationship (Op cit).

Comparison Level of the Alternatives

Researchers have suggested that outcomes from a relationship can be evaluated at two levels: the comparison level (CL) and the comparison level of alternatives (CL alt). The comparison level is the expected level of performance based on one past and present experience with similar relationship situations. The comparison level of the alternative represents the level of performance that can be obtained by changing relationships. It becomes a minimum level of performance that is acceptable from the incumbent. However, structural bonding may offset the acceptable level of incumbent performance, as the cost of obtaining the alternative level of performance may be too high to be offset by the gain in performance. Findings indicate that CL alt had a negative effect on structural bonding meaning that the better alternative relationship the weaker the structural bond. In a business situation a very attractive alternative relationship is worth giving some level of transaction specific investment or irretrievable investment (Op cit).

2.2.2 *The Factors in the relationship development process (Ford 1998)*

According to Ford (1998), factors that influence relationship development are:

Learning

The way relationships develop and the interaction between the individuals involved will relate closely to what the two companies learn about each others' uncertainties and abilities – what they need and what they can offer to the relationship. Learning is about understanding what your counterparts' mean by the things they say and do. It is also about reducing uncertainties and how to live with some of them, which cannot be reduced. Depending onto what extent the two companies feel that they need to learn, are willing to learn and able to learn, to that extent the relationship will be. (Ford et al., 1998)

Investment

Investment involves both tangible and intangible resources. It ranges from using human resources to develop contacts with the counterpart, to an investment that will simplify and reduce the cost of interaction. Developing new products or services in the relationship are other kinds of investments. Companies also invest their expertise, either directly or transferring to their counterpart, this is done both deliberately and not deliberately. Many of these relationship investments are made almost unconsciously and it is very difficult to account for the total sum of them, even in its most significant relationships (Op cit).

Adaptations

A company will make many similar investments for its main customers, but others threat their counterparts in a unique way. The unique investments are adaptations by the company apart from its normal procedures. Both seller and buyer may modify their product to suit the other. Over time these adaptations are a major factor on which companies rely on each other. Many of the adaptations will be formally laid out in a contract between the buyer and seller, but there will also be informal adaptations. The later ones will be agreed to cope with a problem or at a request from the counterpart. Adaptations are often expensive and companies need to manage their informal adaptations carefully. Most likely they are going to reduce the costs by making the same investment for several relationships. The investments that are made means that relationships are important assets and companies must always assess their relationship investments against the benefits they can realistically expect to receive from them (Op cit).

Trust and Commitment

Relationships between companies are at least as complicated as relationships between people. Sometimes a company will not be committed to long-term relationships and will try to take short-term advantages. This can be done, for example, by raising the price at a time when there is a shortage of a product. Others will be committed and one or both companies will try to show this and achieve mutual advantages. Each may be prepared to incur large costs so that both companies will gain in the longer term. The level of trust can also vary a lot in relationships. Sometimes companies will be

open in their dealings, while sometimes will be guile. The behaviors of two companies will not always be predictable or make sense. This because every single relationship will have a specific history in terms of how the companies have treated each other and to which degree of trust and commitment that have been built up. This will affect how the parties will act towards each other, how co-operations opportunities will be handled and to which degree they wish to favor each other in the future (Op cit).

Distance

The distance between companies in business relationships has a number of aspects. Social distance is a measure of to which extent individuals in the organizations are familiar with each other's way of working and thinking, and that they are at ease with them. Cultural distance is the degree to which norms and values differ because of the place of origin. This distance will often show up in national stereotypes as the "boring Swedes" or "arrogant Germans". Technological distance is the difference between the product and the production technologies of the two companies. It also arises due to the fact that companies have different knowledge about the technologies involved in the purchase. Time distance is the time between the deals is being negotiated and the time when either party has delivered the goods or made the payments. The greater the distance here, the lesser of interactions between the companies are made. Many aspects of distance between companies can be reduced by social interaction between individuals, therefore the long business lunches and golf rounds. (No one ever bought from a stranger) (Op cit).

2.2.3 A conceptual model for building relationships

Effective relationships and successful alliances tend to be about being established to serve the interest of both parties, having a frequent flow of information between parties, a feeling of mutual trust and respect, an understanding of the others' business, creating dependence on the other party, and the presence of an alliance manager, among others. (McQuiston, 2001)

McQuiston (2001) has developed a conceptual model that explains how relationships between manufacturer's representatives and their principals are built and maintained. This model consists of six main attributes called "core values" which are more of an interorganizational nature, and of four additional attributes called "supporting factors" which tended to be more on an interpersonal level. The first six sections below are the core values, and the other four sections are the supporting factors.

Shared goals and objectives

It is crucial for both parties to meet at the beginning of a relationship to conclude their objectives and goals for the relationship. It is also crucial to ensure that these objectives and goals are communicated to the other party as well. It is important that each party pre-screens the other to determine how well their objectives and goals fit the opportunities the potential partner has to offer. This can be achieved by making a list of questions for the criteria, which is important. When enough data is gathered, each company then evaluates the potential partner on these criteria's. This leads to an

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indication on to what degree the two firms are compatible with each other. (McQuiston, 2001)

Mutual dependence

Mutual dependence in a channel relationship exists when one party cannot achieve its stated objectives without the cooperation and participation of the other party. Both sides need the know-how of one another to be able to reach their goals. This know-how will only be available if a willingness to work together exists. This willingness is built up by becoming as close as to understand and know what is good for each other (Op cit).

Open lines of communication

Effective communication between organizations has three basic features: 1) a definitive object, 2) an understanding of the needs of the party it is communicating to, and 3) the communication is given in a form and amount that keeps the attention of the party for a sufficient time to get the point of the communication across (Op cit).

Open lines of communication is not only a matter of supplying the information, it is also about how this information is supplied. Some sort of communication with each other on a regular basis needs to be developed. This can be achieved by a phone call every day, or perhaps only an e-mail once a month. This differs from relationship to relationship. The communication needs to be open and honest and aimed for everyone who is relevant for it. It is also of great importance to follow up initial communication when necessary (Op cit).

Mutual commitment to customer satisfaction

Marketing begins and ends with the final customer. This needs to be kept in mind. Each member in the relationship must keep the needs of the customer vital. It is often the distributor who communicates with the final customer. However, if the manufacturer's representatives and the principals also thought of the final customer's business as their own, they would constantly keep in mind why they are in business. To make this reality, the manufacturer's representatives, the principals, distributors and the end customers, must agree on a business strategy that benefits all parties. Another tool for customer satisfaction is that factories must supply information to the manufacturer's representatives, so they can provide it to the distributors and the end users. Frequent communication with customers also helps keeping customers satisfied (Op cit).

Concern for other's profitability

As with any relationship, there are risks of investments by both parties as each enters the relationship. Concern for mutual profitability is therefore critical. Both sides have to recognize that they need to make money and each must allow the other to make a profit. All parties need to be aware of how much the other party needs to invest to make a profit (Op cit).

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Trust

Trust is recognized as the key to successful establishment and maintenance of a relationship. Trust means to do what you say you will do consistently over time. Building trust is done by demonstrating credibility, honesty and integrity over and over again (Op cit).

Investment of effort by top management

This is about management's efforts to work with the other party to inspire and maintain the core values. The employees will become more willing to invest in the relationship if the management shows that they want the relationship to be successful (Op cit).

Continuous improvement over time

Continuous improvement is about taking the initiative to move the relationship forward. The parties are never entirely satisfied. Instead of doing massive changes at once, a more gradual approach can be taken. This means that small improvements are done continuously over time (Op cit).

Professional respect

If each party shows how much they appreciate the other party's products, people and customers, and what they can achieve with them, successful relationships will be the outcome. One must respect each other's professionalism and try not to act unprofessionally (Op cit).

Personal relationships

To become a productive relationship, the parties need to take the relationship from being purely based on business, to being based on personal and individual characteristics. This can be done, for instance by some sort of outing activity. Each side must strive to overcome the social wall and get to know the other on an individual basis. This will then lead to enhanced business relationships (Op cit).

3 FRAME OF REFERENCE

The previous chapter presented several relevant theories, however theories and models are in many cases very comprehensive and therefore difficult to use in their full extent. Hence, in order to obtain a proper focus in the research work, it is necessary to create a frame of reference. The reason for this is that there are times when one only uses parts of models and theories, which are of significance to the research at hand. In this chapter the chosen theories or parts of chosen theories will be presented in a frame of reference. An Operationalization to make things measurable will also be made.

“Explains, either graphically or in narrative form, the main things to be studied- the key factors, constructs or variables – and the presumed relationships among them.” (Miles & Huberman, 1994, p. 19)

3.1 Conceptualisation

Definition of variables and elements from selected theories.

3.1.1 RQ1. How can the present stage in the relationship lifecycle be characterized in the business-to-business market?

To answer this research question the model of “relationship development” by Dwyer & Tanner, (1998) was chosen. Reasons why the “relationship marketing ladder of loyalty” wasn’t chosen are: it has too many steps so it will be hard to decide whether you are in one stage or another, it isn’t so focused on the fact that relations develop mutually between buyer and seller. The relationship lifecycle model is well defined and it provides a good model of relationship development. The model has four different stages. They are presented below:

The Awareness stage

First awareness of each other’s existence takes place. Here they interdependently consider the other as an exchange partner.

The Exploration stage

When the buyer and seller are probing and testing each other. Initial purchases might take place in this stage. Here customer potential as well as what the customer wants (product specification) is revealed.

The Expansion stage

When the buyer and seller dependency of each other starts to take place. The association moves from one of testing to one of enlarging rewards and the scope of exchange.

The Commitment stage

When the buyer and seller have a desire to maintain and preserve a valuable, important relationship. The parties share a common belief in the effectiveness of future exchange; they dedicate resources to maintain the relationship.

3.1.2 RQ2. How can the factors that affect the stages in the relationship lifecycle be characterized in the business-to-business market?

To answer the second research question we want to know; what builds a strong relation? It is a mix of many elements and many theoretical models have been produced. Three of them had elements that will be used later in this thesis. Elements from "*the Key Constructs*" (Wilson & Jantrania, 1996) were chosen together with Ford's (1998) "*the factors in relationship development process*" and McQuiston's (2001) "*conceptual model for building relations*". Even though two elements might not have the same names in different theories they might still mean the same thing. Therefore the selection of elements below has been made, in order to avoid unnecessary work.

Goal compatibility

To work towards the same goal.

Trust

Trust is here only defined by the trust that the customer has towards the seller. The definition is; to do what you say you will do consistently over time.

Satisfaction

To at least meet the partners expectations.

Investment

Something put in to the relationship to make it better and to show that you are willing to continue with the relationship; can be money, time, developing new products etc.

Social bonding

Interaction between partners on an individual non-formal level.

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Structural bonding

Investments dedicated to the relationship that cannot be used again in another relationship.

Comparison Level of Alternatives

Level of performance from existing partner compared to level of performance from potential new partner.

Adoptions

If seller and/or buyer has modified their product to suit their counterpart.

Mutual dependence

Mutual dependence in a channel relationship exists when one party cannot achieve its stated objectives without the cooperation and participation of the other party. Both sides need the know-how of one another to be able to reach their goals.

Open lines of communication

Is the communication between seller and buyer simple and adequate for their common need that is simple and easy 2-way communication.

3.1.3 Emerged frame of reference

In this section the emerged frame of reference is presented. It is visualised in the figure below. The centrepieces are all under the influence of the elements lying around them, meaning that the ten rectangles all affect the four stages of the relationship lifecycle presented in the middle.

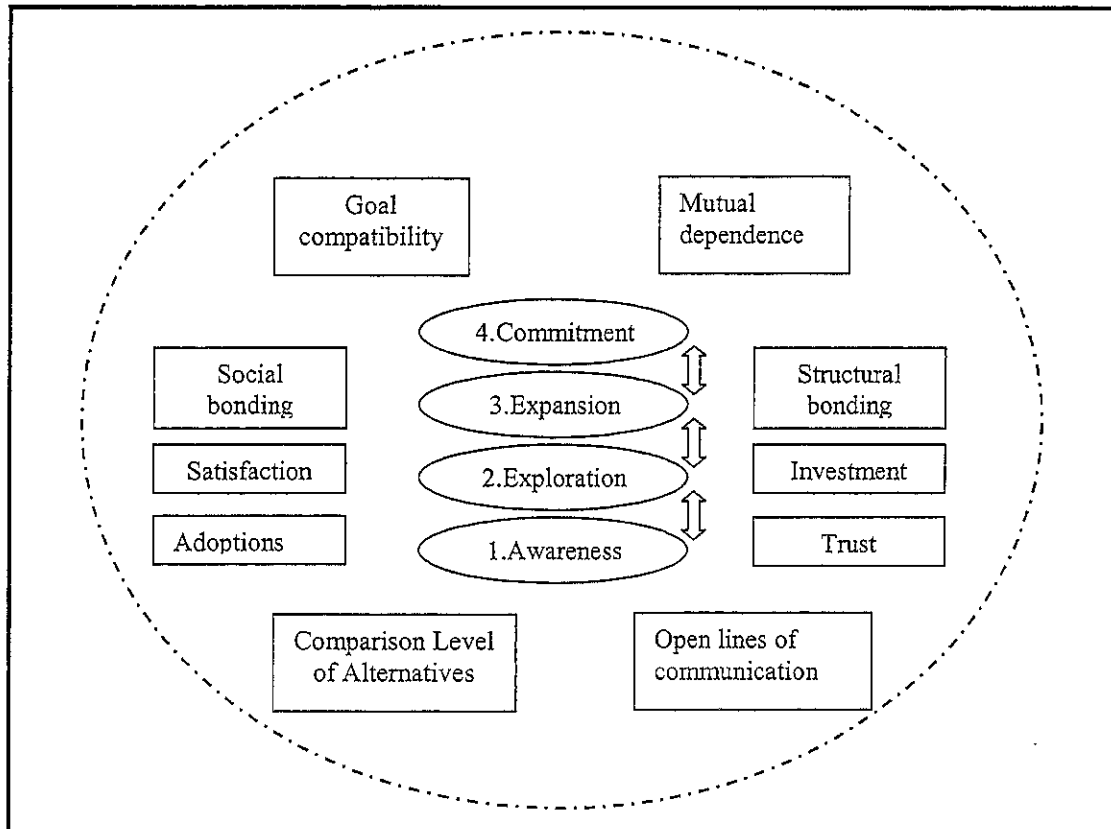


Figure 3.1: Emerged frame of reference. Source "authors own construction".

3.2 Operationalization

A concept must be made operational in order to be measured. An operational definition gives meaning to a concept by specifying the activities or operations necessary to measure it. (Zinkmund, 2000)

"Defines which observable characteristics will be measured and the process for assigning a value to the concept." (McDaniel and Gates, 1999)

Using the theory as foundation to find the specific characteristics for each element mentioned in the theory. Enabling objective measurement of abstract elements.

3.2.1 *RQ 1: How can the stages in the relationship lifecycle be characterised in the business-to-business market?*

To be able to measure Awareness, Expansion, Exploration and Commitment the following way of measurement will be used:

Awareness

To define a company by this stage the following criteria must be met.

1. If the potential customers are aware of Casco Products existence and what Casco Products produces or if the potential buyer consider Casco as an exchange partner.
2. No purchases are taking place.

Exploration

To define a company by this stage the following criteria must be met.

1. If potential buyers probe and make trial test buys.
2. No regularity in purchasing.
3. No investments made.

Expansion

To define a company by this stage the following criteria must be met.

1. One party has made successful request for adjustment/customisation.
2. Purchases are no longer sporadic and occur on a regular basis, meaning that Casco products are a necessary part of the production (meaning that if a delivery from Casco would be delayed the customer would face a stop in their production).

Commitment

To define a company by this stage the following criteria must be met.

1. Purchased volumes are stable and exchange is running smoothly (meaning that purchases from Casco don't differ from other purchases).
2. More than one adjustment/customisation has been made to suit Casco or the customer.
3. Resources are being deployed to enhance the quality of the relationship. These can be money, time or education etc.
4. Customer and Casco have a desire to preserve this relationship. This can be done via contracts, shared ownership or social ties. It can also be measured by asking if there is a desire from both parties to preserve this relationship.

3.2.2 RQ 2: *How can the factors that affect the stages in the relationship lifecycle be characterized in the business-to-business market?*

Here the objective is to find cues, which indicate that the different factors are active or not, for example trust; investigate if the partners really fulfil the things that they have promised. The elements that will help us in answering this RQ are made measurable below.

Goal compatibility

- Is measured by identifying to which extent both parties have mutually developed goals for given functions. To decide whether goal compatibility exists between the two companies one of the following criteria must be met:

1. Are there any outlined common goals in terms of deliverance?
2. Are there any outlined common goals in terms of quality?
3. Are there any outlined common goals in terms of profits?
4. Are there any other outlined common goals.

When analysing the answers “no outlined common goals” would indicate that goal compatibility don’t exist. In addition if the respondent would answer yes on all four questions the degree of goal compatibility would be very high.

Trust

- Is measured via two approaches. Approach one is to find a cue that implicates trust. The cue that will be used is delivery control. Approach two is to ask whether the customer find Casco trust worthy or not. Here a key individual (individuals) has to be found at the buying company. If the cues are there trust is present as well as if the seller says that there are areas where they trust Casco (Support, quality, delivery, future product development, environmental work, technical capability etc.). If both approaches implicates that trust is present the degree of trust can be considered high.

Satisfaction

- Here we want to find a cue that implicates customer satisfaction. If the customers aren’t experiencing that they have to make complaints about Casco products more often than other products they use in their production, then they are likely to be satisfied.

Investment

- Is measured by directly looking at which investments that have been made by Casco in favour of their customers and vice versa. These investments can be both tangible and intangible (education, money, equipment etc.). Here we simply see if investments have been done, if so investments exist.

Social Bonding

- Is measured by asking if private gatherings (parties, dinners, golf etc.) with members from both companies occur? Or if any other type of social contact occurs. If so, social bonding exists.

Structural Bonding

- Is measured directly by looking if any type of structural bonding exists. The nature of structural bonding is that investments that are made cannot be used again. Keeping that in mind, do the parties have organisational adoption (e.g. machines, facilities or EDI) to each other? If any irreversible investments have been made structural bonding exists.

Comparison level of alternatives

- Is measured by directly asking if Casco is the best alternative on the market.

Adoptions

- Is measured directly by asking if any adoptions other than structural have been made. If so, adoptions have been made.

Mutual dependence

- Is measured by directly asking if one party can run their production without the other party. Do both sides need the others know-how to be able to function? If the customer are dependent on Casco to be able to produce and if Casco is dependent on the customer mutual dependence exists.

Open lines of communication

- Is measured directly by investigating if the communication between seller and buyer is simple and adequate for their common needs? So if no communication problems exist (telephone, email, fax, letters or personal contacts), then there are open lines of communication.

4 METHODOLOGY

This chapter will cover the research methodology of this thesis. First a presentation of the company is made. The method section describes and motivates the choice of the data collection method. Furthermore, it describes the way the study of the company has been conducted, and how and where the information that later will be analysed has been gathered. Finally method problems are discussed as well as how validity and reliability can be increased.

This study will be performed at Casco products in Nacka, a sub division of AKZO Nobel Sweden. Their products are adhesives and they are active on the Swedish market.

4.1 Research Purpose

Business research provides information to reduce uncertainty. It helps focus decision-making. Because of the variety of research activities, it would be helpful to categorize the types of business research. Classifying them on the basis of purpose or function allows us to understand how the nature of the problem influences the choice of research method. (Zikmund, 1999, p.50)

All research approaches can be classified into one of three general categories of research. These categories differ significantly in terms of research purpose, research questions, the precision of the hypotheses that are formed, and the data collection methods that are used (Aaker et al., 1998, p.73). The nature of the problem will determine whether the research is (Zikmund, 1999):

- Explorative
- Descriptive
- Casual

Explorative research is the initial research conducted to clarify and define the nature of the problem (Zikmund, 1999). Furthermore, exploratory research is used when one is seeking insights into the general nature of the problem, the possible decision alternatives, and relevant variables that need to be considered. (Aaker et al., 1998, p.73)

Descriptive research is designed to describe characteristics of a population or a phenomenon. Descriptive research seeks to determine the answers to who, what, when, where, and how questions. Accuracy is of paramount importance in descriptive research. If the study does not present a precise measurement, it will mislead the managers who are making decisions based on the study. (Zikmund, 1999)

Causal research is conducted to identify cause-and-effect relationships among variables where the research problem has already been narrowly defined (Zikmund, 1999). This means that, when it is necessary to show that one variable causes or determines the value of other variables, a causal research approach must be used.

Because the requirements for proof of causality are so demanding, the research questions and relevant hypotheses are very specific (Aaker et al., 1998).

4.2 *Research Approach*

The researcher has to decide whether to utilize a qualitative or quantitative method, as well as type of approach, deductive or inductive.

4.2.1 *Qualitative versus Quantitative*

According to (McDaniel, 1999) research can be divided into two categories, qualitative and quantitative.

The **quantitative method** is structured and formalized, and defines which conditions are of special interest from the chosen research problem. The researcher is examining many objects with few considerations. This method's result is broad and can be used in a statistical manner. The **qualitative method** is much less formalized and its primary purpose is explorative. The central objective in qualitative methods is to collect information in different ways so as to obtain a deeper understanding and a possibility to describe the entirety. (Eriksson, 1997)

4.2.2 *Deductive versus Inductive*

In a research work there should be a discussion whether a deductive or inductive approach shall be used. The **deductive approach** starts with a study of theories within the selected area that later on are tested in reality to examine if the theories have any accordance with reality. Through this a logical and thoughtful conclusion can be made. The **inductive approach** starts with an empirical work to formulate general hypotheses that later are tested in reality. It can be said that in an inductive approach the conclusions are based on empirical data, which gives the method a weakness if it is not built on all possible observations. (Eriksson, 1997)

4.3 Research Strategy

According to Yin (1994) there are five research strategies in the social science. They are: Experiment, survey, Archival analysis, history and case study. There are conditions that distinguish the strategies. These conditions are based on the form of stated research question, if control over behavioral events is required, and the degree of focus on contemporary versus historical events. This is shown in table 4.1.

Research Strategy	Form of research question	Requires control over behavioural events	Focuses on contemporary events
Experiment	How, why	Yes	Yes
Survey	Who, what where How many/much	No	Yes
Archival analysis	Who, what where How many/much	No	Yes/No
History	How, why	No	No
Case study	How, why	No	Yes

Source: Yin (1994), p.6

A case study can be either a single-case study or a multiple-case study. When making a single case study the investigators have no possibilities to make comparisons. Multiple-case studies on the other hand give the researchers the opportunity to compare. However, less time can be spent on each case. (Op cit)

Eriksson and Wiedersheim-Paul (1997) note that the possibilities of comparison between the cases are added in a multiple-case study, and that this could increase the understanding further.

4.4 Data collection methods

According to Brassington (2000) and Zikmund (2000), there are two major types of data collection. These two types of research are presented and explained below.

4.4.1 Secondary data

Secondary data is data gathered and recorded by someone else prior to (and for purposes other than) the current needs of the researcher. Secondary data is usually historical, already assembled, and does not require access to respondents or subjects. Market potential is often estimated with secondary data. (Zikmund, 2000)

The primary advantage of secondary data is that obtaining secondary data is almost always less expensive than acquiring primary data. In addition, secondary data can be obtained rapidly. Many of the activities normally associated with primary data collection (e.g., sampling, data processing) are eliminated when acquiring secondary data. (Op cit)

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An inherent disadvantage of secondary data is that it is not designed specifically to meet the researcher's needs. Furthermore, secondary information quickly becomes outdated in our rapidly changing environment. Since the purpose of most studies is to predict the future, helpful secondary data must be obtained in a timely fashion. (Op cit)

4.4.2 Primary data

Sometimes also called field research, primary research is undertaken by, or commissioned by, an organization for a specific purpose. The required information does not already exist in any available form and so the research has to be undertaken from scratch. The advantage of primary research is that it is exactly tailored to the problem in hand, but it can also be time consuming to undertake. (Brassington, 2000)

Once the researcher has recognized that information is needed (that is not currently available), they must decide from what source they can most effectively get that information. It is well worth checking secondary data sources first to see what has already been done. The pursuit of secondary data should be exhaustive, as secondary data is far more cost effective and quicker to collect than primary data. If there is no appropriate secondary data commercially available, then a primary research study will have to be developed from scratch (Op cit). The most common method of generating primary data is through surveys. (Zikmund, 2000)

4.5 Sampling

Besides deciding which method should be used to collect data, one must also decide from what or where to collect it. (Zikmund, 2000)

The selection of a sampling method will depend on the objectives of the study, the financial resources available, time limitations and the nature of the problem under investigation. The major alternative sampling methods can be grouped under two headings: probability sampling methods and non-probability sampling methods. A number of alternatives are available under each of these headings. (McDaniels, 1999)

In **probability sampling** every element in the population has a known nonzero probability of selection. The simple random sample is the best-known probability sample, in which each member of the population has an equal probability of being selected. In **non-probability** sampling the probability of any particular member of the population being chosen is unknown. The selection of sampling units in non-probability sampling is quite arbitrary, as researchers rely heavily on personal judgment. Nevertheless, there are occasions when non-probability samples are best suited for the researcher's purpose. (Zikmund, 2000)

4.6 The Analysis

Miles & Huberman (1994), states that analyses are mostly done in words and they identifies two types of analyses, within case analysis and cross case analysis.

A within case analysis is made when the data collected will be compared with previous theory in order to identify the similarities and differences. The aim of a cross case analysis is to be able to compare the single cases with each other and to increase generalizability. By using cross case analysis, it is possible to see if the collected data in each case are typical effective, ineffective etc. (Op Cit).

4.7 Selected Research method for the study

Casco was chosen as the company for this thesis since they wanted to investigate their relations and also since they could provide the needed support for this thesis. The research problem resulted in the following research method being selected. As a result of the problem given, a **deductive and qualitative** approach was taken. A deductive approach because it was needed to show that the chosen theories were in accordance with reality. A qualitative approach since a deeper understanding was in demand. **Explorative** research is chosen since I'm seeking insight into the general nature of the problem, the possible decision alternatives, and relevant variables that need to be considered. In order to obtain information from a situation that is similar to the research problem **case studies** are performed.

Primary data was collected from interviews with company representative among Casco customers. Ten companies were interviewed. Seven of them were end users and three of them were retailers. These customers were chosen by Gunnar Gylfe, the sales manager at Casco Products. The respondent at each interviewed company was also chosen by Gunnar Gylfe. This selection was made in consideration to the respondents' position at the buying company. The chosen respondent was according to Gunnar Gylfe the person who had the best prerequisite to answer the interview guide questions. The interviews were conducted at the companies, so the writer travelled around Sweden to gather this information. No **secondary data** was obtained. **Non-probability sampling** was conducted, meaning that the respondent was chosen for a specific reason. The reason for this is that the respondents are established players and have experience in the industry that Casco is active in. Both **cross-case** and **within-case analysis** will be conducted. First a within-case analysis will be conducted to compare the empirical data with the frame of reference then a cross-case analysis to compare the data between the both clusters of respondents.

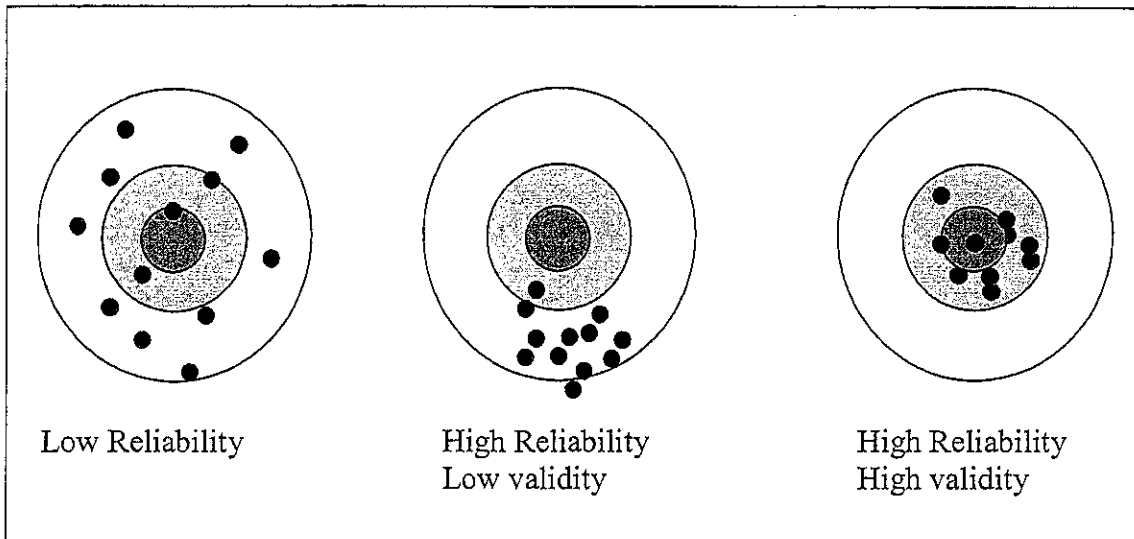
4.8 Method problems

Below are the two method problems, validity and reliability, discussed. Moreover, what was done enabling an increase in their accuracy.

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4.8.1 Reliability

Degree of reliability is decided from how the measurements are made and therefore depends on the accuracy of the measurement procedure. High reliability is established



Source: authors own construction

if two or more independent measurements give the same result. To accomplish this the measurements must be free from errors. If the respondent misunderstands one question or the interviewer by mistake misinterprets the respondent's answer, the data reliability will decrease. To achieve satisfying reliability sources of error must be minimized (Hellevik O., 1984).

I argue that the reliability in this research has been increased because of the following precautions that were taken to reduce the sources of error. A tape recorder was used so that the answers could be examined carefully back at the office.

4.8.2 Construct Validity

When establishing construct validity, the researcher makes sure that the correct operational measures are utilized for the concepts being studied. There are three available tactics that can be used to increase construct validity. The first one is the uses of multiple sources of evidence, which is of great importance when collecting data. The second tactic is to establish a chain of evidence. The third tactic is to have the draft case study report reviewed by key informants. (Yin 1994)

4.8.3 Internal Validity

Internal validity is only of relevance when conducting causal studies, and not for descriptive and exploratory. By establishing a causal relationship, certain conditions are shown to lead to other conditions, distinguished from spurious relationship. (Yin 1994) Since this study isn't of causal nature internal validity is disregarded.

4.8.4 External Validity

According to Yin (1994) external validity deals with the establishment of the domain on to which a study's findings can be generalized. To increase external validity, Yin (1994) emphasizes the importance of using replication logic in multiple-case studies. A theory must be tested through replication of the findings in similar surroundings, where the theory has specified that the same results should occur. The findings can be generalized to a greater number of surroundings, once such replication has been made. (Ibid)

4.8.5 This thesis and its validity

The degree of validity of this report depends on the reliability of the facts presented, and whether or not the right variable is being measured. The fact is that it is difficult to determine whether or not a method is 100 percent valid. When forming the interview guide the questions were put forth in such a way that the respondent would give as valid answers as possible. An effort to avoid leading questions was made when creating the interview guide as well as during the interviews.

In order to achieve high validity, the obtained data needs to have high reliability. However, high reliability is not enough, it will not always lead to high validity; the data must also be relevant for the given problem. Also, in order for the data to be valid, it is not as important for the data to be obtained from *different* sources, as it is for the data to be obtained from the *right* sources.

The following measures were taken to increase the validity:

- Probing technique was used, which means that during the interview, control questions were asked to assure that no misunderstandings had taken place regarding the questions.
- The interview was made with the most knowledgeable person available when visiting the companies.
- The questionnaire was formed in a way so that the respondents' subjective opinions would be as minimized as possible.

4.8.6 Factors that may affect validity and reliability negatively

There are several factors that, if not carefully avoided, may lead to a lesser degree of reliability and validity than what is desired. For example, the respondent may withhold sensitive or crucial information based on their individual biases or opinions. Another disadvantage of some interviews is that often only one or few respondents are questioned, and those respondents may not be the most knowledgeable about the subject in question. This affects reliability negatively since a subjective, or even inaccurate, picture is presented.

4.9 Summary of Research Methodology

Below a figure summary of the chosen research strategy is presented.

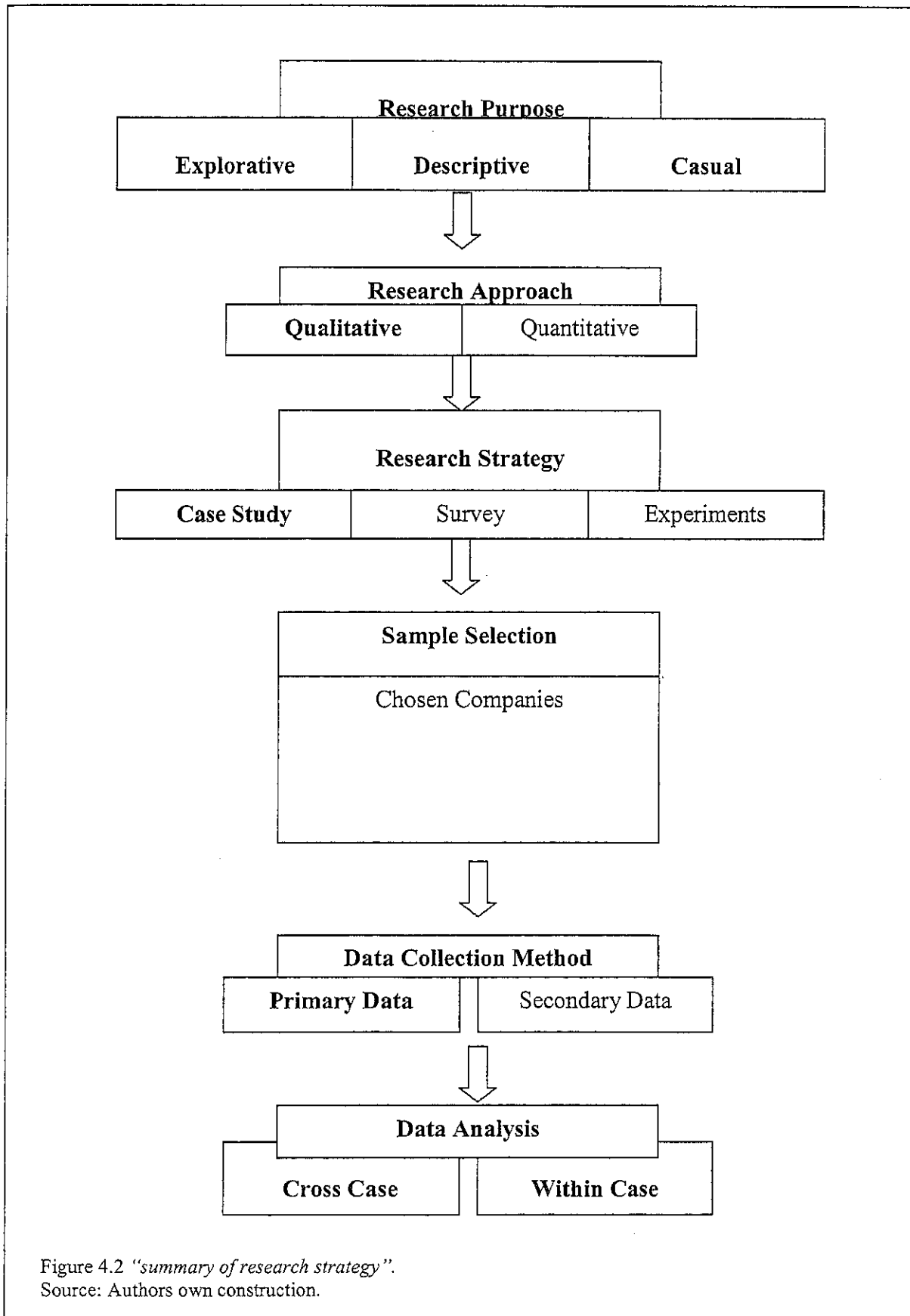


Figure 4.2 "summary of research strategy".
Source: Authors own construction.

5 EMPIRICAL STUDY

This chapter will present the empirical data that was gathered during the ten company interviews. The company's names have been changed from names to numbers and the companies will be presented as clusters. One cluster consists of end users and one cluster consists of retailers.

5.1 Presentation of the companies

Seven of the companies that were interviewed are end-users and three of the companies are retailers. The questions asked to the end-users differ a bit from the ones asked to the retailers (retailers don't have production, they have sales). Therefore the nature of the relation might differ somewhat as well. The end-users will be numbered from one to seven and the retailers will be numbered from seven to ten. First the empirical data from the end-users will be presented then the empirical data from the retailers will be presented.

One thing all interviewed companies have in common is that they are substantially important customers to Casco Products. Any closer presentation of the companies would be redundant since their products and history is irrelevant for this thesis. What is important however is their history with Casco Products; hence the results from the interview guide are presented below.

5.2 End-users and retailers

Since this study has a generalizing purpose all information that can give away what a specific respondent has said will be considered confidential and not be presented. All information below is gathered during interviews conducted from the 09-11-02 till the 15-11-02.

5.2.1 End Users

These questions were put forth to the end users representing company one to seven in the questionnaires.

Question 04:

Are you aware of Casco Products existence and what Casco Products produces?

All companies were aware of Casco and what they produce.

Question 05:

Are purchases taking place? If so, what are the products that you are buying?

All companies were buying adhesives from Casco.

Question 06:

Are you probing and making trial test buys?

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All companies had done this once but weren't doing so today.

Question 07:

Is there regularity in purchasing? What's the frequency?

All companies had regularity and purchased at least once a month.

Question 08:

Have any investments been made from your or Casco's side (education, money, equipment etc.)?

Not one company had invested in Casco but **Casco had invested in all companies.**

Question 09:

Have you or Casco made successful request for adjustment/customisation of products?

Six companies answered that this had happened and one said it has not.

Question 10:

How much do you buy from Casco on each occasion?

Here the amounts of purchased volume ranged from 3 to 30 tons on each order, placed **at least once a month.**

Question 11:

How important are Casco's products for your own production (e.g. if deliveries would fail, would you face implications such as production stop or other)?

All companies said that Casco products are important for their everyday production.

Question 12:

Are purchasing running smoothly?

All companies replied that **purchases are running smoothly** and follows a standardised procedure.

Question 13:

Have more than one adjustment been made to suit the counterpart?

All companies answered that **more than one adoption** had been made to suit the counterpart.

Question 14:

In what fields do you have co-operation with Casco? Are resources being deployed to intensify the relationship (time, money or education)?

One company said that **no co-operation** but the sales activity was conducted with Casco. **Six companies** had **some form of co-operation** with Casco. The areas where co-operation were present are: **education, product development, machines, production development and logistics.**

Question 15:

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Have you together with Casco developed contracts, shared ownership or social ties? Do you have a desire to preserve the relationship with Casco, deploying resources to do so?

Two companies answered **no** the other **five** answered **yes** on question one. On the **follow up question all respondent answered yes**, this lies is in Casco's interest as well.

Question 16:

What factors do you believe affect the relation between you and Casco the most? In what way do they affect the relation?

Here the answers varied extensively (different factors and the number of given factors) and the following answers were given. **One** company said **nothing in particular**. **Three** said **price**. **Three** said **quality**. **Two** said **deliveries**. **Three** companies said **people** and the way they handled themselves in various situations and their capability to interpret situations. The way that the factors affected the relation had an elementary nature. Since the customers chose the factors most critical to them the way these factors were handled would partially determine the future relation to Casco.

Question 17:

Are there any outlined common goals in terms of deliverance? If so, in what way does this affect your relation?

Three answered **yes** (but not on print). **Four** answered **no**.

Question 18:

Are there any outlined common goals in terms of quality If so, in what way do this affect your relation?

Four answered **yes** (but not on print). **Three** answered **no**.

Question 19:

Are there any outlined common goals in terms of profits? If so, in what way does this affect your relation?

Two answered **yes** (but not on print). **Five** answered **no**.

Question 20:

Are there any other outlined common goals. If so, in what way does this affect your relation?

Five answered **no**. The other two replied that there are common goals in the area of environmental care. This they found positively. The way that the lack or presence of common goals affected the relationship was the same for all respondents. The lack of common goals didn't affect the respondent since they didn't think about it or missed it. The presence of common goals was perceived to be positive for the relation.

On the question 17-20 all respondents but one claimed that there are some form of common goals although not on print or created in negotiations. These common goals were set automatically without negotiations.

Question 21:

Is there a delivery control before using Casco products?

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All seven companies answered no.

Question 22:

In which areas do you feel that you can trust Casco (Support, quality, delivery, future product development, environmental work, technical capability etc.)? If so, in what way does this affect your relation?

All seven companies felt that they **trust Casco** in the areas of support, quality, deliveries, future product development, environmental work and technical capability. One respondent had a small reservation, he said that the viscosity (quality) could vary somewhat more than desired, this was however not a problem of significant nature. That trust was present was percept as positive among the respondents.

Question 23:

Do you experience that you have to make many complaints to Casco regarding quality or deliveries? More often to Casco than your other suppliers? How does this affect your relation to Casco?

All companies answered that they don't make many complaints towards Casco and fewer towards Casco than towards their other suppliers. They also said that this was good for the relation.

Question 24:

Has investments from one of the parties in favour of the other been made (education, monetary injections, equipment etc.).

Not one company had **invested in Casco**. Here **all companies but one** answered yes to that **Casco has invested in them**. The company that hadn't received any investments said that this was because they didn't want any; they just wanted the adhesives needed for their production. Hence this was by their own will due to their specific production. Their main concern was the price on the adhesives and then investments from Casco wasn't needed.

Question 25:

If so, what are they and how does this affect your relation to Casco?

Six out of seven stated **education**. **Three out of seven** stated **equipment**. The respondents that had received **investments** experienced this as **positive** for the relation. The others were indifferent.

Question 26:

Do private gatherings (parties, dinners, golf etc.) with members from both companies occur?

Not one respondent answered that they **meet Casco representatives on an informal basis**. They said that they might meet for dinner, golf etc maybe once a year but then are these meeting connected to fieldtrips or trade fairs. The sellers at Casco are the ones that meet the customers most often but this occur during work time and are considered to be formal although theses meetings often has a more relaxed/informal nature.

Question 27:

If so which type?

No.

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Question 28:

If so, is it to the extent that you feel that you know your counterpart at Casco?
No.

Question 29:

If so, in what way does this affect your relation?

The lack of **social interaction** between Casco and their customers are accordingly to the customers **not a factor that affect their relation** since they didn't really have any contact with their other suppliers either. One **reason** for this is the **geographic distances** between buyer and seller.

Question 30:

Have any irreversible investments been made by either party? They can be machines, facilities, EDI etc? If so, in what way does this affect your relation?
Either party had made **no irreversible investments**.

Question 31:

Do you feel that Casco is the most favourable alternative on the market?
All respondents answered yes.

Question 32:

Has Casco modified their product/products to suit their counterpart? If so, in what way does this affect your relation?

Six respondents said **yes** and found this positive. The last respondent said **no** with the addition that Casco listens whenever there is a problem/thought.

Question 33:

Is the customer dependent on Casco to be able to produce?

Six respondents answered **no**, respondent number seven said that due to certain machine they were strongly connected to Casco.

Question 34:

Are Casco dependent on their customer?

Casco has over 200 customers and although some are substantially big the loss of **one customer** in particular **wouldn't jeopardise Casco's** future survival.

Question 35:

Do any communication problems exist (telephone, email, fax, letters or personal contacts)? If so, in what way does this affect your relation?

All seven said **no** but **one** had a **reservation**. Once when this respondent had an urgent errand he was unable to get a hold of the people he needed to contact at Casco.

The common thing in regards to the relationship lifecycle for the majority of these companies is that:

- They are all buying adhesives from Casco
- Have all been part of a trial and test phase
- They have all past the point to where you can say that regularity in purchasing starts

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- Casco have invested resources in all companies, varying depending on the need of the customer
- More than one request for adjustment/customisation has been made by Casco to each and every customer
- Casco's products are necessary for the everyday production, meaning that production temporarily would stop without them
- Resources are being deployed to enhance the quality of the relationship
- Both parties have a desire to preserve the relationship.

5.2.2 Retailers

These questions were put forth to the retailers representing company eight to ten in the questionnaires.

Question 04:

Are you aware of Casco Products existence and what Casco Products produces?

All three companies were aware of Casco and what they produce.

Question 05:

Are purchases taking place? If so, what are the products that you are buying?

All three companies were buying adhesives from Casco.

Question 06:

Are you probing and making trial test buys?

All three companies had done this once but weren't doing so today.

Question 07:

Is there regularity in purchasing? What's the frequency?

All three companies had regularity and purchased at least once a month.

Question 08:

Have any investments been made from your or Casco's side (education, money, equipment etc.)?

Not one company had invested in Casco but **Casco had invested in all three companies.**

Question 09:

Have you or Casco made successful request for adjustment/customisation of products?

All three companies answered yes.

Question 10:

How much do you buy from Casco on each occasion?

Here the amounts of purchased volume ranged from 1 to 4 tons on each order, placed **at least twice a month.**

Question 11:

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How important are Casco's products for you (meaning would there be a problem if Casco would fail to deliver)?

All three stated that Casco's products are important to satisfy their customers.

Question 12:

Are purchasing running smoothly?

All three companies replied that **purchases are running smoothly** and follows a standardised procedure.

Question 13:

Have more than one adjustment been made to suit the counterpart?

All three companies answered that **more than one adoption** had been made to suit the counterpart.

Question 14:

In what fields do you have co-operation with Casco? Are resources being deployed to intensify the relationship (time, money or education)?

All three companies said **education**, one said **technical advisory**, one said **product development** and **quality**, and one referred to co-ordinated customer visits.

Question 15:

Have you together with Casco developed contracts, shared ownership or social ties? Do you have a desire to preserve the relationship with Casco, deploying resources to do so?

All three companies answered **no** on question one. On the follow up question **all respondent** answered **yes**, this lies in Casco's interest as well.

Question 16:

What factors do you believe affect the relation between you and Casco the most? In what way do they affect the relation?

Here the answers varied extensively (different factors and the number of given factors by the respondents) and the following answers were given. **One** respondent answered **person chemistry**. **Another** answered **simplicity and capability to solve problems**. **The third** answered **the way that the travelling salesmen handle themselves**. The way that the factors affected the relation had an elementary nature. Since the customers chose the factors most critical to them (in the momentum) the way these factors were handled would partially determine the future relation to Casco.

Question 17:

Are there any outlined common goals in terms of deliverance? If so, in what way does this affect your relation?

All three answered **no**.

Question 18:

Are there any outlined common goals in terms of quality? If so, in what way do this affect your relation?

All three answered **yes** (but not on print).

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Question 19:

Are there any outlined common goals in terms of profits? If so, in what way does this affect your relation?

Two answered **yes** (but not on print). **One** answered **no**.

Question 20:

Are there any other outlined common goals. If so, in what way does this affect your relation?

Two answered **no**. One replied that there is a common goal; in the area of sales. This they found positively. The way that the lack or presence of common goals affected the relationship was the same for all respondents. The lack of common goals didn't affect the respondent since they didn't think about it or missed it. The presence of common goals was perceived to be positive for the relation.

On the question 17-20 all respondents claimed that there are some form of common goals although not on print or created in negotiations. These common goals were set automatically without negotiations.

Question 21:

Is there a delivery control before selling Casco products?

Two companies answered **no**. **One** said that they control the **product freshness**.

Question 22:

In which areas do you feel that you can trust Casco (Support, quality, delivery, future product development, environmental work, technical capability etc.)? If so, in what way does this affect your relation?

All three companies felt that they **trust Casco** in the areas of support, quality, deliveries, future product development, environmental work and technical capability. One respondent had a small reservation; he said that the support and technical capability have been better in the past. That trust was present was percept as positive among the respondents.

Question 23:

Do you experience that you have to make many complaints to Casco regarding quality or deliveries? More often to Casco than your other suppliers? How does this affect your relation to Casco?

All companies answered that they don't make many complaints towards Casco and fewer towards Casco than towards their other suppliers. They also said that this was good for the relation.

Question 24:

Has investments from one of the parties in favour of the other been made (education, monetary injections, equipment etc.).

Not one company had **invested in Casco**. Here **all** companies answered yes to that **Casco has invested in** them.

Question 25:

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If so, what are they and how does this affect your relation to Casco?

All **three** answered **education**. The respondents experienced this as positive.

Question 26:

Do private gatherings (parties, dinners, golf etc.) with members from both companies occur?

Not one respondent answered that they **meet Casco representatives** on an informal basis. They said that they meet for the retailers meeting once a year. The sellers at Casco are the ones that meet the customers most often but this occur during work time and are considered to be formal although these meetings often has a more relaxed/informal nature.

Question 27:

If so which type?

No.

Question 28:

If so, is it to the extent that you feel that you know your counterpart at Casco?

No.

Question 29:

If so, in what way does this affect your relation?

The lack of social interaction between Casco and their customers are accordingly to the customers not a factor that affect their relation since they didn't really have any contact with their other suppliers either. One reason for this is the geographic distances between buyer and seller.

Question 30:

Have any irreversible investments been made by either party? They can be machines, facilities, EDI etc? If so, in what way does this affect your relation?

Either party had **not made any irreversible investments**.

Question 31:

Do you feel that Casco is the most favourable alternative on the market?

All respondents said **yes**.

Question 32:

Has Casco modified their product/products to suit their counterpart? If so, in what way does this affect your relation?

Two respondents answered **yes**. They found this positive **one** answered **no** but saw the product development as a good thing for them.

Question 33:

Is the customer dependent on Casco to be able to sell?

Two respondents answered **no**. The third said that because Casco has an entire range of products it is easier for them to buy from Casco.

Question 34:

Are Casco dependent on their customer?

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Casco has over 200 customers and although some are substantially big the loss of one customer in particular wouldn't jeopardise Casco's future survival.

Question 35:

Do any communication problems exist (telephone, email, fax, letters or personal contacts)? If so, in what way does this affect your relation?

All three respondents answered no.

The common thing in regards to the relationship lifecycle for the majority of these companies is that:

- They are all buying adhesives from Casco
- Have all been part of a trial and test phase
- They have all past the point to where you can say that regularity in purchasing starts
- Casco have invested resources in all companies, varying depending on the need of the customer
- More than one request for adjustment/customisation has been made by Casco to each and every customer
- Casco's products are necessary for the everyday production, meaning that production temporarily would stop without them
- Resources are being deployed to enhance the quality of the relationship
- Both parties have a desire to preserve the relationship.

5.2.3 Additional questions

These questions were put forth to the end users and the retailers.

Question 36:

How long have you been a customer of Casco?

Here the answers varied a lot but they had been Casco customers for a very long time. Ranging from 10 to 60 years, meaning that they all have a significant experience of Casco and vice versa.

Question 37:

What is the reason that you are a customer of Casco? What is the reason that you will continue/not continue to be a customer of Casco?

All respondent already stated in question 30 that they, for now, will continue their co-operation with Casco. The reason why they are customers and will continue to be so is a combination of many factors presented below:

- 5 stated Quality
- 4 stated Resource assigning
- 3 stated Price
- 3 stated The developed relation
- 3 stated Ability to solve problems
- 2 stated Product development
- 2 stated The capability to deliver the right product in the right amount, time and price
- Deliveries

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- Improvement work
- Personal chemistry
- Satisfaction
- Product range
- Trust
- Few other alternatives
- Proximity

Question 38:

According to you, which are the most important personal relations (Service, sales personnel, order staff, technical staff, sales manager etc.)?

From the respondents opinion of the most important personal relations a ranking is presented below:

- 10 Sales personnel
- 8 Technical staff
- 5 Order personnel
- 3 Sales manager
- Product developers

Question 39, 40:

Do you feel that there is a channel where dissatisfaction can be expressed? If so, what is it?

Here all respondents answered yes. The medium that the ten respondents preferred to use was telephone.

Question 41:

Who is/are the person/persons that symbolises Casco for you?

The respondents stated who/whom they thought of when the thought of Casco, the results are presented below:

- 5 Gunnar Gylfe
- 4 Ante Gaunitz
- 3 Christer Toräng
- 2 Amy

Question 42, 43:

Do you feel that Casco is capable in work with relationship management compared to their competitors? Do you feel that Casco is capable in work with relationship management compared to your other suppliers?

On the question if Casco is good compared to their customers when it comes to relations work the respondents said yes but found this question hard to answer since they didn't have any business relations with Casco competitors. They however felt that Casco was better then their average supplier when it comes to relations work.

Question 44:

The presumed result of Casco relationship work is presented below:

1. Good for Casco
2. Relations lead to that Casco could stay as a supplier

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3. Smooth co-operation
4. A new supplier is not an option
5. It is interesting to work with their products
6. Less effort is deployed in trying to find a new supplier
7. More honesty. More difficult to change to a new supplier
8. Nothing really due to the product, which is right. Price negotiations are becomes friendlier.
9. Contributes to the big picture. Gives contingency but leaves no guarantees for the future. Price, quality, relations, deliveries etc altogether decides who the supplier is.
10. The power of other factors is reduced, relations' work is positive.

6 ANALYSIS

In this chapter the data presented in the previous chapter, the empirical study is going to be analysed and compared to the theory presented in the frame of reference. Two analyses will be conducted, a within-case analysis that compares empirical data with the theory in the frame of reference. Then a cross-case analysis that compares the companies between themselves and theory is performed. The within-case analysis will first discuss end users versus theory and then retailers versus theory. Then a cross case analysis between end users and retailers will be made.

6.1 The relationship lifecycle

Research question 1: How can the present stage in the relationship lifecycle be characterised in the business-to-business market?

To answer this question the *Model of Relationship Development* by Dwyer, Tanner (1999) will be used.

6.1.1 Within-case analysis end users

To answer RQ 1 we must first identify where in the relation lifecycle the selected companies are. According to Dwyer, Tanner (1999) the relationship lifecycle is a four step model that describes different relationship phases. These phases has different characteristics and when analysing the empirical data it is found that no end users matched the awareness stage since they where purchasing from Casco. Neither where they in the exploration stage since purchasing was conducted on a regular basis and that investment had been made. All companies filled the criteria's for being in the exploration stage but that doesn't conclude that they are in this phase. Trying to decide if they are so or not a comparison with criteria's for the last stage (commitment) is made. Four things were found:

1. Purchases are running smoothly and follows a standardised procedure
2. More than one adoption had been made to suit the counterpart
3. Resources were deployed to enhance the quality of the relationship
4. There was a desire to preserve this relationship

Since all criteria's are filled for the commitment phase the relationship Casco has with these customers can be categorized to the final part of the relationship lifecycle. Here it can be discussed whether a relationship only can be divided into four sub groups (Dwyer & Tanner, 1999), the fact that Casco hasn't got contracts, shared ownership or social ties together with their customers according to the interviewees leads to an open free relationship. They claim that contracts never have been needed. This is also made by purpose from Casco's side according to sales manager Gunnar Gylfe, he states that the relationship they want is an open and free relationship. By using contracts and shared ownership two parties becomes connected for a certain time period but during this time period conditions might change, so might the nature of the relationship has to do as well.

One reason that the social ties stay on a low level is the geographic distances. Casco is seated in Stockholm; their customers are spread all over Sweden, often in the countryside with poor means of transportation. This doesn't mean however that they don't get along with their customers, on the contrary the interaction between buyer and supplier is kept on a professional level. Formal when needed and other times more informal. This is why these companies all are to be considered as a part of the commitment phase in their relation with Casco. **Besides the shared ownership, contracts and social ties the findings in this thesis are all in accordance with Dwyer and Tanner (1999) "Model of relationship development".**

6.1.2 Within-case analysis retailers

When analysing the retailers the outcome is the same as when analysing the end users. Therefore a reference is made to sub-chapter 6.1.1 (end users).

6.1.3 Cross-case analysis

In the Cross-case analysis regarding research question one differences between the two clusters end users and retailers is presented. The first difference is seen in question 14 in the questionnaire. *In what fields do you have co-operation with Casco? Are resources being deployed to intensify the relationship (time, money or education)?* Here a mutual thing with end users and retailers is that both receive education. A difference is that the end users received more resources. This is because they have production where technical support is needed. A conclusion from this is that support given depends on support needed.

6.2 Analysis of factors that affects a relation

Research Question 2: How can the factors that affect the stages in the relationship lifecycle be characterised in the business-to-business market?

To answer this question three models were used. *The Key Constructs* by Wilson and Jantrania (1996). *The Relationship Development Process* by Ford et al (1998). *Conceptual model for building relations* by McQuiston (2001).

6.2.1 Within-case analysis end users

To answer RQ 2 we must see which factors that affect a B2B relationship. To do so the models *The Key Constructs* by Wilson and Jantrania (1996), *The Relationship Development Process* by Ford et al (1998) and the *Conceptual model for building relations* by McQuiston (2001) are used. From these three models ten factors were extracted, they are; Goal compatibility, Trust, Satisfaction, Investment, Structural bonds, Social bonds, Comparison levels of the alternatives, Adoptions, Mutual dependence and Open lines of communication. This theory will now be compared to the empirical data in chapter 5.

Question 16 was first asked as an **open question** before asking any other question and it doesn't relate to any theory. But it was put forth to investigate the view the respondents had on relations before the Key Constructs part of the interview guide was discussed. The outcome of this question was not entirely surprising; the respondents gave price, quality, deliveries and people as the major factors that influence a relation. These answers can be considered normal and traditional when relations' work isn't that common among mid sized B2B companies today.

To categorise Casco as a company that work actively with **goal compatibility** towards their customers' common goals must exist. When analysing the interview guide it is found that goal compatibility exists although it isn't pronounced via contracts or created via negotiations or open forums. Since Casco and its customer has an open discussion regarding product development this also can be seen as some form of goal compatibility.

Since not one company uses delivery control when receiving Casco products **trust** is present. When asking the respondents in which areas they trust Casco they said that they trust Casco in the areas of support, quality, environmental work, deliveries, future product development and technical capability. Since trust is someone's perception of another's abilities, expertise and knowledge the interviewees all trust in Casco. The respondent all said that this is something that is positive for the relation. Satisfaction can also be said to be present since the respondents make fewer complaints with Casco than their other suppliers. They also responded that this was positive for the relation. Other cues that implicate trust are that these customers have been loyal to Casco for more than 10 years and that they allow Casco to help them in their production.

Investments had been made to six out of seven companies and only to those who wanted it. Therefore it is so that all of these companies whether they wanted it or not had the option to receive investments from Casco and this was considered to be positive from the respondents point of view. Not one company had invested in Casco, the reason for this is not known but it is probably because of their specific buyer-supplier relation. All the companies that replied yes had received education. This was done so that they can maximise their production that is related to Casco products. This was also found to be good for the relation.

According to the respondents they don't associate with any Casco representative on a **social** level. The only contact is during business hours and this cannot be considered as social interaction. This didn't according to the respondents affect the relation since they couldn't feel a lack of this type. Although they thought it would be good for the relation if social interaction existed. The primary reason that social interacting didn't exist was according to the respondents the geographic distances between Casco and their customers.

Either party had made no **irreversible investments**. This is according Wilson and Jantrania one of the important things that build a strong relationship. This can create a forced relationship that isn't wanted by either party. It isn't needed in this industry since it is very old and has little need of new investments.

All respondents felt that Casco is the most favourable **alternative** on the market today meaning that this is a loose position that easily can change. There is however only one other strong competitor, therefore it is of great importance to monitor this competitor.

Six of the respondents said that Casco had changed/modified their products to suit their counterpart. The last respondent said that Casco listens whenever there is a problem/thought. All interviewees found this to be positive for the relation, all in accordance with *The Relationship Development Process* by Ford et al (1998). Hence Casco uses **adoptions** to increase the relationship with their end user customers.

Only one respondent claimed that a dependence of Casco was present. This was due to Casco's know-how on a certain machine. This customer could however solve this if they were given some time. The others said that they weren't dependent on Casco to be able to produce. Neither is Casco dependent on any of their customers (given that only one is lost). Therefore **mutual dependence** isn't present. Here we now can say (taking all factors into consideration) that the relation Casco has with its customers has an open nature where the only thing that keeps them together is their will to stay together. In the theory models presented in the frame of reference there are factors that has a binding nature such as irreversible investments or mutual dependence. Since they aren't present things could change quickly. However this also keeps Casco awake for changes and gives them incentive to change if their customers want so.

No **communications problems** exist; this was considered to be positive among the respondents. This is also according to the *Conceptual model for building relations* by McQuiston (2001) something that builds a strong relation. There is however exceptions, one respondent mentioned that he was unable to get a hold of somebody at Casco once, but since this was a one time occurring event it isn't a generalise event.

6.2.2 *Within-case analysis retailers*

On question 16 the answers for retailers varied as well. The pronounced factors were people and capability to solve problems. This shows that the retailers aren't that used to work with relationships either.

All three respondents replied that there are **common goals** although not on print. They felt that this was good and that is also in compliance with the theory in the frame of reference.

Trust was found to be present among the retailers, this was positive for the relation according to the respondents. This is according to the theory in the frame of reference.

The retailers felt **satisfaction** with Casco's products, something that is good for the relation and in accordance with the frame of reference.

The respondents answered that Casco had **invested** in them this was something that is good for the relation and in accordance with the frame of reference.

The same thing applies to retailers as to end users when it comes to **social interaction, irreversible investments and comparison level of alternatives**.

Two respondents gave a direct yes to the question that Casco had modified a product to suit them better. They found this positive. The last respondent said that they had benefited from Casco's product development. Here it hard to say whether Casco really made product adoptions for these customers or if they did so to stay competitive. Nevertheless that fact that the customer believes that Casco makes **adoptions** to suit them is positive for the relation.

One respondent argued that his company needed Casco, because they were the only company on the market that could provide an entire product range. The other two claimed not to have any **dependence** of Casco. Neither is Casco dependent on one of these three customers. According to McQuiston (2001) this is one of the factors that build a strong relationship. A mutual dependence is probably not possible to create in all B2B businesses depending on competition and number of customers. The fewer but big customers and on the other side few and specialised sellers the higher the degree of mutual dependence would be.

Open lines of communication exist according to the theory in the frame of reference.

6.2.3 Cross-case analysis

One difference between the retailers and the end users is that retailers are more focused on relations work that will help them sell and the end users on relations work that will help them in their production. In neither presented theory in the frame of reference is this topic discussed; that companies differ and therefore might need different resource allocation in terms of relations work.

Other than the remark above no other significant differences can be extracted from the empirical study made on end users and retailers. They seem to have the same perception of Casco when it comes to relations work. The reasons that they seem to have the same perceptions can be many and it is something interesting to investigate further; if this is generalise to more B2B companies.

7 CONCLUSIONS

This chapter will present the conclusions from the analysis in the previous chapter. It will also try to answer the research questions.

7.1 Conclusions regarding RQ 1.

RQ 1: How can the present stage in the relationship lifecycle be characterised in the business-to-business market?

Since all interviewed companies were found to be in the commitment stage in Dwyer & Tanners model of relationship development (1999), this was the only stage that could be properly characterised. The companies also filled the criteria's for the expansion stage (Ibid) but since they weren't in it today it would be hard to try and measure it.

Contracts, social ties and shared ownership are not necessary since a good relation is build on the desire to stay "related" not contracts, shared ownership or forced social ties. These can create a "dead" relationship where the parties aren't stimulated to develop with the other. The model developed by Dwyer and Tanner (1999) could perhaps be extended in the commitment phase to describe that a relation can be either forced or free of will at all times. Off course this all depends in what industry you are in. Therefore maybe industries can be categorised into different clusters where the degree of forced relations vary.

Well in the commitment stage (Op cit) the companies must dedicate resources to stay in this stage, if this is wanted. This is a never-ending process where time constitutes as a change in direction, controlled by the parties involved. This is the reason that I think that this model seems a bit imprecise. The commitment stage constitutes of many factors, not having the same influence on all industries.

My findings for RQ 1 are that the present stage (commitment stage) (Op cit) in the relationship lifecycle be characterised as follows. The relationship is stable, so is the exchange of monetary funds and goods. The involved parties has listened to each other and changed to intensify the relationship. Resources are in proper amounts being deployed to enhance the quality of the relationship (a relationship dies without nutrition). There is a common desire to preserve this relationship and/or the parties connect via contracts, shared ownership or social ties. Hence this theory can be applied on this market but should probably become more applicable if its step were more developed and defined.

7.2 Conclusions regarding RQ 2.

RQ 2: How can the factors that affect the stages in the relationship lifecycle be characterised in the business-to-business market?

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When asking an open question to the respondents what they believed affected their relation with Casco most, they replied price, quality and deliveries. This shows that although company representatives know that it is important to have good relations they don't really know what elements a relation consists of. This shows that by identifying the factors that affect a relation and defining them it is possible to work professionally with relations and the development of these.

It is shown that factors from all three models (*The Key Constructs* by Wilson and Jantrania (1996). *The Relationship Development Process* by Ford et al (1998). *Conceptual model for building relations* by McQuiston (2001)) had an effect on the relation. The factors in these models are probably not the only factors that affect a relation. There are probably more factors that affect relations, this is one thing that this thesis shows; more research has to be done so that a new model that complements the existing models will be produced. The exceptions that this thesis was unable to investigate since neither party in the cases was experiencing this are mutual dependence, structural bonding and social interaction.

While doing this thesis the performed interviews have given the author some insight into this industry. It is with this in consideration all factors below are presented.

Goal compatibility exists but isn't pronounced and communicated well enough. By participating in the customers processes and allowing them to participate in Casco's processes goal compatibility can be developed by both sides. Goal compatibility can be characterised as when two parties have the same goals and share a will to fulfil them. This is done via an open dialogue and effort.

Trust is also found to constitute an important piece of a relation. It is developed over time and is build as parties fulfil their promises and lives up to expectations. This is if not the most crucial part of the relation the part that makes a free and open relation possible. Trust can be characterised as the customers' belief in the sellers ability to fulfil the customers' needs.

Satisfaction can be viewed upon many ways but if the seller makes sure to be better then the other companies that deliver products/services to the company at hand they are likely to be satisfied with you. Investigating what the customer wants and live up to that does creating satisfaction. Therefore creating satisfaction is a part of creating trust.

Relations need input to flourish, one of the inputs are investment. Investment can come in many forms, tangible or intangible, it is important to launch them to at least maintain the relationship status (if the survival of the relation is desired). Some relations need more investments than others nevertheless this is one of the factors that build a relation.

Comparison level of the alternatives gives a good idea of your current attractiveness on the market. How the potential customer evaluate this is different since some consider price to be important whilst others might consider total cost when selecting supplier. Casco is the most favourable alternative on the market today but this can change quickly. Casco's competitors should therefore be monitored so that the competitive advantage of today won't go lost.

To make customer specific adoptions is a proof that a desire to keep the relation is present. Adoptions bring the buyer and seller closer to each other, here synergies might be found. From the interviews it is shown that Casco work actively with this. When customers had problems they said that Casco listened and worked to reduce this problem, they also stated that this was good for the relation. It is however important to remember that these adoptions should be economically for both sides. When interviewing it came to my attention that although the main part of the respondents said that Casco had made adoptions for them, many of these changes probably improved the situation for many of Casco's customers. So although many of these changes weren't specifically made for any customer they experienced that it was so. This is of course good for Casco.

With the information infrastructure of today it is easy to keep open lines of communication, all it takes is some organisation. So if this factor is to be in a model for relations building I think it should have some lesser importance in the theory model presented in the frame of reference. On the other hand if open lines of communication wouldn't exist this would damage the relation. Still this factor feels very obvious. What might be more important is how and what we communicate.

7.3 Managerial implications

Here recommendations for companies in this industry will be made.

- Work actively with relations and identify which factors that affect the present relations. The findings in this report can be used but it should be taken into consideration that each company is specific and that situations might change.
- Classify the present relation (what stage it is in) and analyse which factors that affect this stage. Then work actively with these factors to improve customer relations.
- Conduct research whether my findings are applicable to other industries and companies as well as to Casco.
- Remember that relations work is of synergistic nature, and that both customer and supplier will benefit from this.

7.4 Recommendations for further research

When conducting this thesis some questions arise. They are questions that should be researched further. They are presented in bullet form below.

- Perform the same study in a different industry on a different market to see if these findings really can be made generalised. Perhaps on a market where the buyers are few and the seller are many.
- To perform the same study from the buyers perspective.
- Working with completion of the theories produced by Wilson and Jantrania (1996), Ford et al (1998) and McQuiston (2001). This way a new theory model can be produced. This model would complete the three previous models.
- To investigate further if the theory by Wilson & Jantrania could be extended and more defined, especially the commitment phase.

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- To investigate which factors that affect relationship development in the three previous phases (awareness, exploration and expansion).

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APPENDIX 1- END USERS

Interview guide

1. Date, time and place of interview:

The respondent

2. The respondents name and position:
3. Which is your specific task?

Determining which stage of the relationship lifecycle the company is in

4. Are you aware of Casco Products existence and what Casco Products produces?
5. Are purchases taking place? If so, what are the products that you are buying?
6. Are you probing and making trial test buys?
7. Is there regularity in purchasing? What's the frequency?
8. Have any investments been made from your or Casco's side (education, money, equipment etc.)?
9. Have you or Casco made successful request for adjustment/customisation of products?
10. How much do you buy from Casco on each occasion?
11. How important are Casco's products for your own production (e.g. if deliveries would fail, would you face implications such as production stop or other)?
12. Are purchasing running smoothly?
13. Have more than one adjustment been made to suit the counterpart?
14. In what fields do you have co-operation with Casco? Are resources being deployed to intensify the relationship (time, money or education)?
15. Have you together with Casco developed contracts, shared ownership or social ties? Do you have a desire to preserve the relationship with Casco, deploying resources to do so?

Factors that affect relationships

16. What factors do you believe affect the relation between you and Casco the most? In what way do they affect the relation?
17. Are there any outlined common goals in terms of deliverance? If so, in what way do this affect your relation?
18. Are there any outlined common goals in terms of quality If so, in what way do this affect your relation?
19. Are there any outlined common goals in terms of profits? If so, in what way do this affect your relation?
20. Are there any other outlined common goals. If so, in what way do this affect your relation?
21. Is there a delivery control before using Casco products?
22. In which areas do you feel that you can trust Casco (Support, quality, delivery, future product development, environmental work, technical capability etc.)? If so, in what way do this affect your relation?
23. Do you experience that you have to make many complaints to Casco regarding quality or deliveries? More often to Casco than your other suppliers? How do this affect your relation to Casco?
24. Has investments from one of the parties in favour of the other been made (education, monetary injections, equipment etc.).
25. If so, what are they and how do this affect your relation to Casco?
26. Do private gatherings (parties, dinners, golf etc.) with members from both companies occur?
27. If so which type?
28. If so, is it to the extent that you feel that you know your counterpart at Casco?
29. If so, in what way do this affect your relation?
30. Have any irreversible investments been made by either party? They can be machines, facilities, EDI etc? If so, in what way do this affect your relation?
31. Do you feel that Casco is the most favourable alternative on the market?
32. Has Casco modified their product/products to suit their counterpart? If so, in what way do this affect your relation?
33. Is the customer dependent on Casco to be able to produce?
34. Are Casco dependent on their customer?

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35. Do any communication problems exist (telephone, email, fax, letters or personal contacts)? If so, in what way do this affect your relation?

Additional Questions

36. How long have you been a customer of Casco?

37. What is the reason that you are a customer of Casco? What is the reason that you will continue/not continue to be a customer of Casco?

38. According to you, which are the most important personal relations (Service, sales personnel, order staff, technical staff, sales manager etc.)?

39. Do you feel that there is a channel where dissatisfaction can be expressed?

40. If so, what is it?

41. Who is/are the person/persons that symbolises Casco for you?

42. Do you feel that Casco is capable in work with relationship management compared to their competitors?

43. Do you feel that Casco is capable in work with relationship management compared to your other suppliers?

44. If so, what do you think the result of this might be?

APPENDIX 2-RETAILERS

Interview guide

1. Date, time and place of interview:

The respondent

2. The respondents name and position:
3. Which is your specific task?

Determining which stage of the relationship lifecycle the company is in

4. Are you aware of Casco Products existence and what Casco Products produces?
5. Are purchases taking place? If so, what are the products that you are buying?
6. Are you probing and making trial test buys?
7. Is there regularity in purchasing? What's the frequency?
8. Have any investments been made from your or Casco's side (education, money, equipment etc.)?
9. Have you or Casco made successful request for adjustment/customisation of products?
10. How much do you buy from Casco on each occasion?
11. How important are Casco's products for you (meaning would there be a problem if Casco would fail to deliver)?
12. Are purchasing running smoothly?
13. Have more than one adjustment been made to suit the counterpart?
14. In what fields do you have co-operation with Casco? Are resources being deployed to intensify the relationship (time, money or education)?
15. Have you together with Casco developed contracts, shared ownership or social ties? Do you have a desire to preserve the relationship with Casco, deploying resources to do so?

Factors that affect relationships

16. What factors do you believe affect the relation between you and Casco the most? In what way do they affect the relation?
17. Are there any outlined common goals in terms of deliverance? If so, in what way do this affect your relation?
18. Are there any outlined common goals in terms of quality? If so, in what way do this affect your relation?
19. Are there any outlined common goals in terms of profits? If so, in what way do this affect your relation?
20. Are there any other outlined common goals. If so, in what way do this affect your relation?
21. Is there a delivery control before selling Casco products?
22. In which areas do you feel that you can trust Casco (Support, quality, delivery, future product development, environmental work, technical capability etc.)? If so, in what way do this affect your relation?
23. Do you experience that you have to make many complaints to Casco regarding quality or deliveries? More often to Casco than your other suppliers? How do this affect your relation to Casco?
24. Has investments from one of the parties in favour of the other been made (education, monetary injections, equipment etc.).
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29. If so, in what way do this affect your relation?
30. Have any irreversible investments been made by either party? They can be machines, facilities, EDI etc? If so, in what way do this affect your relation?
31. Do you feel that Casco is the most favourable alternative on the market?
32. Has Casco modified their product/products to suit their counterpart? If so, in what way do this affect your relation?
33. Is the customer dependent on Casco to be able to sell?
34. Are Casco dependent on their customer?

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35. Do any communication problems exist (telephone, email, fax, letters or personal contacts)? If so, in what way do this affect your relation?

Additional Questions

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37. What is the reason that you are a customer of Casco? What is the reason that you will continue/not continue to be a customer of Casco?

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Utbildning

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Institution

Industriell ekonomi och samhällsvetenskap

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Titel

Defining and developing relations on the Swedish adhesives market

Författare

Erik Lövberg

Sammanfattning

The research problem of this report has been to characterise the relationship between supplier and customer in a business-to-business market. The research problem has been further developed in forms of two research questions dealing with the present stage of the relationship lifecycle and factors affecting the stages in the relationship lifecycle.

The specific company that has been under investigation is Casco products and a few of their customers. The method used has been personal interviews with ten of Cascos customers. All information has been collected via an interview guide that has been presented in advance to all selected respondents. The study has been of a qualitative nature.

The conclusion is that there are ten factors that affect the commitment phase in a relation, although all factors might not be applicable to all industries. Another conclusion is that a relation develops over time and that the model of relationship development isnt developed to fit all industries perfectly.

Uppdragsgivare

Casco Products, a sub division of AKZO Nobel

Granskare/Handledare

Lars Bäckström

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Upplaga

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