



KEY DRIVERS FOR THE DEVELOPMENT AND MAINTENANCE OF BUSINESS-TO-BUSINESS (B2B) RELATIONSHIP: A REVIEW

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Abstract: Marketing literature suggests that developing and maintaining business-to-business (B2B) relationship is very much important to gain sustainable competitive advantage; however literature detailing with key drivers of developing B2B relationship is scarce. This study thus endeavours to fill the gap by integrating the concept of key drivers for B2B relationship. Many drivers may help the development and maintenance of B2B relationship. But there are some common and key drivers that play the major role in the development and maintenance of their relationship. The study indicates that key drivers of B2B relationship are trust and commitment, communication, dependence, IT and market/customer orientation, customer satisfaction, opportunism. The study suggests marketing practitioners some guidelines to develop long-lasting relationship with their business customers who can be used as a differentiator.

Keywords: Chaotic marketplace, sustainable competitive advantage, Business-to-Business relationship

Introduction

Since the mid-1980s, there has been a paradigm shift in marketing from the transaction approach towards relationship orientation (Smyth and Fitch, 2009). Relationship building is a cornerstone of marketing (Gronroos, 1990, 1994) and the objective of relationship marketing is to “maintain and enhance relationships with customers, and other partners, at a profit, so that the objectives of the parties are met. This is achieved by a mutual exchange and fulfilment of promises.” Relationship marketing has received huge attention by researchers both in business-to-business (B2B) and in business-to consumer (B2C) context (Riley and Chernatony, 2000); has been termed as a ‘new paradigm’ (Gronroos, 1994) within marketing discipline; “sub-discipline” (Sheth, 1996; cited by O’Malley and Tynan, 1999) and is highly effective for understanding the needs and requirements of the market. Developing and maintaining successful long-term relationship in business-to-business exchanges is highly important for any manufacturer/supplier for creating sustainable competitive advantage. The importance of developing and maintaining long-term relationship with the customer is widely recognized in the marketing literature. Consequences of relationship marketing are improvement in marketing productivity, achieving marketing effectiveness, customer involvement, minimization of negative image of marketing, achieving marketing efficiency etc (Sheth and Parvatiyar, 1995). Developing relationship with customers is the best way to get make them loyal and that loyal customers

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are more profitable than non-loyal customers (Reichheld and Teal, 1996). The goal of relationship marketing theory is the identification of key drivers that develop relationship with the customer that influence important outcomes for the firm. This review endeavours to integrate the key drivers of B2B relationship and the managerial implications of the relationship.

Materials and methods

The nature of this study is exploratory as it is designed in order to gain insights and understanding. In terms of the character of data and the way in which they are gathered, the process of this research is qualitative in nature. Besides, the study seeks to elicit on the opinions and views of the different academic scholars. In terms of outcome of the research this is a pure or fundamental study as the study aims at expanding frontiers of knowledge and is being conducted mainly to improve our understanding to validate an existing theory i.e to identify the key drivers of business-to-business relationship. Learn the nature of those drivers and to verify the inter-relationship among these drivers. Data can be collected in many ways and every method of data collection has its advantages and disadvantages. As the study is a literature review, secondary data are collected in order to address the specific objectives of this study. As per the objective of the study, with a view to identify and highlight the key drivers of B2B relationship, prior studies are rare on the present issue. As such, only a handful numbers of relevant studies on B2B relationship and relationship marketing, published between the years 1960 to 2012, are reviewed.

Drivers of B2B relationship

Researchers have recognized several critical success factors for developing and maintaining relationship in an exchange context (Seppanen *et al.*, 2007). The study on B2B relationship suggested that the key drivers of developing and maintaining B2B relationship are communication, trust and commitment, dependence, relational norms, transactional cost economies, IT and market/customer orientation, relationship value, cultural sensitivity and organisational differences, customer satisfaction, competitive position, service delivery and service encounter, compound relationship, friendship and liking/disliking, opportunism and enhanced offerings.

A. Communication: The Business to Business relationship is positively associated with the both parties' involvement in both instrumental (i.e., task-related and goal-related communications) and social communication (Mohr and Nevin, 1990; Mohr *et al.*, 1996; Sheng *et al.*, 2005). Sheng *et al.* (2005) suggested that instrumental and social communications play different roles in mediating the effect of bureaucratic structure on boundary interpersonal trust.

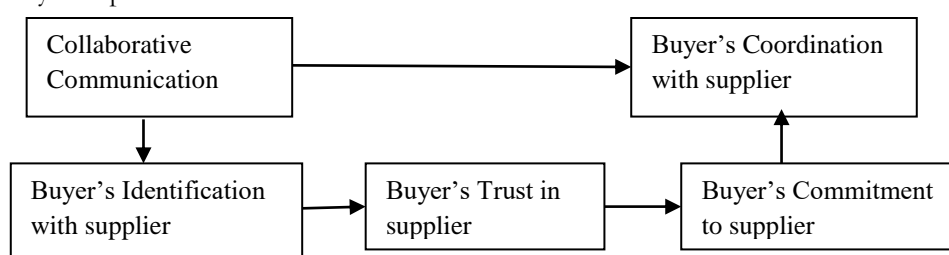


Fig. 1: Communication and B2B Coordination (adapted from Sindhav and Lusch, 2008)

Sindhav and Lusch (2008) pointed out that role of communication and coordination has important role in B2B relationship due to more number of firms are becoming the integral part of vertical marketing system. They suggested that coordination in the B2B context could be generated directly by taking collaborative communication strategies. Communication also helps to build coordination indirectly through identification, trust and commitment where identification plays role of a strong mediating variable. Sheng *et al.* (2005) also pointed out that communication, which is facilitated by formalisation and participation and inhibited by centralisation, enhances interpersonal trust. Information exchange is necessary for performance in long-term relational exchanges (Ling-ye, 2007) and a change in information exchange norms could bring relatively large change in trust (Denize and Young, 2007).

B. Trust and Commitment: Morgan and Hunt's (1994) suggested that commitment and trust, not power or dependence, are the key focal constructs for understanding business to business relationship performance. They suggested that commitment is the critical precursor in order to improve financial performance whereas commitment and trust are both important for building strong relationships and are "key" to promoting efficiency, productivity, and effectiveness in B2B exchanges. Palmatier *et al.*, (2007) suggested that commitment and trust have direct and positive effect on financial and relational outcomes. Though buyer and seller relationship-specific investments (RSIs), which have a direct effect on exchange outcomes is not fully mediated by commitment or trust but the effect of strong B2B relationships (commitment, trust) on overall financial performance and cooperation is enhanced as environmental uncertainty increases.

The study of Herna´ ndez-Espallardo and Arcas-Lario (2008) indicated that high trust in the managing firm (source) affects positively the impact of both outcome-based control and behaviour-based control on the relationship's contribution to the target's performance where outcome-based controls is defined by the extent to which the managing firm (source) emphasises bottom-line results in personal communications with the target's personnel and behaviour-based controls are displayed when the source firm emphasises tasks and activities that are expected to lead to end results (Celly and Frazier 1996). Trust plays basic role in developing and maintaining successful B2B relationship (e.g. Kingshott, 2006; Narayandas and Rangan 2004; Lohtia *et al.*, 2009) and reduces conflict, enhances coordination and foster loyalty among business partners (Martin and Noorderhaven, 2006; cited by Lohtia *et al.*, 2009). The presence of trust represents a necessary pre-condition for closer interaction (Aastrup *et al.*, 2007). The study of Ling-ye (2007) suggested that commitment is important for performance in long-term relational exchanges. The contribution of trust and commitment for developing effective long-term relationship is widely recognised (Anderson and Narus, 1984, 1990; Dwyer *et al.*, 1987; Anderson and Weitz, 1989, 1992; Moorman *et al.*, 1992, 93; Morgan and Hunt, 1994; Ganesan, 1994; Gounaris, 2005; Svensson, 2005; Palmatier *et al.*, 2006, 2007; Laaksonen *et al.*, 2008; Frasset *et al.*, 2008; cited by Chowdhury, 2012).

C. Dependence: B2B relationship and hence performance is determined by the exchange dependence structure (e.g. Bucklin and Sengupta 1993; Hibbard *et al.*, 2001; Palmatier *et al.*, 2007). Partners' interdependence usually affects performance positively because partners work to maintain their relationship and avoid destructive actions, whereas dependence

asymmetry undermines the relationship through fewer structural barriers to the use of coercive power. The study suggested that high dependence on the source affects negatively the impact of both outcome-based control and behaviour-based control on the relationship's contribution to the target's performance where a target as highly dependent on the source when equivalent (or better) alternative trading partners are scarce or simply unavailable, locking the target into its relationship with the source (Anderson and Narus 1990; Herna´ ndez-Espallardo and Arcas-Lario, 2008). Chung *et al.*, 2007 suggested that buyers' dependence on the supplier has a positive influence on the economic satisfaction of the buyers. Whereas the study of Herna´ ndez-Espallardo and Arcas-Lario (2008) indicated that the buyer's dependence on the supplier decreases the positive effects of behaviour-based controls on the buyer's performance.

D. Relational norms: Relational norms, which contribute to exchange partners' strategic ability to develop long-term, committed, trusting, value-creating associations that are difficult and costly to imitate, have direct positive impact on exchange performance (Cannon *et al.*, 2000; Lusch and Brown 1996; Siguaw *et al.*, 1998). The study of Palmatier *et al.*, (2007) pointed out that relational norms have direct and significant effects on all exchange outcomes and relational norms' effects on outcomes are fully mediated in the commitment–trust perspective and transaction cost perspective except for cooperation.

E. Transactional cost economics: The study of Palmatier *et al.* (2007) pointed out that the governance structure and ultimate performance of an exchange is influenced by the level of the exchange partners' specific investments and opportunistic behaviours. The perspective based on transaction cost economics (Williamson, 1975) proposes that the level of transaction-specific investments and the need to manage opportunism influence governance structures and ultimate exchange performance (Wathne and Heide, 2000). The study of Palmatier *et al.* (2007) suggested that relationship specific investments (RSIs) have a direct effect on all exchange outcomes. Opportunistic behaviours affect relational outcomes but not financial outcomes. Unlike RSIs, opportunistic behaviours are fully mediated in both the commitment–trust and the relational norms models.

F. IT and market/customer orientation: The study of Frasquet *et al.* (2008) indicated that customer orientation has positive effect on the application of IT to logistics, and IT has a positive impact on buyer and seller commitment to the relationship. Customer orientation has a positive and direct influence on trust but has only an indirect influence on commitment through IT usage and trust. Regarding the effect on trust and commitment of the usage of IT in logistics, the authors concluded that- a significant, positive effect has only been detected on commitment and not on trust but trust generated by customer orientation requires IT to develop commitment as the direct link between customer orientation and commitment was not confirmed.

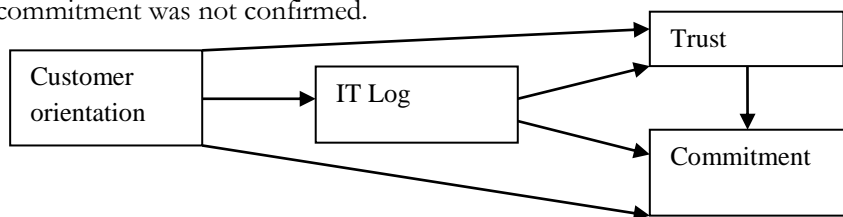


Fig. 2: Customer orientation and IT in B2B relationship (Frasquet *et al.*, 2008)

The role of internet, providing firm's opportunity to learn and to store more information about buyers which is necessary to offer customised products/services and which in turn develops relationship is critically important (Rust, 2004). Supplier portal, a information and communication technology (ICT) solution, which provides unified application process, information management and knowledge management both within and between enterprises and their channel members has a more stronger and relevant and stronger impact on B2B relationship than on purchase process efficiency or logistics process performance (Baglieri *et al.*, 2007). The study of Ling-ye (2007) suggested that relationship quality, informal inquiries, and web-based inquiries between suppliers and buyers are becoming powerful nowadays.

The study of Chung *et al.* (2007) suggested that buyer's market orientation has positive effects on seller market orientation and alleviates supplier use of coercive influence strategies. Due to presence of suppliers control over merchandizing and selling to the buyers' customers, supplier market orientation is extremely important too and has prompt influence over the buyer's economic satisfaction with the supplier. Supplier market orientation increases retailer dependence on the supplier and retailer economic satisfaction with the supplier. Supplier market orientation also has positive influences on distributor commitment to the relationship, but has no influence on distributor trust and co-operative norms. Grzeskowiak *et al.* (2007) suggested that- 'consistency among market orientation activities with customer value creation potential in business networks is central to achieving high levels of network customer performance'. Market orientation directly influences relationship learning which in turn promotes the efficiency and effectiveness of the relationship (Lai *et al.*, 2009). As seller with idiosyncratic investments can be believed as caring and willing to make sacrifices and willing to cooperate hence buyer will perceive a seller firm more trustworthy if the firm is customer/market oriented (Ganesan, 1994; Doney and Canon, 1997; cited by Chowdhury, 2012).

G. Relationship Value: The study of Ulaga and Eggert (2006) pointed out that relationship benefits (consists of core benefits e.g. product quality, delivery performance; sourcing benefits e.g. service support, personal interaction and operating benefits e.g. Supplier know-how, time to market) display a stronger potential for differentiation in key supplier relationships than relationship cost (consists of direct costs, acquisition costs and operation costs) considerations.

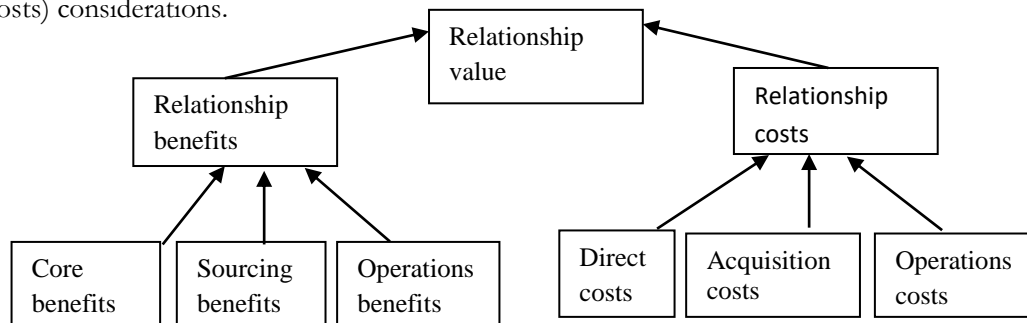


Fig. 3: Value and B2B relationship (Ulaga and Eggert, 2006).

H. Cultural sensitivity and organisational differences: Beugelsdijk and Noorderhaven (2009) suggested that organisational differences along with cultural differences have a stronger role during the early stage of business relationship due to lack of personal experience to evaluate trustworthiness. They also pointed out that though less successful B2B relationships are characterised by larger differences in organisational cultures but there is no empirical evidence to suggest that there is a statistical significance between cultural distance and perceived relationship performance.

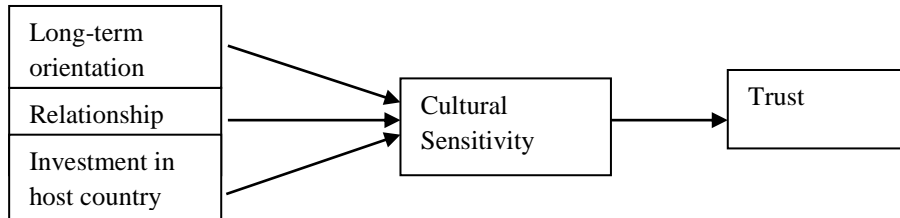


Fig. 4: Cultural sensitivity in B2B relationship (Lohtia and Bello, 2009).

Lohtia and Bello (2009) suggested that cultural sensitivity is a significant mediator of the relationship between intentionality- based variables (long-term orientation, relationship building and investment in host country) and perceived buyer trust.

I. Customer satisfaction: As the benefits of customer satisfaction increases in revenue, decreases in customer related transaction costs and reduction in price elasticity among repeat buyers (Formell, 1992; Lewin, 2009) hence effect of customer satisfaction on firm’s current and future performance is significant (Anderson *et al.*, 1994; Lewin, 2009).

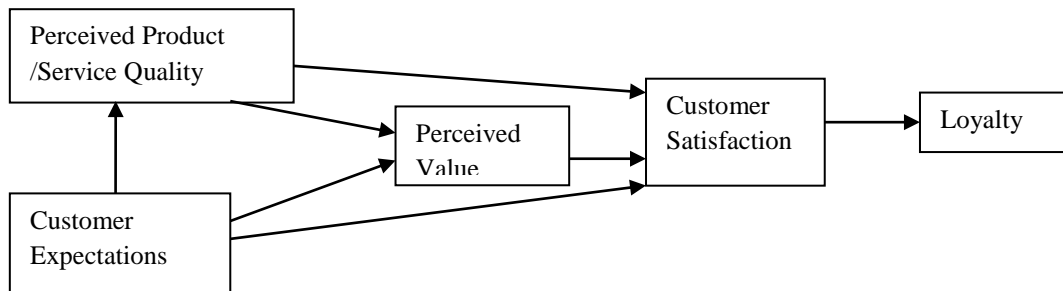


Fig. 5: Business Customer Satisfaction (Lewin, 2009).

The study of Lewin (2009) suggested that there exists direct and positive effect of customer expectations on both pre-purchase perceptions of product/service quality and perceive value but the direct effect of customer expectation on customer satisfaction is negative. The relationships between product/service quality and perceived value, product/service quality and customer satisfaction are direct and positive. There exist direct and positive relationships between perceived value and customer satisfaction, and between customer satisfaction and loyalty.

J. Competitive position: Oubina *et al.* (2006) suggested that marketer's competitive position brings about buyer's satisfaction and dependence on the supplier both directly and indirectly through enhancing buyers' perceive quality.

K. Service delivery and service encounter: The interaction between customers and provider is referred to as the service encounter, or in popular management jargon "moment of truth" (Gummesson, 2003). The relationship in the B2B sector depends on both service delivery and service encounter. Bolton *et al.* (2008) suggested that superior account management and service delivery (through people and technology) are necessary if a marketer intends to grow its relationships with customers by means of service contract upgrades. Gil *et al.* (2008) pointed out that perceptions regarding service encounter could generate both direct and mediated effects through perceived service value.

L. Compound relationship: B2B relationship depends on compound relationship. Ross and Robertson (2007) suggested that in many cases the overall relationship between the two firms is composed of multiple simple relationships: supplier to customer, and vice versa; competitor to competitor; and partners.

M. Friendship and liking/disliking: Combining friendship and business in the same relationship could have both beneficial and critical effects. Grayson (2007) suggested that true friends unlike business partners are not expected to be motivated by any instrumental benefits (like money, status etc) beyond their relationship. He concluded that friendship is not entirely bad for business and friendship's influence can be either positive or negative. Lian and Laing (2007) suggested that personal level relationship is critical in the purchasing process. Heide and Wathne (2006) emphasised on roles and functions in managing relationship and suggested that an in-depth understanding of roles is a prerequisite for the deployment of relationship management initiatives toward channel members. They also suggested that generic relationship management initiatives (incentives, monitoring etc.) are intrinsically linked with role of a business person. Peterson (2006) pointed out that- 'where marketers are involved in efforts to alter the attitudes of buyers and the buyers view some liked or disliked influential employee in the firm as having a favourable or unfavourable attitude toward the marketer'.

N. Opportunism: Hawkins *et al.* (2008) discussed that opportunism is defined as self-interest seeking with guile (Williamson, 1975) and includes such activities as stealing, cheating, breach of contract, dishonesty, distorting data, obfuscating issues, confusing transactions, false threats and promises, cutting corners, cover ups, disguising attributes or preferences, withholding information, deception, and misrepresentation (e.g. Anderson, 1988; John, 1984; Wathne and Heide, 2000; Williamson, 1985). In short, opportunism is aggressive selfishness and disregards for the impact of the firm's actions on others (Lai *et al.*, 2005; Macneil, 1981; Williamson, 1975). In their literature review Hawkins *et al.*, (2008) concluded that opportunism has significance consequences to the firm. The study suggested that opportunism has negative relationship with trust (e.g. Morgan and Hunt, 1994; Smith and Barclay, 1997; cited by Chowdhury, 2012) and hence opportunism has negative impact on relationship.

O. Enhanced offerings: Enhanced or complete offerings basically include the bundling of products and/or services (e.g. Eppen *et al.*, 1991; Stremersch and Tellis, 2002; Penttinen and

Palmer, 2007) and the development of more comprehensive solutions to the customer needs (Stremersch *et al.*, 2001; Penttinen and Palmer, 2007). The study of B2B relationship indicated that complete offerings enhances relationship with the buyers (Penttinen and Palmer, 2007).

Discussion

Communication is defined as the formal and/or informal sharing of meaningful and timely information (Anderson and Narus, 1984, 1990), amount, frequency, and quality of information (Palmatier *et al.*, 2006) between organisations engaged. Mohr and Nevin (1990) described communication as a glue to hold the firms together. Morgan and Hunt (1994) pointed out that past communication is a precursor of trust, which in turn develops better communication. The communication is directly and positively linked with building trust (Anderson and Weitz, 1989; Morgan and Hunt, 1994; Sindhav and Lusch, 2008), has strong positive effect on both trust and commitment (Palmatier *et al.*, 2006), not very significant for building commitment (Palmatier *et al.*, 2007). Communication fosters trust by assisting in resolving disputes and aligning perceptions and expectations (Etgar, 1979; cited by Morgan and Hunt, 1994) and hence communication was primarily related to trust in dyadic business exchange (Anderson and Weitz, 1989). By sharing information through frequent two-way interchanges exchange partners achieve co-ordination. As communication enhances confidence in the continuity of relationship and decreases dysfunctional conflict (e.g. Anderson and Weitz, 1989; Anderson and Narus, 1990; Dwyer *et al.*, 1987). The study suggested that communication builds co-ordination, identification, trust and commitment. Effective communication also helps partner firms to perform in the long-run relational exchange. Hence open sharing of information motivates firms to commit to a relationship (Anderson and Weitz, 1992).

Trust is belief by one organization that a partner will perform actions producing positive results for the former (Dwyer *et al.*, 1987; Anderson and Narus, 1990; Moorman *et al.*, 1993; Morgan and Hunt, 1994); willingness to rely on an exchange partner in whom one has confidence (Moorman *et al.*, 1992). The trusting party believes that the trusted party is able to deliver on the promise and will not deliberately take unfair advantage of the situation (Arnott, 2007). Trust is defined as fundamental relationship building block (Wilson, 1994; cited by Gounaris 2005). Commitment is defined as the belief of a firm in a dyadic exchange that the existing relationship with another firm is very important and hence it deserves maximum efforts to maintain it for long-term period (e.g. Moorman *et al.*, 1992; Morgan and Hunt, 1994; Chowdhury, 2012). Trust reduces transaction costs such as governance costs (management costs), internalization costs (acquisition costs) and social complexity (Bidault & Jarille, 1997; Williamson, 1993; Arrow 1974; Luhmann 1979; cited by Seppanen *et al.*, 2007). Trust is required as a threshold condition for inter-firm cooperation to evolve (Blomquist, 2002; Dibber 2000; cited by Seppanen *et al.*, 2007). and trust influences B2B relationship directly and positively (Sanzo *et al.*, 2003). Trust and commitment are mentioned as two highly interrelated notions (Kumar *et al.*, 1992) which stimulate a relational bond between exchange partners that facilitates the establishment of productive collaborations. The study on B2B relationship pointed out that the key outcomes of trust are cooperation, reduced conflict, loyalty, word of mouth, uncertainty whereas the outcomes

of commitment are expectation of continuity, acquiescence, relationship performance, cooperation, conflict, loyalty, word of mouth and coordination. (e.g. Palmatier et al., 2006; Palmatier et al., 2007; Zaheer et al., 1998; Anderson and Narus, 1984, 1990; Dwyer et al., 1987; Morgan and Hunt, 1994; Lewin, 2009; Hennig-Thurau et al., 2002; Kumar et al., 1992; Moorman et al., 1993; Sindhav and Lusch, 2008). The relationship between trust and commitment is strong and positive (e.g. Frasquet et al., 2008; Palmatier et al., 2007; Gounaris, 2005; Morgan & Hunt, 1994; Moorman et al., 1992). The relationship between trust and relationship is positive (Moorman et al., 1992; Ganesan, 1994). Hence trust and commitment are two key antecedents of B2B relationship

The main sources for the inter-organization interdependence includes switching costs (Williamson, 1979, 1985, valuable resources (Das and Teng, 2000); and monetary value of deliveries (Frooman, 1999). Interdependence between firms needs to occur at least into some extent in all exchange relationship (Laaksonen et al., 2008). Due to interdependence partners work to maintain exchange relationship avoid destructive actions and hence it has positive impact on relationship performance (Palmatier et al., 2007) and has positive direct effect on commitment (Palmatier et al., 2006; Palmatier et al., 2007; Laaksonen et al., 2008; Anderson and Narus, 1990). Though interdependence has positive association with commitment but it has no association with trust and hence interdependence cannot develop a trusted relationship which can last long.

Successful RM-based strategies require organizations to adopt information system (e.g. electronic data interchange (EDI) system) as collaborative relationships require considerable transfer of technology sharing among partners (Iam 1997; cited by Hunt and Arnett, 2006).

Market oriented firm does not ignore customers' expressed needs but rather stretches to address latent needs and develop solutions to those needs (Slater and Narver, 1999). Product-related variables, product differentiation/modification, providing products that are unique, innovative, competitive, and customized to meet customer needs—directly and positively influence trust (Lohita et al., 2009). Market orientation enhances the efficiency of the relationship through relationship learning (Lai et al., 2009). Customer orientation is directly and positively related with trust (Frasquet et al., 2008; Gounaris, 2005; Lohita et al., 2009); positively related with trust and close relationship (Faisal et al., 2006) and significant positive relationship with trust and performance (Ulaga and Eggert, 2006). Hence market orientation is positively related with B2B relationship.

Customer satisfaction is the feeling or attitude of a customer towards a product or service after its consumption or use and is generally defined as the full meeting of one's prior expectations (Oliver, 1980). The customers who are satisfied with their service providers develop a trusted relationship with them which in turn develops loyalty (Anderson and Swaminathan, 2011). Customer satisfaction develops trust which in turn develops commitment (Anderson and Narus, 1990). Trust and commitment develops expectation of continuity, word of mouth and loyalty (Palmatier et al., 2006).

The study on relationship marketing suggested that opportunism has significant negative impact on trust which in turn develops commitment in an exchange relationship exchange. Many studies have found that the presence of opportunism in a dyadic exchange reduces trust (e.g. Dwyer et al., 1987; Morgan and Hunt, 1994; Smith and Barclay, 1997;

Skarmeas et al., 2002; Skarmeas, 2006; Ting et al.,2007; Hawkins et al., 2008; Hawkins et al., 2009).

The study also suggested that opportunism reduces motivation (Dahlstrom and Boyle, 1994); reduces satisfaction (Gassenheimer et al.,1996); enhances transfer of RSIs (Wathne and Heide, 2000); reduces relational exchanges (Lee et al., 2001); creates barriers to commitment (Skarmeas et al., 2002); negatively related with functional conflict (Skarmeas, 2006); has negative association with dependence (Hawkins et al., 2009) and hence opportunism damages business relationship (e.g. Mysen et al., 2011; Romar, 2004; Wathne and Heide,2000).

Relational norms have positive association with cooperation (Cannon et al., 2000; cited by Palmatier et al., 2007) and negative association with conflict (Jap and Ganesan; 2000) and hence stronger dyadic relational norms lead to higher levels of commitment (Palmatier et al., 2007). A complete offering builds reputation (Penttinen and Palmer, 2007).

Hence the study suggests that trust and commitment are two key drivers of business-to-business relationship. IT and market orientation helps to develop B2B relationship directly or indirectly via trust. Interdependence has strong positive association with commitment which in turn develops relationship. Communication and satisfaction have strong positive association with trust whereas opportunism has strong negative association with trust which develops relationship directly or indirectly via commitment.

Managerial Implications: Resource based view suggested that the firm's expansion depends on opportunities to more efficient utilisation of its existing productive resources (Penrose, 1959; cited by Hunt and Derozier, 2004), a competitive barrier could be created by employing in-imitable resources (Mahoney and Prahalad, 1992; cited by en.wikipedia.org/wiki/rbv) and the resource assortment obtains higher importance than any single resource (Jüttner and Wehrli, 1994). Capabilities are distinctive only when they are not understandable and difficult to imitate (Day, 1994). The study on B2B relationship suggested that long-term, committed, trusting, value-creating associations are difficult and costly to imitate. Hence firms in the chaotic marketplace could use B2B relationship as a differentiator in order to gain sustainable competitive advantage.

The study (e.g. Day and Montgomery, 1999; Morgan and Strong, 1997) suggested that firms could achieve sustainable competitive advantage and superior performance by better anticipating changing market conditions and responding to the current and prospective markets. Strong relationship between firms could be effective for better understanding of business buyers' needs and requirements. Customer satisfaction is an important source of competitive advantage (Rust *et al.*, 2000; cited by Lewin, 2009) often leading to customer loyalty and repeat purchase (Bolton, 1998; Lam *et al.*, 2004; Lewin, 2009). Aaker and McLoughlin (2007) suggested that creating customer satisfaction and loyalty by providing solid value is a way to generate permanent share gain. Lewin (2009) commented that – “A 5% increase in customer loyalty can increase profits from 25% to 85% (Reichheld and Sasser, 1990), and that small changes in customer satisfaction levels can significantly influence a firm's cash flow (Mithas *et al.*, 2006) and equity market value (Fornell *et al.*, 1996)”. Hence marketer should plan to create value of their products/services in order to generate loyalty among the buyers.

Business customers enter into purchasing relationships with relatively high expectations surrounding anticipated levels of supplier product/service performance. Hence appropriate planning regarding product/service quality, product-line/product offerings, service delivery, service counter, IT/supplier portal etc could help to develop strong relationship, which directly enhances sales and profits (Palmatier *et al.*, 2006). Due to higher levels of cooperation and reduced conflict, they can also improve innovation, expand markets, and reduce costs (Cannon and Homburg 2001; Rindfleisch and Moorman 2001; cited by Baglieri *et al.*, 2007).

Business customer's motivational factors are very much important in order to fix the marketing mix of any brand. Davidson (1983; cited by Mitra and Golder, 2002) suggested that firms operating in the foreign countries with cultural differences need to adapt marketing mix elements and hence added risks and costs. Cultural differences create problem in negotiations and managing foreign market (Hollensen, 2007, p-19). Hence marketer should be careful about the organisational along with cultural differences of their partner firms /channel members for effective B2B relationship. As suggested by Bolton *et al.*, (2008), marketer should need to manage their firm relationships at both the individual contract level and the overall firm level.

Selection of important customers is the most important strategic decision (Shapiro, 1988). Heavy buyers account for majority of sales and hence they are significantly important for most firms and hence marketers should build and maintain sustainable business relationship with the key business accounts. Generally firms can't utilise the most marketing opportunities due to improper application of resources resulted from lack of co-ordination (Shapiro, 1988). Hence firms might be suggested to maintain appropriate co-ordination with their partner firms.

Customer satisfaction is an important issue as word spreads very fast in internet and hence word of mouth is referred as viral marketing (Macmillan *et al.*, 1997) and customer communities can exercise high influence in the market (Pralhad and Ramaswami, 2000). Business customer satisfaction is a critical component of a supplier's current and future performance, as well as an important source of competitive advantage. Hence implementation of necessary customer service measures is suggested. The effective delivery of services is not only dependent on processes but also on people who are service provider to the customer. Process, People, and physical evidence are closely linked one another in order to provide effective and efficient service. Hence concerned employees should be trained in order to maintain strong relationship with the channel members.

Conclusion

The study suggested that the better player in the game of positioning could be able to win the competition in the chaotic marketplace. Effective business-to-business relationships are essential to firms' financial performance as many organisations leverage other organizations' capabilities and resources in order to be competitive. From the study on B2B relationship, firms might be suggested to use strong B2B relationship as a differentiator but positioning should be in a way to adapt in the changing environment and management should be aggressive enough to utilise the opportunity (if any) by taking flexible strategies which are appropriate for the company.

The significance of inter-organisational relationship varied between companies and markets (Athanasopoulou, 2006). One limitation of this study is the context of the study. This literature review is based on prior literature reviews/empirical studies where majority of the studies were based on the USA and the European market and are very much limited in other parts of the world (Seppanen *et al.*, 2007). Therefore, the key drivers of B2B relationship which are highlighted here in this study might be more effective in the context of the Western context and might not be directly generalised to some part of developing countries. This study is based on the academic articles that was managed to collect or download. Though a handful number of articles were reviewed but this is not the exclusive list. There may have some other important studies which were not available to the writer and, hence, not reviewed. Hence further review based on more in-depth analysis might develop the findings about the key drivers of Business-to-Business relationship. Hence further research is recommended with a view to confirm the findings of the study.

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