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Research Article

An Exploration of the Moderators of Business Relationship Value

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Abstract

Background: This study focuses on an important element of customer-supplier relationships, business relationship value. Business-to-business marketing literature reports relationship commitment as the most important antecedent of value of a business relationship. This study argues that there are moderating factors present in customer-supplier relationships, affecting the direct link of relationship value and relationship commitment. Customer attractiveness and customer's commitment to the supplier are identified as the moderators affecting the value-commitment link. **Materials and Methods:** Sixty India based suppliers selected from a range of industries participated in this cross sectional research. Data was collected using a self-completed questionnaire. Multivariate regression analysis to test the direct link between value and relationship commitment and moderated regression analysis technique was employed to test the hypothesised moderating effect of customer attractiveness and customer's commitment. **Results:** Results support the study hypotheses. There is a positive effect of supplier's relationship commitment on supplier's perception of value realization. Moderated regression analysis results reveal that customer attractiveness and customer's commitment moderate the direct link of supplier's commitment and perception of relationship value. **Conclusion:** The study shows the existence of moderators in customer-supplier relationships. Value realization depends not only on the supplier's commitment but also varies according to the strength of customer's commitment and customer attractiveness. If companies are to enjoy long-term success in the business marketplace, they must effectively manage the relationships with their exchange partners. The knowledge of exchange partner's capabilities and attitude is crucial to enable the firm to invest their resources in the most efficient and effective way.

Key words: Business relationship value, customer-supplier relationships, customer attractiveness, supplier's commitment, customer's commitment, relationship specific investments, moderated regression analysis, inter-organizational relationships, business-to-business marketing

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INTRODUCTION

Marketing literature repeatedly emphasizes that value is the most important outcome of business relationships and is the prime purpose for any firm in engaging in an exchange relationship¹⁻¹². Business marketing literature identifies commitment as an important antecedent for successful interorganisational relationships¹³⁻¹⁶. Numerous studies of commitment, for example^{6,17-19} have an implicit assumption that developing 'Strongly committed' relationships is necessarily good. While researchers in business-to-business marketing literature acknowledge the importance of the relationship value concept and make attempts to investigate the relationship between relationship value and relationship commitment²⁰⁻²⁴, the complex interrelationships between these constructs are still not clear. Most empirical and conceptual models focus on the direct link between these variables and make no attempt to examine the impact of moderators on the value of the relationship.

For example, while researchers e.g., Holm *et al.*²⁰ and Lohtia *et al.*²² observe a positive effect of supplier's commitment on relationship value, it does not address the question of whether supplier's commitment drives perceptions of value realization to the same extent for all customer relationships?

This issue is legitimate as all customers aren't equal. For a supplier to drive perceptions of relationship value, they must therefore understand how their commitment impacts upon value realization in customer relationships with different levels of customer attractiveness and customer commitment. Numerous researchers do customer portfolio analysis studies in relationship management literature²⁵⁻²⁸. The main argument of these studies is the most efficient and effective deployment of supplier's resources. For example, some customers may be too demanding and may thus be costly to serve, while others are less demanding and hence potentially less costly to serve. Some customers thus are potentially more attractive compared with others for creating value for the supplier's business. However committed a supplier may be, a relationship can provide value to the supplier provided the customer is attractive. It would therefore be unrealistic to expect value from a relationship that is unattractive. Put simply, while the supplier may consider a particular customer to be attractive, the customer's attitude towards the supplier may not always be the same. Furthermore, customer's commitment to the relationship also has a major influence on realization of value because commitment contributes toward relational stability and durability¹⁷ and is "Key to achieving valuable outcomes¹⁴". The supplier, in turn, reciprocates the

customer's commitment and investments and saves unproductive costs like searching for new partner, risk of poor performance and opportunism. All these factors lead to a greater relationship value.

The present study contributes to relationship marketing literature by presenting an argument for the existence of moderating variables in business-to-business relationships. Through a conceptual model linking supplier's commitment to the relationship, supplier's perceptions of value realization, customer attractiveness and customer's commitment to the relationship, this study develops hypothesis that shift the focus from "What" in the existing business-to-business relationships frameworks to "how". Specifically, the study develops hypothesis and tests them for investigating the following links:

- Customer attractiveness as a moderator in the association between the supplier's commitment to the relationship and the supplier's perceptions of value realization
- Customer's commitment as a moderator in the association between the supplier's commitment to the relationship and the supplier's perceptions of value realization

Figure 1 presents the hypothesised links between the constructs.

Drawing on Kerr²⁹ framework of customer portfolio analysis in credit research, this study conceptualizes customer attractiveness as a two dimensional concept: First, the potential for generating value, second, the potential for growth in the future. This is also consistent with Burnett³⁰ view in his book on key customer relationship management suggesting customer attractiveness as customer's potential to contribute to supplier's profit:

- Customer's potential for generating relationship value for the supplier
- Customer's potential for growth in future i.e., customer's business growth prospects

The first aspect i.e., customer's potential for value assesses the current status of the customer and the associated factors of the buying-selling context that can provide value to supplier e.g., volume usage capacity, the criticality of the goods purchased²⁷, possibility of developing long-term contracts, customer's ability to accommodate the product complexity and technology, competition by other suppliers, exit barriers for customer's present suppliers, customer's

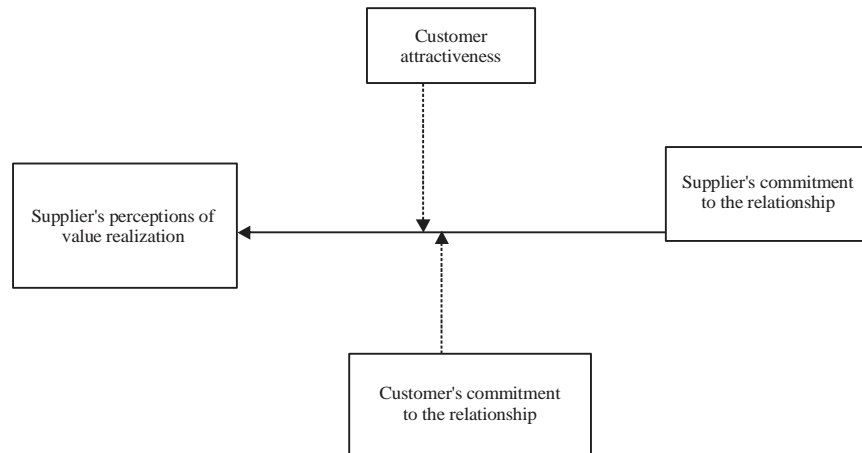


Fig. 1: Conceptual model

profitability, market image³⁰, provision of learning from customer's experience³¹, customer's attitude towards supplier retention^{32,10} etc.

The second aspect of customer attractiveness i.e., customer business growth ensures the rewards of the supplier would also grow in future. If the customer's rate of growth is in line with their industry, it could be an attractive option. How does customer's rate of growth compare with other customers also needs to be considered. If the customer is too fast for their financial stability or management resources makes it slightly unattractive.

Supplier's perception of relationship value represents the perceptions of the supplier regarding the net returns they receive by maintaining the business relationship with a particular customer, considering all benefits and costs they incur in managing it. Christopher³³ and Anderson and Narus² reported that an exchange partner realizes relationship value when relationship benefits exceed relationship costs. The Industrial Marketing and Purchasing (IMP) research group³⁴ and the research on interfirm relations in marketing channels^{17,35,36} examine the economic benefits of committed relationships. Firms receive economic benefits through higher profitability as various costs associated with short-term transaction based relationships reduce considerably^{37,38}. Other benefits include long-run planned flows of work which lower production costs and enhance overall competitiveness, coordination with the customer for optimum production and delivery schedules, consistent orders, large volume usage, collaborative research and development efforts for technical advancement, timely payments and reduced risk etc.^{39,40,11,30}. There are also costs associated with creating value in these relationships. These include cost of coordinating with the buyer and the cost resulting from risk such as incomplete

information or imperfect commitment by the other party. The supplier also incurs costs and makes sacrifices in the business relationships such as conflict, time/effort/energy and the opportunity cost of ignoring another attractive customer.

The ultimate goal of achieving commitment to a particular exchange relationship is to realize value. Suppliers who have successful relationships with selected buyers reap the benefits of higher profitability as marketing and administrative costs reduce and better sales growth in comparison to supplier firms that use a transactional approach to servicing customers⁴¹. Earlier studies e.g., Lohtia *et al.*²² reported a significant impact of seller's commitment to exchange relationship on the outcomes like sales growth, cost reduction, business growth etc.

Hypothesis 1: The stronger the supplier's commitment to the exchange relationship, the higher the perceptions of value realization.

However, the effect of supplier's relationship commitment on perceived relationship value varies according to degree of customer's attractiveness. The customer is attractive if the supplier believes that the customer is financially sound is capable of making timely payments and would be placing regular orders for a large volume. In addition to depending on the customer's strengths for value realization, the supplier also learns about new product ideas, new technologies and gets the benefit of developing contact with potential customers through positive referrals⁹. The supplier invests more in technical and specialized resources to learn more about the customer's operations to manufacture the desired products or to conform to the quality standards. The supplier thus drives value perceptions based on the contributions from both exchange partners. When the customer is not attractive or the

supplier is unaware of the customer attractiveness, the supplier develops a negative view. The supplier does not expect to realize significant value gain from the relationship on the back of a lower than expected customer contribution towards enhancing value in the relationship. Instead, the supplier relies mostly upon its own efforts and investments in creating and realizing relationship value.

Put simply, the association between relationship commitment and relationship value alters due to the presence of customer attractiveness. Under low customer attractiveness conditions, low supplier's commitment drives low perceptions of relationship value and high supplier's commitment drives high perceptions of relationship value. When customer attractiveness is high, the association between supplier's commitment and value is still positive, but with different impact on the association. Therefore, customer attractiveness affects the association between supplier's commitment and relationship value and as a result, moderates the effect of supplier's commitment on value. This reasoning leads to the following hypothesis:

Hypothesis 2: The impact of supplier's relationship commitment on the supplier's perceptions of relationship value alters under varying degrees of customer attractiveness.

The strength of the link between supplier's relationship commitment and the supplier's perceptions of value realization also depends upon whether the relationship commitment of the customer is high or low. When the customer has a strong commitment, the supplier heavily depends on the customer for realizing value. The committed customer rewards the supplier with higher margins, greater volumes, reciprocating the investments of the supplier and saving them from incurring unproductive costs like searching for new customer, risk of poor performance and opportunism. All these factors lead the supplier to heavily rely on the customer for creating and realizing the relationship value. Previous empirical study in this area suggests that exchange partner's commitment directly impacts upon the firm's relationship commitment⁴². However, previous studies of business relationships do not consider the moderating impact of exchange partner's commitment. However, when the customer has no commitment, the supplier firms suspect the quality of the relationship and lowers its value creation expectations arising from the customer's efforts. As a consequence, the supplier firm relies mostly on its commitment for relationship value creation and realization. The linkage between supplier's relationship commitment and value realization therefore alters when customer's commitment varies. Thus, the following hypothesis:

Hypothesis 3: The impact of supplier's relationship commitment on the supplier's perceptions of value realization alters under varying degrees of customer's commitment.

MATERIALS AND METHODS

Sampling frame: The field work was done in India. The sampling frame for the study comprised marketing managers of firms from a range of industries like textiles, chemicals, automobiles, electrical goods, software solutions, electronics, heavy equipment etc. in India. The informant was generally a senior marketing manager who possessed a university degree, significantly involved in sales function and was a direct participant in the relationship with the customer. From the various industrial organizations in India e.g., Chambers of Commerce, Industrial Development Banks and Corporations, Industrial Credit Corporations and Business Councils the researcher obtained the lists of members. Initially, 70 firms based in the metropolitan cities were selected. When contacted, 5 of these refused to participate further in the study. Out of the 65 firms left, 60 firms were finally selected as they regarded their trading relationship is important for securing value. The sample size is adequate for the quantitative techniques (i.e., multivariate regression analysis, moderated regression analysis) that the paper employs for hypothesis testing.

Data collection: The methodology involves a cross sectional study using self completed questionnaires in the presence of a field staff so that the field staff can answer any queries of the respondent. Five field staff with high levels of marketing expertise including academics and experienced marketing professionals were recruited and trained to assist in the data collection. The author organized and supervised the fieldwork as well as participated in the data collection.

Moderated regression analysis: A moderated regression analysis⁴³ can test the moderating effect of customer attractiveness on the association between supplier's relationship commitment and supplier's perception of relationship value. Sharma *et al.*⁴³ contend that a moderator is a variable, when systematically varied, causes the relationship between two other variables (independent and dependent) to change. This technique examines three regression equations for equality of regression coefficients:

$$y = a + b_1x \quad (1)$$

$$y = a + b_1x + b_2z \quad (2)$$

$$y = a + b_1 x + b_2 z + b_3 (x \times z) \quad (3)$$

Where:

- y = Supplier's relationship value
- b = Regression coefficients
- x = Supplier's relationship commitment
- z = Customer attractiveness/customer's commitment
- x×z = Interaction of x and z

Following Sharma *et al.*⁴³, a stepwise hierarchical regression procedure was performed by stepping in the terms x, z and x×z, respectively. The significance of the respective beta coefficient for the variable just entered was determined by examining the p value. If Eq. 2 and 3 are not significantly different (i.e., $b_1 \neq 0$, $b_2 \neq 0$, $b_3 = 0$), z is not a moderator variable. For z to be a pure moderator, Eq. 1 and 2 should not be different but should be different from Eq. 3 (i.e., $b_2 = 0$, $b_3 \neq 0$). For z to be classified as quasi moderator variable, Eq. 1-3 should be different from each other (i.e., $b_2 \neq 0$, $b_3 \neq 0$). Table 1 presents the results of the moderated regression analysis. There are two sets of regressions since the study measures the moderating effect for customer attractiveness as well as customer commitment.

Measures: This study uses multi-item measures for all constructs. The study adopts measures for supplier's relationship commitment and customer's relationship commitment from the IMP2 instrument that the researchers associated with the international marketing and purchasing group's business-to-business relationships project⁴⁴ use. Qualitative interviews with 21 marketing managers were conducted to better understand the nature and dimensions of customer attractiveness and supplier's relationship value. Interviewees talked broadly about their perspective of relationship value, how they thought relationship value is generated, about the differences between supplier's and customer's perceptions of relationship value and about how customers may provide greater value to their suppliers. From these interviews, nine attributes of value were identified (Appendix A for the supplier's relationship value scale). Similar to the method that earlier studies adopt^{45,46}, the researcher develops two 5 point Likert type interval scales to measure the

extent to which the value attributes are delivering a benefit and/or causing a problem to the supplier. For the benefit scale, the anchors can be 'large benefit' (5) and 'no benefit at all' (1). For the problem scale, the anchors can be 'large problem or sacrifice' (5) and 'no problem at all' (1). The difference of benefit rating and sacrifice rating can give a measure of the trade-off between the benefit received and the cost incurred on that driver. The overall difference calculated over the range of relationship value drivers provide an assessment of supplier perceived relationship value. The value measure used in this study is different from the measures used in some previous studies for example studies by Barry and Terry³, Eggert and Ulaga⁴⁷ and Lapierre⁴⁸ that use different factors for assessing benefits and costs of exchange partners. This study argues that benefits and costs are perceptions of the supplier and can arise from the same value driver. For example, risk of failure is taken as a sacrifice/problem/cost⁴⁹. Absence of risk implies safe and secure relationship and denotes a benefit. The same driver i.e., risk generates a benefit or cost depending upon the extent to which it is present or absent in the relationship. Along the same line, technical support cannot be solely considered as a benefit. Lack of technical support would cause frustration and leads to cost. Thus value drivers cannot be categorized as relationship benefits and costs. In consumer marketing literature⁴⁹, purchase price is indicated as a benefit as well as a cost to the buyer.

The qualitative discussions result in 9 factors of customer attractiveness (Appendix A). The scale involves an assessment of the relative weighting and performance rating of the 9 factors. The questionnaire was pretested using a sample of 6 marketing managers and amended as per the suggestions received from the respondents and experts in business-to-business marketing and cross cultural research in marketing.

Psychometric properties of measures: All scales provide evidence of sufficient reliability. The estimates for coefficient alpha range from 0.71-0.79. Two constructs, relationship value and customer attractiveness are computations based on other measures i.e., benefit and cost scales, attractiveness rating scale (Appendix A). The coefficient Alpha for the benefit and

Table 1: Results of moderated regression analysis

Variables	Beta coefficient significant b (x)	Beta coefficient significant b (z)	Beta coefficient significant b (x×z)	F-value
y = Supplier relationship value	0.50, 0.00			19.84
x = Supplier relationship commitment	0.42, 0.00	0.34, 0.00		12.06
z = Customer attractiveness	0.56, 0.00	0.49, 0.00	-0.26, 0.01	8.68
x = Supplier relationship commitment	0.37, 0.00	0.29, 0.00		11.48
z = Customer relationship commitment	0.62, 0.00	0.48, 0.00	-0.32, 0.01	9.25

Appendix A

Strongly disagree 1 2 3 4 5 strongly agree

Supplier's relationship commitment

- 1: We are strongly committed to this customer.
- 2: We would not supply another customer at the expense of this customer.
- 3: We have made a major investment in this relationship.
- 4: We consider the exchange of this product to be a part of a wider relationship with this customer.
- 5: The customer considers us to be committed to this relationship.

Supplier's relationship value

- 1: Indicate how important you think each issue is to your firm in ensuring or impeding an effective and valuable relationship with the customer being discussed here. Please allocate 100 points between these issues, giving a larger amount of points to more important issues and smaller amount of points to less important issues. If an issue is not important at all, write n/a for it and/or assign 0 points to it.

Issue	Points
• Price and payment (e.g., how much the product or service pays, customer's terms of payment)	
• Product's character	
• Volume of purchase	
• Service and other forms of service (provision of technical advice, installation and maintenance of service etc.)	
• Risk reduction (due to working with the same customer, guaranteed purchase, not having to search for new customers etc.)	
• Information provision and Learning benefit (information about market intelligence, knowledge about new products/processes)	
• Collaboration for technical advancement	
• Ease of negotiating, coordinating and making decisions on relationship issues	
• Adaptation of products, equipment and procedures to meet each other's needs	

- 2: For each of the nine issues, consider how much benefit your customer delivers to your firm.

Price and payment	Large benefit	No benefit at all	Does not apply	Zero
5	4	3	2	1

- 3: Considering these issues again, tell me the extent to which your firm faces problems or incurs costs.

Price and payment	Large problem	No problem at all	Does not apply	Or costs
5	4	3	2	1

Customer's relationship commitment

- 1: It is very unlikely that this customer would stop purchasing from us in the near future.
- 2: This customer is prepared to invest time and money in developing the relationship between our two firms.
- 3: This customer is committed to a long-term relationship with us.

Customer attractiveness:

Please allocate 100 points between the given nine factors, giving a larger amount of points to more important factors and smaller amount of points to less important factors. For the performance rating, consider how your customer is performing at a particular factor then give an appropriate rating from 1...5 (1 = Very poor, 2 = Poor, 3 = Neutral, 4 = Good, 5 = Very good)

Attractiveness factor	Weighting (allocate 100 points)	Performance rating (1-5)
Volume potential		
Criticality of product		
Financial strength		
Technical orientation		
Attitude toward suppliers		
Attractiveness of alternative suppliers		
Provision of learning		
Market image		
Growth prospects		

Customer attractiveness is computed as the weighted average of the performance ratings of the attractiveness factors

cost scales of relationship value and the rating scale of customer attractiveness are very high (0.84, 0.82, 0.85, respectively).

These are well above the minimum value in the development of behavioral measures of 0.5-0.6 for exploratory research⁵⁰. That indicates that the scales have

sufficient reliability for hypothesis testing. The paper tests dimensionality from a review of the loading of each item. Each item have a significant loading on the intended factor and no significant loading on any other factor. This indicates that the scales are unidimensional. The paper assesses convergent validity by reviewing the item-to-composite

correlation coefficients. Each item displays a high item-to-composite correlation coefficient (ranging from 0.75-0.85) demonstrating good convergent validity.

Gaski⁵¹ suggests that a comparison of the alpha coefficient of a construct with its correlation coefficient with the related constructs is a good indicator of discriminant validity. A review of alpha coefficient and correlation coefficients with the other constructs reveals that the alpha coefficients are higher than correlation coefficients. This establishes discriminant validity of the measures.

RESULTS

Customer attractiveness: Table 2 presents the mean importance (relative weighting) associated with the 9 customer attractiveness factors. The Table 2 also presents the maximum and minimum scores of each factor. The results indicate that on an average, the suppliers attach the greatest importance to volume potential with an average of 75.6 out of 100 points. However, the standard deviation is high indicating a large amount of difference in the number of points respondents assign to this and the most of the other attributes. The maximum score (98) and the minimum score (50) for this factor are also higher than any other factor proving this factor to be the most important. The second most important factor is attitude toward suppliers (average weighting 19.0). Financial strength is the third most important factor (15.8 out of 100). The results indicate that several factors (e.g., criticality of product, provision of learning, market image) carry less importance in the eyes of supplier.

Table 3 presents the mean performance rating given by supplier for the attractiveness factors. It is interesting to note that supplier rate all factors above the mid point of the scale that is 2.5 for the scale with anchors at 1 (very low) and 5 (very high).

Results of the moderated regression analysis: Table 1 presents the results of moderated regression analysis. The beta coefficient for the effect of supplier's relationship commitment on the supplier's perceptions of relationship value is significant (0.50, sig. 0.00). This provides evidence for accepting hypothesis 1. The beta coefficient for customer attractiveness and the interactive term (i.e., customer attractiveness and supplier's relationship commitment) are both significantly different from 0. Thus, customer attractiveness is a quasi moderator (antecedent as well as a moderator) for the link between supplier's relationship

commitment and supplier's relationship value. This provides evidence for hypothesis 2. Again, Table 1 shows that the regression coefficient for customer's relationship commitment and the corresponding interactive term (i.e., supplier's relationship commitment and customer's relationship commitment) are both significant. Thus, customer's relationship commitment too is a quasi moderator variable for the link between supplier's relationship commitment and supplier's relationship value. This provides evidence for accepting hypothesis 3. In order to assess to what extent customer attractiveness and commitment moderate the impact of supplier's commitment on value, the paper uses⁵² method of stepwise hierarchical moderated regression. Mathematically, this is presented:

$$y = -1.41 + 0.58x + 0.48z - 0.06(x \times z)$$

where, y is supplier's relationship value, x is supplier's relationship commitment and z is customer attractiveness.

Next, three values of customer attractiveness (one standard deviation below the mean, the mean and one standard deviation above the mean) are substituted in the equation. This produces three regression lines.

Putting:

$$z = 4.09, y = 0.55 + 0.33x$$

$$z = 4.97, y = 0.98 + 0.29x$$

$$z = 5.85, y = 1.40 + 0.23x$$

Table 2: Relative weighting associated with customer attractiveness factors

Attractiveness factor	Minimum	Maximum	Mean	Standard deviation
Volume potential	50	98	75.6	9.86
Criticality of product	0	5	2.5	0.54
Financial strength	10	20	15.8	3.62
Technical orientation	5	10	7.7	2.17
Attitude toward suppliers	10	25	19.0	4.07
Attractiveness of alternative suppliers	5	10	6.1	3.27
Provision of learning	0	20	5.0	3.93
Market image	0	15	5.7	3.62
Growth prospects	0	30	6.0	6.90

Table 3: Mean performance rating of customer attractiveness factors

Attractiveness factor	Mean performance rating	Standard deviation
Volume potential	3.6	0.71
Criticality of product	3.5	0.84
Financial strength	3.4	0.76
Technical orientation	3.3	0.74
Attitude toward suppliers	3.8	0.62
Attractiveness of alternative suppliers	3.0	1.22
Provision of learning	2.8	1.14
Market image	3.5	0.72
Growth prospects	3.7	0.68

The slope of the regression line decreases as the customer attractiveness increases. Therefore, a variation in the customer attractiveness alters the impact of supplier's commitment on supplier's relationship value.

Equation 3 in the MRA analysis for the moderating effect of customer's relationship commitment on the impact of supplier's relationship commitment on supplier's relationship value is presented:

$$y = 1.16 + 0.61x + 0.47z - 0.12(x \times z)$$

where, x is supplier's relationship commitment, z is customer's relationship commitment.

Putting:

$$z = 2.99, y = 2.57 + 0.25x$$

$$z = 3.75, y = 2.92 + 0.16x$$

$$z = 4.51, y = 3.28 + 0.07x$$

It is obvious that the slope of regression line decreases as customer's relationship commitment increases. Therefore, a variation in customer's commitment alters the impact of supplier's relationship commitment on supplier's relationship value.

DISCUSSION

In line with the previous studies of relationship commitment the results of this study show a significant link between commitment and relationship value^{41,53-55}. Previous studies e.g., Wind⁵⁶ and Doney and Cannon⁵⁷ report that a range of factors including quality of product, supply availability, delivery, service and price motivate firms to continue to purchase from the same supplier. The findings of the present study are in line with the past studies as the relationship value measure contains similar factors (Appendix A). Contrasting to the previous studies of commitment and value e.g.,⁵⁸, the findings show that relationship value is driven by supplier's commitment. An exchange partner's relationship value perceptions are therefore strongly influenced by the partner's commitment to the exchange relationship.

The paper extends the existing research as it shows a better way to understand the role of relationship value is to consider this construct as an interactive, simultaneous supplier-customer phenomena. Supplier's perception of relationship value creation cannot therefore be understood without reference to the contributions made by both partners.

This is in line with earlier studies of partner selection that advise firms to seek out partners with complementary resources and skills^{59,60}.

Turning to the moderating effects of customer attractiveness, the findings suggest that perceived relationship value is more dependent on supplier's commitment when customer attractiveness is low rather than high. Instead of relying on customer's efforts and investment in enhancing and realizing relationship value, the suppliers are more likely to rely on its own efforts and make more relationship specific investment. The expectations are that such investments may improve the attractiveness of the customers over time. When the degree of customer's attractiveness is high, the supplier tends to depend on the customer's strengths to enhance and realize relationship value.

The results also support the moderating effect of customer's commitment on the link between supplier's commitment and relationship value. This is in line with the previous studies e.g., Anderson and Weitz¹⁷ and Kim and Frazier³⁶ reported a positive link between the buyer's commitment and the seller's commitment. In other words the suppliers tend to calculate the commitment shown by customer before making their own commitment. While some emotive judgement would have to be made, over time and over numerous exchanges, the suppliers would have the necessary expertise and experience to determine if such commitment is also forthcoming from the customer. In other words, customer commitment has a positive effect on supplier's commitment to further enhance relationship value and drive benefits for both parties.

The results of this study suggest that to enhance relationship value, a supplier need to invest in the relationship. Unless suppliers are committed in the relationship, relationship value would not materialize. The question is not whether commitment is essential but rather under what conditions? This is because not all customers are attractive, in terms of their potential for generating value and their potential for growth in the future. Furthermore, not all customers are committed to the relationship.

The methodology allows a supplier to empirically identify through dimensions of customer attractiveness and commitment, a portfolio of potentially attractive and committed customers. By focusing on dimensions with high importance rating, a supplier can tackle those dimensions that might severely hamper its effort to enhance relationship value. For instance, customers with unrealized purchase potential including those with questionable attitudes towards the suppliers may have to be carefully monitored and

managed. In this way, a supplier could improve customer attractiveness and hence relationship value. Attractive customers could also be rewarded with increased supplier's cooperation, thus enabling both parties to provide the capabilities and resources they both lack to be competitive and to compete with rivals.

Over time and over numerous transactions, suppliers could build switching costs through the development of personal relationships and the accumulation of relationship-specific investments, among other things. While, this may breed contempt for the suppliers, there should be ample tell-tale signs signaling reduced or questionable customer attractiveness and commitment. Actions could be taken with the expectations that reciprocal efforts on improving relationship value are forthcoming. Rather than simply engaging in short-term opportunistic relationship usually associated with temporal relationship value⁶¹, the spirit of customer attractiveness and customer commitment necessitate the need to enhance relationship value that is beneficial for both parties. While customers (and suppliers) have embraced this philosophy, the reality is that it is all too tempting for some to ignore the need to invest in customer relationship to drive long-term relationship value.

Unfortunately, there are times when there is insufficient diagnostic information or tell-tale signs to determine customer potential for generating value and potential for future growth until it is too late. While a supplier can use customer's capability profile as an indicator of relationship value⁶², savvy suppliers may have to rely on their experience and constant monitoring practices to minimize their vulnerability to opportunism as the relationship continues. Suppliers could build specific performance into the relationship when possible like adherence to committed quantity. It could be complimented by, among others, a keen awareness of consistency of customer's rate of growth with industry growth before rewarding the customer's through increased cooperation and trust, aimed at enhancing customer attractiveness.

CONCLUSION

- In business-to-business relationships, complex interrelationships may exist between relational factors
- It is important to examine the influence of moderators on a supplier's perceptions of business relationship value in a particular exchange relationship
- Supplier's relationship commitment positively and directly impacts on supplier's relationship value perceptions

- Customer attractiveness is a multi-aspect construct
- Suppliers do not equally value the different aspects of customer attractiveness. Volume potential is the most valuable aspect followed by attitude toward supplier and financial strength of the customer
- Product criticality, learning provision and market image are also important aspects of customer attractiveness
- Customer attractiveness is a quasi moderator (antecedent as well as a moderator) of business relationship value
- Customer commitment is also a quasi moderator of business relationship value

LIMITATIONS AND FUTURE RECOMMENDATIONS

Several limitations of the study give rise to the desirability of future study on this model. First, longitudinal studies might explore how dynamic changes in the configuration of customer attractiveness and customer commitment might affect supplier-specific commitment in driving relationship value. The changing context of the dimensions of customer attractiveness and commitment in response to supplier's commitment over time could deepen our understanding of this relationship. While the study tests this empirically, this could be complimented by case research underpinned by critical realism. Critical realists postulate an ontology that assumes a reality out there independent of observers, including empirical reality. It relies on the community of researchers to provide alternative explanations of particular events and to debate them thoroughly.

Second, future studies can also extend the focal firm perspective to dyadic relationships and examine the impact of customer attractiveness and customer commitment from the perspective of both partners in the relationship simultaneously. The current study did not allow for the interactive assessment of how a supplier's commitment could have enhanced customer attractiveness and commitment by way of counteractions from the customer. Because buyer-seller relationships frequently endure in inter-firm relationships, focusing on any one single firm cannot provide a significant understanding of the processes of business.

Third, the findings of this study may be limited in their generalizability. The study only analyzes existing relationships. There could have been instances of relationship breakdown and failures. An ex post analysis of such relationships might improve our understanding about the various institutional norms and the situational factors that influence the model. For example, future studies could examine what, if any, differences exist among firms in private

versus public sector reactions and counter reactions to supplier commitment because these two sectors operate under different environmental pressures to meet various economic and social objectives. This study only examines the private sector.

Finally, future study should also take into consideration the group dynamics in both organizations. In this study, the marketing manager from the supplier organization was the key informant. It would be worthwhile to explore how organizational variables for example peers pressure and organizational norms affect the decision making of marketing managers.

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