Supplier-customer relationships- a portfolio analysis of asymmetry

**Purpose of the paper.**
Industrial marketing researchers have studied for several decades asymmetric relationships, mostly small-sized suppliers in buyer-dominated relationships (Holmlund and Kock, 1996)\(^1\). More recently researchers from the Industrial Marketing and Purchasing group (IMP) have focused on this concept of asymmetry using the interaction approach, but no research, so far, investigates the impact of the different products/services sold on the characteristics of the asymmetric relationship.

**Research questions**
Our study examines the characteristics of asymmetric vertical relationships, revisiting Kraljic’s purchasing portfolio (1983)\(^2\) and we address the following research questions:

*What are the characteristics of small suppliers’ asymmetric relationships with large suppliers according to the type of products/services they sell? What is their level of power and dependence?*

**Methods**
We decided to use qualitative techniques to understand how the characteristics of asymmetric supplier-customer relationships differ according to the typology of the supplied products/services.

**Main contribution of the paper.**
Our study draws on previous IMP studies and we deepen the understanding of asymmetric relationships by adding the purchasing portfolio dimension and how the product/service type can influence the characteristics of the relationship.

Our findings show that empirical indicators of the relationship characteristics lead, for each of them, to a continuum starting with strategic then bottleneck and noncritical items. Our study suggests optimized relational strategies for each item category that small suppliers can implement and proposes an overview of small suppliers’ relational strategies, supported by Kraljic’s matrix.

**Keywords**: Asymmetric relationships; Kraljic’s matrix; small suppliers

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Title: Beyond Words: The Impact of Firms’ Customer- and Dealer-Targeted Communications on Product Recall Efficacy

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Abstract: Automobile product recalls have become increasingly common, affecting 64 million automobiles in 2014. They are, however, paid scant attention by the very stakeholders they are designed to protect. By some estimates, only about 20 per cent of customers respond to manufacturers’ recall notices, taking their unsafe vehicles to the dealers charged with undertaking the required repairs – what we refer to as product recall efficacy. Recall efficacy hinges not only upon the communication between the recall-issuing manufacturers and their impacted customers, but also upon that between the manufacturers and their dealers. The present study identifies relevant characteristics of manufacturer-to-dealer and manufacturer-to-customer communications, and assesses how the characteristics of the two communications interact to enhance or hinder recall efficacy. We build a novel dataset comprising more than 2,000 recall notices issued in 2013 and 2014 by 20 automobile manufacturers to their dealers and to their impacted customers, and the customers’ response to these recalls over the six quarters following the recall issue. Using text mining methodology, we extract latent characteristics of these notices. We then assess how the intra- and inter-manufacturer variations with respect to these characteristics impact recall efficacy. Our research emphasizes the complementarity of business-to-customer (B2C) and business-to-business (B2B) communications in ensuring that recalled products are returned and repaired in a timely manner.
IS IT THE TRUST-COMMITMENT THEORY OF RELATIONSHIP MARKETING OR THE COMMITMENT-TRUST THEORY OF RELATIONSHIP MARKETING?

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Abstract

Trust and commitment are key constructs in the study of relationship marketing (Palmatier et al. 2006). Trust is the belief that one’s channel partner can be relied on to fulfill its obligations (Scheer 2012), whereas commitment is the belief that a channel relationship is so valued that warrants “maximum efforts” at maintaining it (Morgan & Hunt 1994). Conventional wisdom is that trust leads to commitment because a trusted channel partner is so highly valued that a channel member will put forth maximum efforts to maintain the relationship (Morgan & Hunt 1994).

The causal relationship of trust’s impact on commitment has received considerable research attention as well as empirical support (e.g., Caceres & Paparoidamis 2007; Palmatier et al. 2006). This perspective of the trust-commitment relationship however might have led researchers to overlook the possible effect that commitment might have on trust. Ignoring this potential effect may have prevented scholars from understanding the complexity of relationship marketing and hindered practitioners’ abilities to manage their marketing channels effectively. Hence, the purpose of this research is to examine the influence of commitment on trust.

This research starts by examining Morgan and Hunt (1994), the foundational work in the marketing literature that explains and empirically supports the causal relationship of trust to commitment. Using the variance-covariance matrix reported in Morgan and Hunt (1994), we re-analyzed the data using structural equation modeling. We compare the original trust leads to commitment model with two alternative models: 1) a model that allows commitment to predict
trust and 2) a nonrecursive model where trust and commitment have a reciprocal relationship. Our analysis of Morgan and Hunt’s (1994) data suggests that the nonrecursive model fits their data significantly better than the recursive one they report. In the nonrecursive model, trust enhances commitment as Morgan and Hunt (1994) posit, but commitment also erodes trust. To examine the reciprocal relationship further, we replicate these results using franchisee data. Similar to Morgan and Hunt (1994), data from 205 franchisees demonstrates reciprocal effects wherein trust enhances commitment but commitment diminishes trust.

This latter finding suggests that when a firm is committed to a relationship, it may find terminating that relationship difficult. The perception of being “stuck” in the relationship may override any positive feelings (Anderson & Jap 2005; Fullerton 2005). Another possibility is that as a firm invests more in a relationship, it becomes more dependent on its partner. This increased dependency may increase the firm’s vulnerability and its concerns about its partner’s opportunism (Anderson & Jap 2005; Dant & Gleiberman 2011). Feeling vulnerable may cause suspicion and undermine the firm’s trust in its partner. In addition, when a firm contributes its maximum effort to maintain the relationship, it may have higher expectations of its partner (Huppertz et al. 1978). If the partner performs below expectations, the firm may feel like it cannot rely on its partner. As a result, commitment may erode trust in marketing channel relationships.