



Department of Business studies

*Key factors to long-term relationships  
between wine suppliers and restaurants*

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# Foreword

With this dissertation we finish our three and a half-years education at Kristianstad business school.

First of all we would like to thank tutors, family, and friends who have supported and encouraged us in times of adversity and rejoiced in times of successes.

We would especially like to thank our tutor and examiner, Christer Ekelund, for guidance during the time when we have written our dissertation.

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Finally, we thank all the restaurant representatives who kindly participated in our investigations.

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# Abstract

Today sellers do not want to make only pure transactions. Instead they prefer to establish long-term and secure relationships to the benefit of both partners. Our intention with this dissertation was to identify key factors leading to long-term relationships between wine suppliers and restaurants. From these key factors we developed a model and applied it to relationships between above mentioned parties in Malmö, Eslöv, Höör, Ängelholm and Laholm. According to our model commitment leads to long-term relationships between wine suppliers and restaurants. We also claimed that commitment is indirectly achieved by communication, knowledge, and shared values and directly achieved by trust. To collect empirical material we performed a case study and a telephone survey. The investigation showed that there is a positive connection between the key factors presented in our model, and long-term relationships.

<b>1</b>	<b><i>Introduction</i></b> .....	<b>1</b>
1.1	<b>Background</b> .....	<b>1</b>
1.2	<b>Choice of Theory</b> .....	<b>3</b>
1.3	<b>Problem</b> .....	<b>4</b>
1.4	<b>Purpose</b> .....	<b>4</b>
1.5	<b>Definitions</b> .....	<b>5</b>
1.6	<b>Limitations</b> .....	<b>5</b>
1.7	<b>Outline</b> .....	<b>6</b>
<b>2</b>	<b><i>Methodology</i></b> .....	<b>8</b>
2.1	<b>The working process</b> .....	<b>8</b>
2.2	<b>Scientific Approach</b> .....	<b>9</b>
2.2.1	<b>Research philosophy</b> .....	<b>9</b>
2.2.2	<b>Research approach</b> .....	<b>11</b>
2.2.3	<b>Data collection</b> .....	<b>13</b>
2.3	<b>Summary</b> .....	<b>14</b>
<b>3</b>	<b><i>Theoretical frameworks</i></b> .....	<b>15</b>
3.1	<b>Interaction model</b> .....	<b>15</b>
3.2	<b>The Transaction versus relationship theory</b> .....	<b>16</b>
3.3	<b>Buyer-Seller Relationships</b> .....	<b>18</b>
3.4	<b>The Commitment – Trust Theory</b> .....	<b>24</b>
3.5	<b>Application of the Transaction vs. Relationship theory</b> .....	<b>29</b>
3.6	<b>Application of the Buyer-Seller Relationships</b> .....	<b>31</b>
3.7	<b>Application of the Commitment – Trust Theory</b> .....	<b>36</b>
3.8	<b>Research model</b> .....	<b>38</b>
3.8.1	<b>An introduction of Trust and Commitment by Communication and Knowledge</b> .....	<b>38</b>
3.9	<b>Summary</b> .....	<b>46</b>
<b>4</b>	<b><i>Empirical Method</i></b> .....	<b>47</b>
4.1	<b>The research Strategy</b> .....	<b>47</b>
4.1.1	<b>Case study</b> .....	<b>47</b>
4.1.1.1	<b>Case selection</b> .....	<b>48</b>
4.1.1.2	<b>The Questionnaire</b> .....	<b>49</b>
4.1.2	<b>Telephone Survey</b> .....	<b>50</b>
4.1.2.1	<b>The sample</b> .....	<b>51</b>
4.1.2.2	<b>The Questionnaire</b> .....	<b>53</b>
4.2	<b>Response rate</b> .....	<b>57</b>
4.3	<b>Validity and reliability</b> .....	<b>57</b>
4.3.1	<b>Validity</b> .....	<b>58</b>

4.3.2	Reliability .....	60
4.4	Summary .....	61
5	<i>Analysis</i> .....	62
5.1	Analysis of the empirical material.....	62
5.1.1	Analysis of restaurants in Malmö .....	62
5.1.2	Analysis of the restaurants in Eslöv, Höör, Laholm, and Ängelholm .....	67
5.2	Application of our model.....	70
5.3	Summary .....	73
6	<i>Conclusions</i> .....	74
6.1	Conclusions .....	74
6.2	Further studies .....	75
	<i>Bibliography</i> .....	77
	<i>Appendix 1</i> .....	79
	<i>Appendix 2</i> .....	86
	<i>Appendix 3</i> .....	89

## LIST OF FIGURES/TABLES

Figure 2:1	Our working process .....	11
Figure 2:2	Inductive and deductive approach.....	13
Figure 3:1	Behavioural spectrum of relationships.....	18
Figure 3:2	Schematic overview of key constructions relevant to the practice of buyer – seller relationship .....	20
Table 3:1	Descriptor variables by type of buyer – seller relationship .....	25
Figure 3:3	KMV model of relationship marketing.....	27
Figure3:4	An introduction of trust and commitment by communication, shared values and knowledge.....	41

# 1 Introduction

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*This chapter will give the reader an introduction to the subject and create an understanding why this direction of study has been selected. The chapter begins with a short background. Next, the problem and purpose are presented and the limitations are chosen. Finally, a glossary of terms used in this dissertation concludes these sections.*

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## 1.1 Background

Decades ago, companies focused on competing through price and quality, but today, companies have become more and more enlightened about the importance of offering more than just a product. Focus is no longer on just the product, but rather, it has broadened to include complementing services, personal skills and behaviour etc. Also, today most of the sellers want to make not only pure transactions, but instead, they prefer to establish long-term and secure relationships to the benefit of both partners. Thus, a good relationship between the counterparties has become very important and could as a matter of fact be the decisive factor when customers select between prospective business partners.

We believe that this shift from offering only the product to adding complementing services is especially noticeable within the relationship between wine suppliers and restaurants. We base this on the former monopoly of Vin & Sprit which prevailed until 1995, serving virtually to stifle competition. This meant that all imports of wine had to go through Vin & Sprit (Richardson, SDS, 1991-08-16). Vin & Sprit was for a long time the greatest private wine buyer in the world and could, because of its size, deliver good wine for low prices. This has resulted in a change in the Swedish people's drinking habits. The Swedish people have changed from being "uncultivated consumers of spirits to wine consumers with a sense of quality" which has made Sweden an important test market for new wines (Affärsvärlden, 1997, vol. 42, p. 26). Since Vin & Sprit dominated the market and there was little competition, there was a great risk that wine

suppliers would find it unimportant to make extra efforts, such as giving complementing services. However, since the monopoly deregulation in 1995, Vin & Sprit (V&S) has lost both its dominant position in the wine market as well as a significant portion of market share. Market share is won by the many wine importers existing on the Swedish wine market which are now allowed to sell wine directly to the customers.

During the monopoly, the agents' assignment was to handle marketing efforts aimed at restaurants (Affärsvärlden, 1997, nr.42). The agents met restaurant owners and distributed ash trays, matches etc. in addition to giving them information about the kinds of wine sold to V&S. As mentioned, wine suppliers today have their own licenses to sell wine and liquor directly to the customers. Since there are many wine suppliers on the market, every wine supplier has to attract customers, not only by offering price worthy wines but also by offering qualities that are difficult for other wine suppliers to imitate. However, this dissertation focuses on the stage in the relationship where the relationship between wine suppliers and restaurants has already been established. The purpose of this dissertation is to identify the key factors which lead to long-term relationships between the wine suppliers and the restaurants.

The wine suppliers' wish is to develop long-term relationships with the restaurants from which both partners will benefit. With information from writings about business-to-business relationships, we have created a model arguing that the key to long, satisfying relationships is commitment achieved directly by trust and indirectly by knowledge, shared values and communication.



## **1.2 Choice of Theory**

The purpose with this dissertation is to identify key factors working to maintain the already established relationship between restaurants and wine suppliers. Therefore, we have studied literature containing different theories about business-to-business relationships. Business-to-business relationships have been discussed by several authors, and many of them argue that trust and commitment are prerequisites to developing a long-term relationship. Since we have studied international business relationships during our education we had some ideas of which theories to engage more deeply. However, we have also found other relationship theories in articles outside the course material which have been relevant to our study. Some of these authors who have presented relationship theories include Gummesson (1994, 1999), Cannon and Perreault (1999), and Morgan and Hunt (1994). Each one of them has identified relevant factors that describe business relationships.

Our dissertation examines small organisations with only a few employees. We have therefore concentrated on relationship theories that could best be applied to relationships between wine suppliers and restaurants. An important example is the Interaction Model, (Ford, 1982) which is the foundation of many subsequent relationship theories made after 1982. In fact, the Interaction Model is considered to be one of the first relationship models used within marketing and purchasing of industrial goods. Despite this, we found the Interaction Model to be too all-embracing since we only investigate key factors to long-term relationships between two partners. Hence, we have chosen to discuss three other business-to-business relationship theories instead of further employing the Interaction Model. First, we studied the “Transaction versus Relationship Theory” (Donaldson & O’Toole, 2002) to investigate if the possibility exists for wine suppliers and restaurants to do business without having a relationship of any importance. Secondly, we looked into the “Buyer – Seller relationship” (Cannon & Perreault, 1994) to get a general opinion about how relationships form, from what reflect the manner in which business buyers and sellers

interrelate and conduct commercial exchange, and what kind of relationships that can occur from different circumstances and actions. Thirdly, we found the “Commitment – Trust Theory” (Morgan & Hunt, 1994) to be an instructive source to deepen our understanding of what factors would most likely result in a long-term relationship. Most business relationship theories are adjusted to organisations in big networks, but, because we have chosen to limit our dissertation to the relationship between wine suppliers and restaurants, we have not presented the macro factors addressed by the different theories. Finally, we have developed our own model regarding business-to-business relationships where we have presented the factors we understand to be the most important to maintain a long-term relationship.

### **1.3 Problem**

With the background stated above our problem is that the business climate between wine suppliers and restaurants is distinguished by hard competition and a tight network consisting of both wine suppliers and restaurants. The network being tight means that it is hard for the suppliers both to establish and to maintain a relationship with the restaurants. In order to develop a long-term relationship it is important for the wine suppliers to be aware of the restaurants’ apprehensions of a satisfying relationship. If a wine supplier does not meet the restaurant’s expectations the restaurant might exchange that supplier for another.

### **1.4 Purpose**

The major goal of this study is to identify key factors maintaining long term relationships between wine suppliers and restaurants. From these key factors we will develop a model applicable to the relationship between the mentioned parties. We also would like to see if there is a difference in the relationship between wine suppliers and restaurants situated in Malmö, and restaurants situated in the selected smaller cities.

## 1.5 Definitions

To facilitate further reading we will define the following concepts: restaurants, wine suppliers, wine, and long-term contracts.

The term *restaurant* includes pubs, dinner restaurants, lunch restaurants, pizza restaurants, and also hotels serving food. Further, all restaurants included in our dissertation have license to serve wine.

*Wine suppliers* can be of three different kinds; wine agents, wholesalers and Systembolaget. *Wine agents* are independent wine suppliers with licence to both import and sell wine. The *wholesalers* usually supply both food and wine to restaurants.

The concept *Wine* encompasses all kinds of red and white wine served to food.

*Long-term contracts* refer to written contracts between restaurants and wine suppliers lasting for one year or more.

## 1.6 Limitations

A business network consists of many relationships. There are for example relationships between companies and producers, companies and customers, and between companies and competitors. However, we have limited our dissertation to concern already established relationships between wine suppliers and restaurants.

Further, since a study of relationships between wine suppliers and restaurants in the whole of Sweden would be too time consuming we have made a geographical limitation. From this geographical area we have randomly chosen a number of restaurants. As stated above, one criterion was that the restaurants had to provide both food and wine. We have limited the investigation to only red and white wines served to food. Further more,

we have chosen not to discuss the relationship between wine suppliers and restaurants through a financial spectrum.

Finally, there are a great amount of theories regarding business-to-business relationships. Most business relationship theories are adjusted to organisations in big networks and because we have chosen to limit our dissertation to study only the relationship between wine suppliers and restaurants we have not presented the macro factors treated in the different theories.

## **1.7 Outline**

We would now like to present the outline of our dissertation.

**Chapter 1** We give a short background and a discussion about the problem and purpose of the dissertation. In the end definitions and limitations are presented.

**Chapter 2** Here we will present the chosen methodology, theory and scientific approach applied.

**Chapter 3** The theories we have studied are presented and also an application of the theories on the relationship wine suppliers – restaurants. The chapter ends with a description of our own relationship model.

**Chapter 4** In this part the empirical method is presented. We will present our research strategy. Further, the methods that we used to accomplish the empirical evaluation are described as well as the samples and an explanation of the questionnaires. The chosen method's validity and reliability will also be argued for.

**Chapter 5:** This chapter analyses the empirical material. We begin with analysing the response of the restaurants in Malmö. Hereafter, we analyse the response of the restaurants in the smaller cities.

To conclude we have applied our model on the empirical material.

**Chapter 6** Chapter six contain conclusions, and suggestions about further studies.

## 2 Methodology

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*This chapter begins with a presentation of the methodology we have used for answering our purpose. The scientific approach containing research philosophy, research approach and data collection methods follow this overview. By way of conclusion we will brief the methodology chapter in a short summary.*

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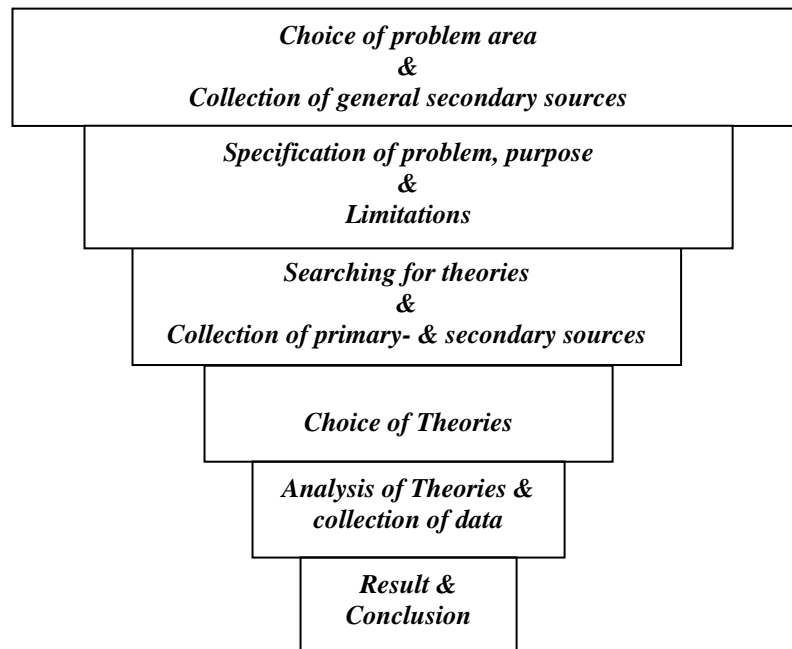
### 2.1 The working process

To start with, we identified a problem within a subject that we found interesting and that we have been studying during our education. After identifying a problem, a purpose and the limitations, we began searching for information. Performing literature studies and finding articles is extensive and time-consuming, therefore it was important to start as soon as possible. We found much material and also many theories of great importance. The theories will be presented later in the dissertation.

Since we did not find any specific information about relationships between wine suppliers and restaurants and since we did not know anything about their way of doing business, we decided, together with our tutor Christer Ekelund, to develop a case study. We interviewed four restaurants in Malmö (see appendix 1) that we believed would give us a good view of the relationship between wine suppliers and restaurants. We used a semi-conducted approach in our interview process. As such, we wrote a set of questions without pre coded answers. Further, the order of the questions varied, depending on the flow of the conversation. Through the interviews with the different restaurants we got a better understanding and knowledge which we applied to theories concerning business to business relationships.

After applying the interview responses to the theories, we discovered factors that to us seemed important to maintain a long term relationship with a partner. By these factors we created a model which is presented below (see p. 40). Further, we tested our model by making a questionnaire which we

administered through telephone interviews. When the questionnaires were done we put together the result and analysed it so that we could determine the accuracy of our model.



**Figure 2.1** *Our working process*

## **2.2 Scientific Approach**

### **2.2.1 Research philosophy**

Researchers usually choose between three scientific approaches, namely positivism, interpretivism and realism. If the research philosophy reflects the principles of positivism the study is based on “careful definitions, separate assumptions and sentences” (Wiedersheim-Paul & Eriksson, 1991, p. 150). Thus, the best way of gaining knowledge is by observing, for example by experiments. However, the positivistic view is questioned. The critics assert that it is impossible to increase knowledge by empirical statistic investigations. The positivistic researcher searches how things are at the moment and thereby only serves things that exist (Wiedersheim-Paul & Eriksson, 1991). While the positivistic researcher describes and explains different phenomena, the interpretivistic researcher tries to understand and

get an insight. Thus, the interpretivist seeks to “understand the subjective reality of those that they study in order to be able to make sense of and understand their motives, actions and intentions in a way that is meaningful for the research participants” (Saunders, Lewis & Thornhill, 2003, p. 84). Interpretivism presupposes a complete understanding of the course of events by construing and joining what exist in the human being’s consciousness. Thus, the interest is how the world is being interpreted and understood, not how it actually is.

We have focused on a realistic research philosophy. “Realism is based on the belief that reality exists that is independent of human thoughts and beliefs” (Saunders et al., 2003, p. 84). Reality indicates that there are social forces and processes that affect people without their necessarily being aware of the existence of such influences on their interpretations and behaviours. Thus, the social forces and processes affect the way in which people perceive the world, whether they are aware of these factors or not (Saunders et al., 2003). The realistic philosophy shares some philosophical aspects with positivism and some philosophical aspects with interpretivism. The positivistic influence on realism is exemplified by aspects related to the external, objective nature of some macro aspects of society. The interpretivistic influence is seen by the importance of understanding people’s socially constructed interpretations and meanings and the social factors that influence the nature of people’s views and behaviours.

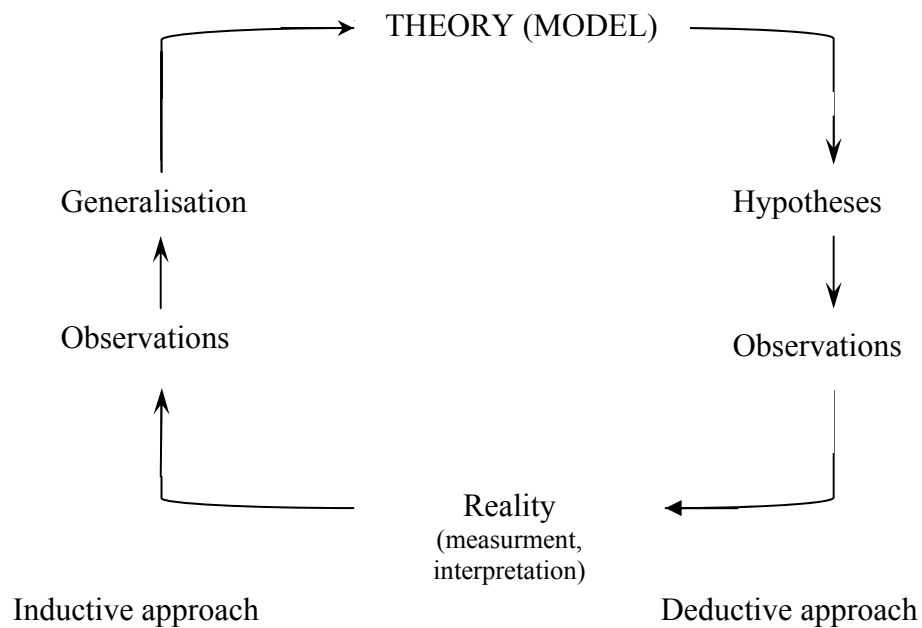
Saunders et al (2003) argues that “business and management research is often a mixture between positivism and interpretivism, perhaps reflecting the stance of realism” (Saunders et al., 2003, p. 85). This is one of the reasons why we chose realism as a research philosophy. As stated above, reality indicates that there are social forces and processes that affect people without their necessarily being aware of the existence of such influences. We believe that this is compatible with the key factors to a long-term relationship between wine suppliers and restaurants, or in fact between any partners. The key factors, including shared values, communication, knowledge, trust and commitment, are social forces which are so obvious



that they are not reflected. However, unfavourable relationships are often caused because of ignorance of these factors.

### 2.2.2 Research approach

Regardless of what research philosophy is chosen, there are two different types of research approaches, namely the inductive and the deductive approach. When choosing the inductive approach the researcher collects data and develops a theory as a result of an analysis of the data. If the deductive approach is chosen the researcher develops a theory and designs a research strategy to test the theory (Saunders et al., 2003).



**Figure 2.2** *Inductive and deductive approach* (Source: Wiedersheim- Paul & Eriksson 1991, p. 150)

During the processes we have chosen to conduct the research by using a deductive approach. Thus, we have used existing theories to shape the approach that we have adopted to the research process and to aspects of data analysis. We chose this research approach because it was not our purpose to build up a theory adequately grounded in a number of cases, but we were

inspired by existing theories and developed our own model which was tested empirically.

As regards data collection, there are two levels of measurability – qualitative and quantitative. The aim with the qualitative method is to create understanding for what you are studying, in the spirit of the interpretistic approach. The researcher will collect, analyse and interpret data which can not, in a meaningful way be expressed in numbers. Qualitative surveys are most often performed through case studies and surveys where the selections are small (Lekvall & Wahlbin, 1993). When quantitative surveys are used the collected material is codified (expressed in numbers) and also analysed in a quantitative manner. Larger research projects often have a quantitative direction (Lekvall & Wahlbin, 1993). When the researcher looks at the data produced by qualitative research, there is an ability to draw some significant distinctions from those that result from quantitative work. These are helpful in terms of understanding what is necessary in order to be able to analyse the data meaningfully (Saunders et al., 2003, p. 378). Saunders et al. (2003) have highlighted three distinct differences between quantitative and qualitative data. Qualitative data is based on meanings and expressed through words, the collection results in non-standardised data requiring classification into categories and the analysis is conducted through the use of conceptualisation. However, quantitative data is based on meanings derived from numbers, the collection results in numerical and standardised data and an analysis is conducted through the use of diagrams and statistics.

Since we wanted to get a good insight in the restaurant business we chose to use the qualitative method when performing the case study. The qualitative method gave us the information we needed to proceed with our dissertation. Our case study interview contained six basic questions and was performed by a semi-conducted approach. The telephone survey involved structured interviews containing a questionnaire with pre-coded answers. This choice implied that our questionnaire would be based on the quantitative method.

### 2.2.3 Data collection

The literature sources are divided into three categories: primary, secondary, and tertiary literature sources (Saunders et al., 2003 p. 50). In reality these categories often overlap. The different categories of literature resources represent the flow of information from the original source. Often as information flows from primary to secondary to tertiary sources it becomes less detailed and authoritative but more easily accessible.

*Primary literature sources* are also called grey literature since primary sources can be difficult to trace and are the first occurrence of a piece of work. They include published sources such as reports, conference proceedings and theses (Saunders et al., 2003). *Secondary literature sources* are the subsequent publications of primary literature. These publications are aimed at a wider audience. They are easier to locate than primary literature sources since they are better covered by the tertiary literature. There are many different kinds of literature sources and the main secondary literatures are journals, books and newspapers (Saunders et al., 2003). Finally, *tertiary literature sources*, also called search tools, are designed either to help to locate primary and secondary literature or to introduce a topic. Most of these publications are called indexes and abstracts, and a selection is accessible via the internet or held by university libraries (Saunders et al., 2003).

We have used primary, secondary and tertiary literature sources. As a primary source we have principally used reports (Saunders et al., 2003). Some of them have been used as course materials during our education and some primary sources have been located through tertiary sources such as databases in Malmö Stadsbibliotek, the library at Kristianstad Högskola and the economic library in Lund. We have also used secondary literature sources such as books, journals and newspapers.

### **2.3 Summary**

This dissertation is performed from a realistic research philosophy and we have chosen to conduct the research by using a deductive approach. This means that we have used existing theories to shape the approach that we have adopted to the research process and to aspects of data analysis.

When making the case study the qualitative method was the most appropriate while the telephone survey was based on the quantitative method.

We will in the next chapter present the theories used to develop a model applicable to the relationship between wine suppliers and restaurants.

### 3 Theoretical frameworks

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*In this chapter we present three existing theories describing business-to-business relationships in different ways. We have studied these models and applied them on the relationship between restaurants and wine suppliers to obtain an apprehension regarding the relationship and also to create our model. Our model is presented in the end of this chapter.*

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#### 3.1 Interaction model

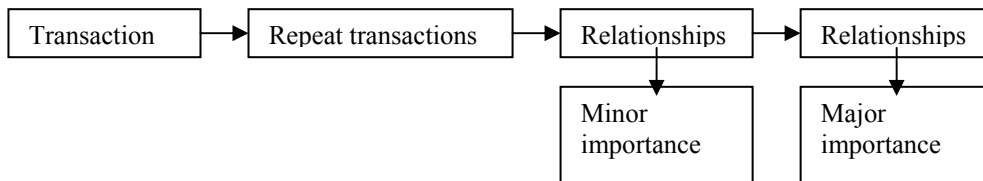
The interaction model (Ford, 1982) was developed in 1982 and is considered to be one of the first relationship models used within marketing and purchasing of industrial goods. It is seen as an interaction process between two parties in a certain environment. The interaction approach is based on four factors important in industrial markets; *Firstly*, that both buyer and seller are active participators in the market. *Secondly*, the relationship between buyer and seller is a close and long term interaction, where the main task is to maintain the relationship. *Thirdly*, that the relationship becomes institutionalised into roles that each party expects the other to perform. This requires adaptation within the organisation by both parties. *Fourthly*, that previous purchases and mutual evaluation are important factors for establishing close relationships, and not continuous material and component supply as often considered (Ford, 2002).

The context of the matters regarding close interaction is that the business parties will gain economic benefits, lower costs, higher profits, and/or improving the organization's control of some part of its environment.

We have chosen not to apply the Interaction model to the relationships between restaurants and wine suppliers. As mentioned, the Interaction model is the foundation to many relationship theories made after 1982 and is therefore reflected in the chosen theories.

### 3.2 The Transaction versus relationship theory

There are two different kinds of exchange; those based on market transaction and those based on relationships (Donaldson & O’Toole, 2002). Suppliers classify different types of customer relationships and must identify and manage their position on a spectrum between one-off sales and their important long-term relationships.



**Figure 3.1** *Behavioural spectrum of relationships* (Source: adapted from Jackson, 1985)

The transaction based approach is presented in the left area of the figure. Here little or no joint involvement is necessary or desirable. This is often the case when a one-off transaction is accomplished. Transaction based marketing applies for products which are of standard specification, of low value and available under market-type conditions. These transactions demand little customer integration between organisations. Further, a buyer should check around between different suppliers to obtain the best price and availability. The suppliers must expect to win or lose business mainly on price (Donaldson & O’Toole, 2002).

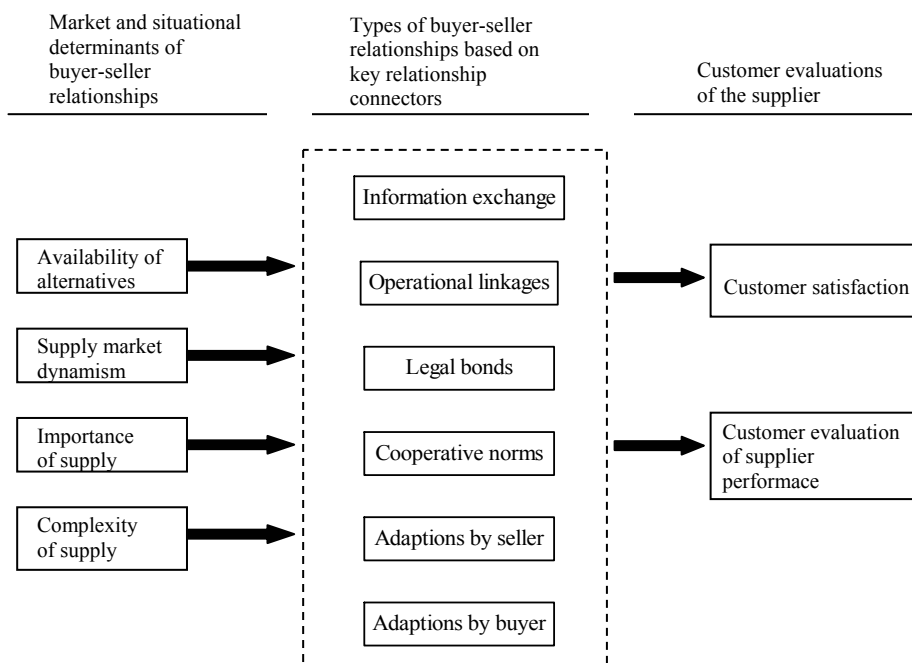
However, it is normal for some form of relationship to develop between partners doing business, even if it only means that a customer buys a newspaper from the same store every day. In these repeated transactions the relationship between the buyer and the seller could be of both minor and major importance (Donaldson & O’Toole, 2002). Business-to-business selling is more typical of a relationship-based approach. It is important to find a way to establish and maintain a sound relationship between supplier and customer. At the extreme right of the figure, relationships of major importance may formalise into partnerships, joint ventures or strategic alliances where significant co-operation and joint involvement is advocated

and deemed necessary (Donaldson & O'Toole, 2002). Where the relationship will position on the spectrum depends on different matters (Donaldson & O'Toole, 2002):

1. Switching costs – if both parties have investments in the relationship in the form of stock, stock control systems, pricing and payment arrangements there are likely to be substantial costs involved in transferring to other parties (Donaldson & O'Toole, 2002). In those cases, if the supplier fail to deliver and perform as expected and if the buyer as a result seeks alternatives, the supplier will have a difficult time to win the buyer back as high switching costs may have been incurred.
2. It is of great importance for the partners to identify the most appropriate position along the behaviour spectrum.
3. The importance of identifying the partners with whom a relationship should be built and developed. As a supplier, it is not worth investing in all customers and as a customer it is not worth investing in all suppliers.
4. How should the relationship develop over time as market conditions and other circumstances change?

### 3.3 Buyer-Seller Relationships

Cannon and Perreault (1999) have through theories and empirical research across several disciplines managed to specify six underlying key connectors that characterize the manner in which buyers and sellers relate and conduct relationships. Furthermore their research specifies antecedent markets and purchase situations and show that they affect relationships. The research also shows how customer satisfaction and evaluations of supplier performance vary across different types of relationships.



**Figure 3.2** A Schematic overview of key constructions relevant to the practice of buyer-seller relationship (Cannon & Perreault, 1994, p. 442)

#### ***Market and situational Antecedents***

Cannon and Perreault (1999) have identified four markets and situational factors reflecting key conditions in which buyer-seller relationships form:

1. Availability of alternatives
2. Significant supply market dynamism
3. Importance of a supply focus
4. Strong complexity of supply



*The availability of alternatives* is the degree to which a buying firm has alternative sources of supply to meet a need. When many suppliers compete to sell comparable services, the market becomes a source of information on prices and quality. But, few suppliers or non comparable goods may increase the information given to the seller. Thus, not having readily available alternative sources of supply may be a source of uncertainty and dependence for a buying firm (Cannon & Perreault, 1999, p. 444).

*Supply market dynamism* characterizes the degree of variability of changes in a firm's supply market. Such changes may be short term variations or long term shifts and may be due to factors such as rapidly changing technology, frequent price changes, or fluctuations in product availability. Significant supply market dynamism can create uncertainty and risk for a buying organization. In such an environment, closer interaction with a particular supplier may create opportunities to learn about and manage future developments. This could, however, create switching costs making it difficult to change quickly to a superior alternative. In this kind of market a good relationship built on trust is very important (Cannon & Perreault, 1999).

*Importance of supply* describes the buying firm's apprehension of the financial and strategic significance of a particular supply. Focus is on the impact of the purchase on the buying firm's objectives (Cannon & Perreault, 1999). It is important to decide whether a product is profitable or not.

*Complex supply needs* make it more difficult for a buying firm to evaluate purchase choices in advance or even be certain about a supplier's performance after the purchase. In essence, greater complexity of supply increases the purchase decision, ambiguity and risk. Thus, when supply needs are complex, a buying firm is likely to seek a relationship form that helps reduce ambiguity and risk (Cannon & Perreault, 1999).

### ***Buyer-seller relationship connectors***

A set of unique and differentiated attributes provides the basis for taxonomy and the application of cluster analysis methods identifies prototypical patterns or types (Cannon & Perreault, 1999, p. 440). Cannon and Perreault have identified six relationship connectors that reflect the manner in which business buyers and sellers interrelate and conduct commercial exchange.

The six buyer-seller relationship connectors are:

- Information exchange
- Operational linkages
- Legal bonds
- Cooperative norms
- Adaptations by sellers
- Adaptations by buyers

*Information exchange* is expectations of open sharing of information that may be useful to both partners. This is about the willingness of both partners to share important information (Cannon & Perreault, 1999). If there is much sharing of information, the quality of the service can be developed and improved. Also, by sharing information the partners can understand each other better and with that build trust between them.

With *Operational Linkages*, activities and processes between the firms facilitate the flow of goods, services or information. As examples of operational linkages, computerized inventory or order and replenishment systems and just in time delivery, as well as cooperative marketing programs can be named. Operational linkages also may involve the routinized activities of individuals. Service or sales representatives can develop routines to integrate themselves more closely into a buying organization by conducting regular maintenance checks on equipment or monitoring inventory and placing orders (Cannon & Perreault, 1999).

*Legal Bonds* are detailed and binding contractual agreements specifying the obligations and roles of both parties in the relationships. These bonds go

beyond the basic obligations and protections that regulate commercial exchange whether the parties sign a formal document or not (Cannon & Perreault, 1999). Legal bonds provide the protections available through the legal system. They also regulate the relationship by planning the future.

*Cooperative Norms* reflect the expectations the two exchanging partners have about working together to achieve mutual and individual goals. Both partners must understand that if they work together they will be more successful. In that way they will understand what they want from each other. Here flexibility in response to changing conditions and solidarity are important for both parties (Cannon & Perreault 1999). If the partners are able to be flexible, trust will be built between the supplier and buyer.

*Relationship specific adaptations by the seller or buyer* are investments in adaptations to process, product, or procedures specific to the needs or capabilities of an exchange partner. It focuses on the individual behaviour specific to the other partner in the relationship. Relationship specific adaptations reflect an aspect of calculative commitment in business relationships (Cannon & Perreault, 1999). Adaptations can provide value to one or both partners to the extent that these investments reduce cost, increase revenues or create dependence. Also, by adopting trust can be established. When a company sells a service it has to work from the customers' need, not its own.

These six relationship connectors reflect key characteristics of business exchange that emerge from observations of practice and a review of theory. The connectors capture legal, economic, political, sociological and psychological aspects that are key factors to commercial exchange relationships.

### ***Customer Evaluations***

It has already been mentioned that there are certain market and situational factors that reflect key conditions in which relationships form. However, buying firms are also concerned with the outcomes of the relationship, that

is customer evaluations. These evaluations may provide insights on structures preferred by buying organizations (Cannon & Perreault, 1999).

By making this research Cannon and Perreault have created eight different types of relationships:

1. *Basic buying and selling*: This kind of relationship is distinguished by that the seller's offer matches the buyer's need. This is a simple kind of exchange. However, they involve moderately high levels of cooperation and also information exchange.
2. *Bare Bones*: It reminds of the "Basic buying and selling" but the relationships are based primarily on a modest degree of routinized structural linkages.
3. *Contractual transaction*: In this relationship there are low levels of cooperation, trust and adaptation. Contractual transactions are most common in service and government operations.
4. *Custom supply*: There is a high level of adaptation but a low level of trust. The profile of this relation is for example component parts or equipment.
5. *Cooperative systems*: Neither the seller nor the buyer demonstrates a structural commitment through legal bonds or relationship-specific adaptations. The information exchange and seller adaptation is moderate.
6. *Collaborative*: This customer evaluation is characterized by a high level of cooperation and information exchange. The buying firm has a high degree of trust in their supplier.
7. *Mutually adaptive*: This relation is similar to "Collaborative" except that both buyers and sellers adopt to each others needs. This form has a high level of all factors.
8. *Customer is king*: The partners have a high degree of cooperation and trust between them and are bonded by a close, cooperative relationship. However, the seller meets the customers' needs without demanding anything from the buyer in return.

**Table 3.1** *Descriptor variables by type of buyer-seller relationship* (Cannon & Perreault 1994, p. 450)

	<b>Information exchange</b>	<b>Operational linkages</b>	<b>Legal Bonds</b>	<b>Levels of cooperation</b>	<b>Adaptations by sellers</b>	<b>Adaptations by buyers</b>	<b>Trust</b>
<i>Basic buying and selling</i>	High	Low	Low	High	Low	Low	High
<i>Bare bones</i>	Low	Above Low	Low	Low	Above Low	Low	Low
<i>Contractual transaction</i>	High	Middle	High	Low		Low	Low
<i>Custom supply</i>	Middle	Middle	Middle	Middle	High	Middle	Low
<i>Cooperation systems</i>	Middle	High	Low	High	Middle		High
<i>Collaborative</i>	High	Middle	Above middle	High		Middle	High
<i>Mutually adaptive</i>	High	High		Middle	High	High	Lowest
<i>Customer is King</i>		High	High	High	Highest	Low	

### **3.4 The Commitment – Trust Theory**

Morgan and Hunt (1994) argue, in the Commitment – Trust theory, that the key factors in a long-term relationship are commitment and trust. Commitment and trust encourage marketers to work at preserving relationship investments by cooperating with exchange partners and resist attractive short-term alternatives in favour of the expected long-term benefits of staying with existent partners. Commitment and trust also encourage marketers to view potentially high-risk actions as being prudent because of the belief that their partners will not act opportunistically. Therefore, when both commitment and trust are present, they produce outcomes that promote efficiency, productivity, and effectiveness (Morgan & Hunt, 1994).

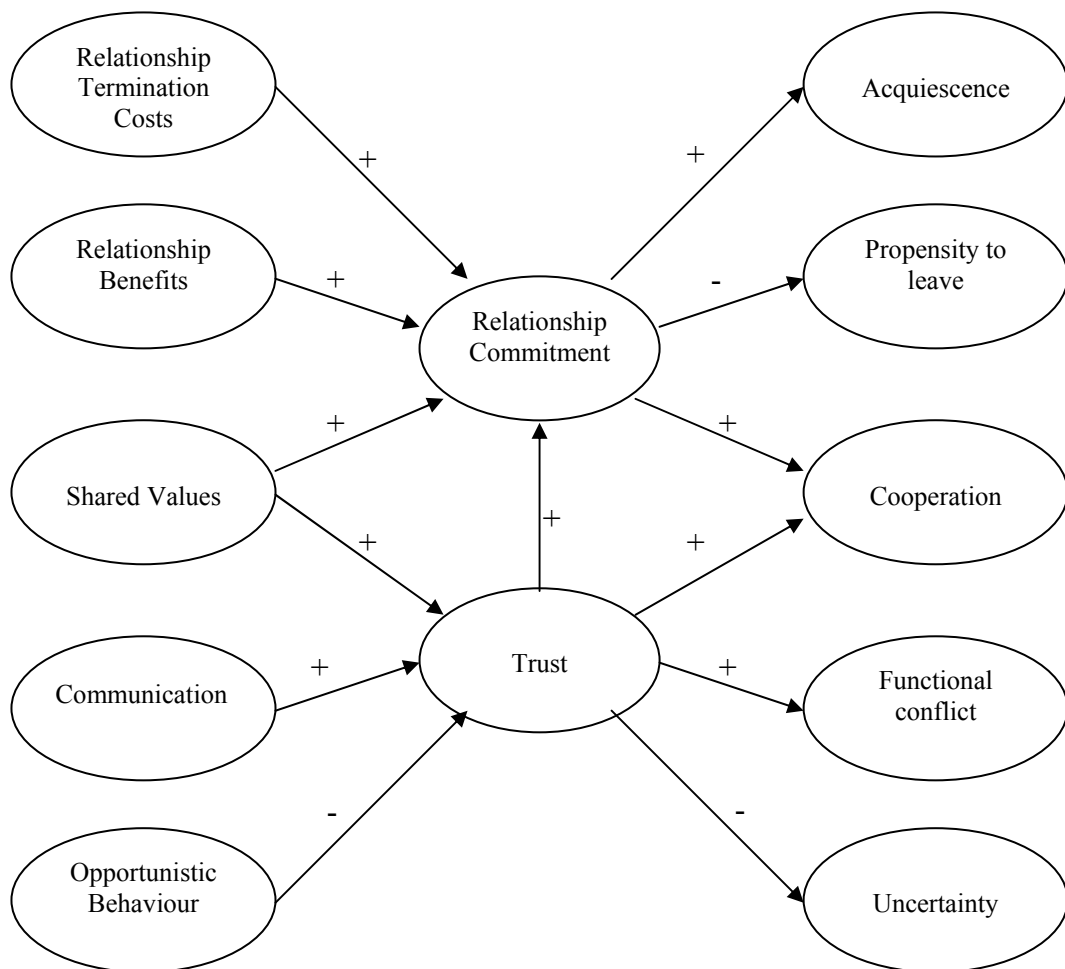
Morgan and Hunt's theory implies the key mediating variable (KMV) model of relationship marketing (see figure 3:3). This model focuses on one party in the relational exchange and that party's relationship commitment and trust. Since Morgan and Hunt hypothesize that relationship commitment and trust are key constructs, they have positioned them as mediating variables between five important antecedents (that is relationship termination costs, relationships benefits, shared values, communication and opportunistic behaviour) and five outcomes (that is acquiescence, propensity to leave, cooperation, functional conflict and decision-making uncertainty).

Morgan and Hunt have defined relationship commitment when “an exchange partner believe that an ongoing relationship with another is so important as to warrant maximum efforts at maintaining it; that is, the committed partner believes the relationship is worth working on to ensure that it endures indefinitely” (Morgan & Hunt, 1994, p.23)

Trust has been described to “exist when one party has confidence in an exchange partner's reliability and integrity” (Morgan & Hunt, 1994, p. 23).

### ***Trust Influences Relationship Commitment***

Hrebiniak (1974) argue that trust is very important to relational exchange because relationships characterized by trust are so highly valued that parties will desire to commit themselves to such relationships (cited by Morgan & Hunt, 1994, p. 24). Because commitment entails vulnerability, parties will seek only trustworthy partners (Morgan & Hunt, 1994).



**Figure 3.3** *KMV model of relationship marketing* (Morgan & Hunt, 1994, p. 22)

### ***Precursors of relationship commitment and trust***

Morgan and Hunt identify five major precursors of relationship commitment and trust. They posit that relationship termination costs and relationship benefits directly influence commitment, shared values directly influence both commitment and trust, and communication and opportunistic behaviour directly influence trust and through trust, indirectly influence commitment (Morgan & Hunt, 1994).

- *Relationship termination costs.* When a relationship is terminated the terminated partner will seek an alternative relationship and have “switching costs”. Dwyer, Schurr and Oh (1987) mean that the buyer’s anticipation of high switching costs gives rise to the buyer’s interest in maintaining a quality relationship (cited by Morgan & Hunt, 1994, p. 24). Termination costs are all expected losses from terminations and result from the perceived lack of comparable potential alternative partners, relationship dissolution expenses, and/or substantial switching costs. These expected termination costs lead to an ongoing relationship being viewed as important, thus generating commitment to the relationship.
- *Relationship benefits.* Competitive markets require that firms continually seek out product, processes, and technologies that add value to their own offerings. Because partners that deliver superior benefits will be highly valued, firms will commit themselves to establishing, developing, and maintaining relationships with such partners (Morgan & Hunt, 1994, p. 24). Morgan and Hunt (1994) argue that firms which receive superior benefits from their partnership will be committed to the relationship.
- *Shared values.* Shared values are a direct precursor of both relationship commitment and trust (Morgan & Hunt, 1994). Morgan and Hunt’s (1994) definition of shared values is the extent to which partners have beliefs in common about what behaviours, goals, and policies are important or unimportant, appropriate or inappropriate, and right or wrong. When exchanged partners share values they will be more committed to their relationships.



- *Communication*. Anderson and Narus (1990) classify communication as a major precursor of trust, and can be defined broadly as “the formal as well as informal sharing of meaningful and timely information between firms” (cited by Morgan & Hunt, 1994, p. 25). Morgan and Hunt argue that a partners perception that past communications from another party have been frequent and of high quality. High quality means that the communication is relevant, timely, and reliable and will result in greater trust.
- *Opportunistic behaviour*. When a party believes that a partner engages in opportunistic behaviour such perceptions will lead to decreased trust (Morgan & Hunt, 1994, p. 25). However, opportunism is best understood from the definition by Williamson (1975) as “self-interest-seeking with guile” (cited by Morgan & Hunt, 1994, p. 25). Opportunistic behaviour is exemplified by distortion of information, failure to fulfil promises, a shirking of obligations, and willingness to twist facts for material gain.

### ***Outcomes of Relationship Commitment and Trust***

Morgan and Hunt present five additional qualitative outcomes of relationship commitment and trust. Acquiescence and propensity to leave directly flow from relationship commitment, cooperation arises directly from both relationship commitment and trust, and functional conflict and uncertainty are the direct results of trust.

- *Acquiescence and propensity to leave*. Morgan and Hunt define acquiescence “as the degree to which a partner accepts or adheres to another’s specific requests or policies, and also that relationship commitment positively influences acquiescence whereas trust influences acquiescence only through relationship commitment” (Morgan & Hunt, 1994, p. 25). According to Bluedorn (1992) propensity to leave is the perceived likelihood that a partner will terminate the relationship in the near future (cited by Morgan & Hunt, 1994, p. 26).
- *Cooperation*. Anderson and Narus (1990) state that cooperation refers to situations in which parties work together to achieve mutual goals (cited by Morgan & Hunt, 1994, p. 26). Cooperation is the only outcome

presented to be influenced directly by both relationship commitment and trust. A partner committed to the relationship will cooperate with another member because of a desire to make the relationship work. Both theory and empirical evidence indicate that trust also leads to cooperation (Morgan & Hunt, 1994, p. 26).

- *Functional conflict.* It is difficult to avoid disagreements in a relationship. A disagreement that cannot be solved will most likely lead to relationship dissolution. However, when disputes are resolved amicably, such disagreements can be referred to as “functional conflict” (Morgan & Hunt, 1994). Functional conflict may increase productivity in a relationship. According to Morgan and Hunt trust leads a partner to understand that future conflict episodes will be functional. They also propose that increased functionality of conflict is a result of increasing trust.
- *Decision-making uncertainty.* The authors Achrol and Stern (1988) has stated that “uncertainty in decision-making refers to the extent to which a partner has enough information to make key decisions, can predict the consequences of those decisions, and has confidence in those decisions” (cited by Morgan & Hunt, 1994, p. 26). According to Morgan and Hunt trust decreases a partner’s decision-making uncertainty because the trusting partner has confidence in his partner and that the trustworthy partner can be relied on.

### 3.5 Application of the Transaction vs. Relationship theory

As already mentioned there are two different kinds of exchange; those based on market transactions and those based on relationships. When it comes to buying and selling wine, repeated transactions with the same wine-suppliers are most common. The wine supplier and the restaurant provide a business-to-business environment which lead to some kind of relationship either of major or minor importance (Donaldson & O'Toole, 2002).

Which position, in the behavioural spectrum, the wine suppliers will take depends on four matters. Therefore we are going to analyse the matters and compare them with what we found out in our case study when interviewing the first four restaurants.

1. *Switching costs.* Our understanding was not that the two parts invested in the relationship in the form of stock, stock control systems, pricing or payment arrangements. This means that the switching costs are low and changing from one supplier to another will not be expensive.
2. *Identifying the most appropriate position along the behaviour spectrum is of great importance.* The restaurants buying wine frequently from their suppliers consider a good relationship very important.
3. *The importance of identifying those partners with whom a relationship should be built and developed.* As a supplier, it is not worth investing in all customers and as a customer it is not worth investing in all suppliers. For the restaurants only making occasional purchases a deep relationship would be of no interest, since neither the restaurant nor the wine supplier would benefit much from it.
4. *How should the relationship develop over time as market conditions and other circumstances change?*

If the relationship is going well and both the wine supplier and the restaurant live up to each others' expectations a long and trustful relationship will develop between the two partners.

Thus, even though there is no investment in stock, stock control systems, pricing or payment arrangements we believe a good relationship between the wine suppliers and the restaurants is of great importance for both parts. Despite the lack of investment a great interaction and exchange of information exist between the partners. Often, the restaurant has direct contact with the end customer which means that the restaurant can inform the wine supplier about the end customer's demands. On the other hand the wine supplier has direct contact with the wine producer and can therefore introduce new wines to the restaurants. Thus, both partners probably will benefit from a close relationship.

### **3.6 Application of the Buyer-Seller Relationships**

#### ***Market and situational Antecedents***

As mentioned, Cannon and Perreault (1999) have identified four markets and situational factors which reflect key conditions in which relationships buyer-seller relationships form. We have applied the key conditions to the situation between wine suppliers and restaurants. Our discussion is presented below.

1. *The availability of alternatives.* There are approximately 300 wine suppliers in the Swedish market (B. Swartz, personal communication, 2 december, 2003) which make it easy for restaurants to find alternative sources of supply to meet a demand. When many suppliers compete to sell comparable services, the market becomes a ready source of information on prices and quality. This means that the buying firm does not have to depend on just a few suppliers and the uncertainty for the buying firm becomes low.

The wine supplier has committed to an exclusive sales contract which means that the supplier has monopoly selling the producer's wine. If the wine supplier does not fulfil his obligations or if the wine supplier's authorization to sell the producer's wine is taken away, the restaurant will have difficulties finding the same wine. The question is whether the restaurant is sensitive regarding the product or if they can buy a similar product elsewhere. If the restaurant cannot find a similar product problems may occur.

2. *Supply market dynamism.* We do not believe that wine suppliers are characterized by neither short term variations nor long term shifts. Thus, frequent price changes, or fluctuations in product availability is common for wine suppliers. But force majeure situations such as nature disasters, war or strikes, which may affect the market situation may occur. Significant supply market dynamism can create uncertainty and risk for a buying organization. Therefore, close interaction with a particular wine supplier may create opportunities to be aware of and manage future risks.

3. *Importance of supply.* Our opinion is that the main income source is the wine selling. Since we have chosen the financial part in the relationship between wine suppliers and restaurants to be one of our limitations (see p. 7), we will not discuss this matter.
4. *Complex supply needs.* As in any other business it is important for the restaurants to receive the delivery in time. In our opinion there are not any specific complex supply needs associated with the wine supplier – restaurant relationship. Thus, for that reason there is no use to seek another form of relationship.

***Buyer-seller relationship connectors.***

A set of unique and differentiated attributes provides the basis for taxonomy and the application of cluster analysis methods identifies prototypical patterns or types (Cannon & Perreault, 1999). Cannon and Perreault have identified six relationship connectors reflecting the manner in which business buyers and sellers interrelate and conduct commercial exchange.

*Information exchange.* Mutual information strengthens the relationship between the buyer and seller. We believe this connector to be one of the most important since relevant, timely and reliable information will increase the trust between the wine supplier and the restaurant. An example of such relevant information is the feedback from the end consumers that the restaurants can give the suppliers.

*Operational Linkages.* Our opinion is that both wine suppliers and restaurant contact each other mostly by telephone. However, we believe that it is of great importance to once in a while meet face to face. The wine industry differs very much from, for example, the spare part industry. Operational linkages such as computerized inventory or order and replenishment systems and just in time delivery are much more needed in industries like the spare part industry than in the wine industry.

*Legal Bonds* are detailed and binding contractual agreements specifying the obligations and roles of both parties in the relationship. Since some

restaurants write contract with their wine suppliers there will be some restrictions and demands from the supplier. Through the contract the restaurant can be obligated to only use one wine supplier and its promotion products. There are two reasons for writing a contract. Firstly, a contract gives the buyer benefits, such as a better price. Secondly, the buyer will during this period be committed to the seller.

*Cooperative Norms* reflect expectations the two exchanging partners have about working together to achieve mutual and individual goals. It is important for both the restaurants and the suppliers to understand that they will be more successful by working together. The partners will then be more aware of each other's wants and needs. Cooperative norms are about flexibility and solidarity by both partners. For example, if the restaurant needs to make an extra order of wine, delivered as soon as possible, the wine supplier should be flexible enough to see to that the wine is delivered quickly, even if it means that the supplier has to put an extra effort in realising it. In return he will get a satisfied customer and a good reputation.

*Relationship specific adaptations by the seller or buyer:* The wine supplier must supply the restaurant with a service that is distinguished from the competitors'. As mentioned before, there are many wine suppliers on the market and many of them sell similar products. Since there are many providers offering similar products they have to differentiate.

These six relationship connectors reflect key characteristics of business exchange that emerge from observations of practice and a review of theory. The connectors capture legal, economic, political, sociological and psychological aspects that are keys to commercial exchange relationships.

### ***Customer Evaluations***

As mentioned Cannon and Perreault have created eight different types of relationships: "*Basic buying and selling*", "*Bare Bones*", "*Contractual transaction*", "*Custom supply*", "*Cooperative systems*", "*Collaborative*", "*Mutually adaptive*", and "*Customer is king*".

Many different kinds of relationships can be established between wine suppliers and restaurants. What kind of relationship established depends on the parties doing business.

The relationship between agents and restaurants can differ from the relationship between wholesalers and restaurants. We argue that a relationship between an agent and a restaurant is a form of “Cooperative systems” – relationships, “Collaborative” – relationships or “Customer is king” – relationships. In the “Cooperative systems” – relationship the levels of collaboration and trust are high, while legal bonds and buyer adaptations are rare. Hence, cooperation leads to trust gaining both agents and restaurants. We believe that legal bonds are not of frequent occurrence in relationships between agents and restaurants and that it is more common for agents to adapt to the buyer than vice versa. “Collaborative” – relationships is characterised by high levels of cooperation, information exchange and trust. We got the opinion that agents and restaurants working close together facilitate the work by exchanging information and cooperating. The “Customer is King” – relationship does not only concern the relationships between agents and restaurants but between all wine suppliers and restaurants. By this we mean that it is the restaurants that often choose which wine supplier they want to do business with. This is because there is a great supply of wine suppliers on the market and therefore the restaurants can choose which wine supplier suits the best. Also, when contracts are not written between the partners the restaurants can terminate the relationship with the wine supplier whenever the relationship is not satisfying or if the restaurants get a better offer from another wine supplier. Of course, in these occasions wine suppliers also have the possibility to terminate the relationship. However, we have got the opinion that it is more difficult for a wine supplier to get a new customer than it is for a restaurant to get a new wine supplier.

We have classified the relationship between Systembolaget and restaurants as a form of “Basic buying and selling” – or “Bare Bones” – relationships.



The transaction reminds of a “Basic buying and selling” – relationship because there are low adaptations by both the buyer and the seller. Also there are no legal bonds between the partners. “Bare Bones” – relationships signify a low level of trust between the partners which seems to agree with the relationship between Systembolaget and restaurants.

The relationships between wholesalers and restaurants are most likely a mixture of “Contractual transactions” – and “Collaborative” – relationships. “Contractual transaction” – relationships report a low level of cooperation, adaptation and trust. However, even though we believe that contracts are commonly used in relationships between wholesalers and restaurants we also believe that cooperation, adaptation and trust are very important ingredients in the relationship. Since “Collaborative” – relationships offer cooperation, adaptation and trust a mixture of “Contractual transactions” – and “Collaborative” – relationship will represent the relationship between wholesalers and restaurants.

### 3.7 Application of the Commitment – Trust Theory

It is as important in the relationship between a wine supplier and a restaurant as it is in any other relationship that the partners can trust each other. As has already been said, commitment entails vulnerability and therefore both wine suppliers and restaurants seek partners who are trustworthy. By doing that vulnerability is reduced.

Morgan and Hunt identify five major precursors of relationship commitment and trust. These are:

1. *Relationship termination costs.* We believe that the risk of being exposed to terminating costs developed from the perceived lack of comparable potential alternative partners, relationship dissolution expenses, and/or substantial switching costs, is very small due to the fact that there are several potential alternative partners to choose among. However, there is a risk to be exposed to relationship dissolution expenses if the wine supplier and the restaurant have written a contract which is terminated in advance. In these cases termination costs generate commitment to the relationship. Some restaurants engage wine suppliers, with whom they do not write contracts. In such cases we draw the conclusion that termination costs are a rarity and therefore termination costs do not generate commitment to the relationship.
2. *Relationship benefits.* As examples of potential relationship benefits within the relationship between wine suppliers and restaurants we would like to mention fast delivery, receiving information about new products and receiving a profitable business agreement. By giving this to the restaurants the suppliers will be highly valued and restaurants will commit themselves to establishing, developing, and maintaining the relationship.
3. *Shared values.* Shared values within the relationship between wine suppliers and restaurants are of great importance because when partners have beliefs in common about what behaviours, goals, and policies are important or unimportant, appropriate or inappropriate, and right or

wrong they will be more committed to their relationships. This could be anything from how to make an order to how to deliver the wine.

4. *Communication*. Relevant, timely and reliable communication between wine suppliers and restaurants is important since it prevents different kinds of disputes and results in greater trust.
5. *Opportunistic behaviour*. As in any other relationship, opportunistic behaviour will have a negative effect on the relationship.

### ***Outcomes of Relationship Commitment and Trust***

We are not going to discuss the outcomes in Morgan and Hunt's Commitment – Trust theory in detail, since the outcomes of the relationship between wine supplier and restaurants, will not differ from other relationships. According to Morgan and Hunt (1994) commitment and trust lead to:

1. Acquiescence and propensity to leave.
2. Cooperation
3. Amicably resolved disputes (“functional conflicts”)
4. A decrease in decision-making uncertainty.

## **3.8**

## **Research model**

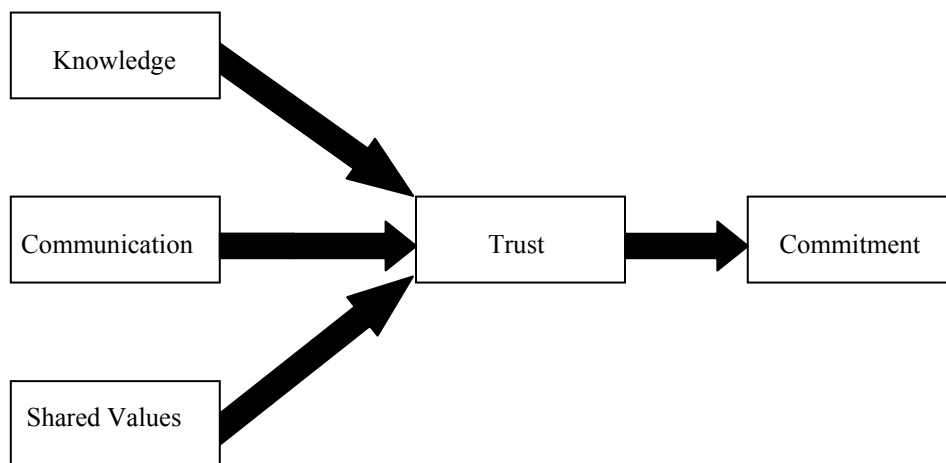
### **3.8.1 An introduction of Trust and Commitment by Communication and Knowledge**

The purpose of this dissertation is to find important factors preserving relationships between wine suppliers and restaurants. After having studied the “Interaction model” –model (Ford, 1982), The “Buyer – Seller” relationship theory (Cannon & Perreault, 1999), the “Transaction versus Relationships” model (Jackson, 1985), and the “Commitment – Trust ” theory (Morgan & Hunt, 1994) together with other literature sources we have found two concepts that frequently appear, namely trust and commitment. We argue that to reach trust and eventually commitment in a relationship, three factors; communication, knowledge and shared values are inevitable. Many researchers have stated a positive connection between communication, trust and commitment (for example Morgan & Hunt, 1994, and Cannon & Perreault, 1999). However, we have chosen to add knowledge and shared values as significant connectors to trust and commitment.

“Trust and commitment are two highly interrelated notions which stimulate a relational bond between the supplier and the customer that facilitates the establishment of productive collaborations. Therefore, “uncertainty in the relation is reduced, resource utilization efficiency is increased, and value for both parties is generated” (Gounaris, 2003, p. 1).

Research has demonstrated that the need for trust arises in any supplier/client business relationship characterized by a high degree of risk, uncertainty, and/or a lack of knowledge or information on the part of the interacting participants (K. Coulter & R. Coulter, 2003). Since there are many wine suppliers acting on the market the restaurants can, in case of unsatisfactory, easily exchange one wine supplier for another. This entails a high degree of risk and uncertainty for the wine suppliers. It is therefore of great importance for both the wine supplier and the customer to possess knowledge about both the culture of the wine industry and the wine as a

product. An experienced wine supplier who is familiar with the culture of wine industries will gain respect and trust from the buyers. Furthermore, communication and shared values plays a significant role when establishing a long term relationship. Exchanging relevant, timely and reliable information gives a trustworthy impression which can develop trust and commitment to a party.



**Figure 3.4** *An introduction of Trust and Commitment by Communication, Shared values and Knowledge*

### ***Communication***

Mohr, Fisher, and Nevin (1996) argue that one of the most essential characteristics of business relationships is the quality of communication and information exchange (cited by Coote, et al., 2003, p. 597). Furthermore, communication is by Mohr and Spekman (1994) described as “the glue that holds industrial marketing relationships together” (cited by Coote, et al., 2003, p. 597).

Many theories indicate that there is a positive relationship between communication and trust. In order to establish and maintain a healthy relationship, frequent communication between the two partners is essential. For the communication to contribute to trust and commitment it has to be relevant, timely and reliable (Morgan & Hunt, 1994). Whether the

information is relevant and timely or not is for the both parties to decide. Hence, to be able to trust the other partner the information given has to be reliable.

There are many benefits with communication. Firstly, the parties will learn how the other party functions. They will figure out how the other party is used to do business and then, if the ways of doing business differ between the parties, by compromising find a way that suits both parties. Secondly, by communicating misunderstanding can easily be avoided. Consequently the relationship will be much healthier and business will be less complicated. Finally, by communication the parties will increase mutual understanding and as a result create an apprehension about aims and values which makes it easier for both parties to adapt. Communication will also increase the understanding of the expectations within the relationship.

There are many different ways of communicating. Some wine suppliers communicate with their restaurant by phone when taking orders. Others visit the restaurant and socialize during more friendly than business-like circumstances. Some wine suppliers might have a relationship through e-mail or fax. However, to establish a close relationship we find it important, for both suppliers and the restaurants, to meet in person once in a while. It means a lot to customers being able to put a face to the voice they hear every time they speak with their wine supplier on the phone, or to the signature every time they e-mail or fax their wine supplier. By face to face meetings the relationship will become more personal to both parties.

### ***Shared values***

According to Morgan and Hunt, “shared values contribute to the development of commitment and trust” (Morgan & Hunt, 1994, p. 25). If wine suppliers and the restaurants have shared values, they can identify with each other. Shared values can result in stronger bonds between the counterparties and by having the same values; trust between the parties can increase. Both partners have fundamental values in the beginning of the relationship but as the relationship grows these values can be complemented

and changed. As a result the partners will generate stronger bonds between each other and the more values the partners share the closer the partners will get. Shared values are a direct precursor of both relationship commitment and trust (Morgan & Hunt, 1994). Morgan and Hunt's definition of shared values is "the extent to which partners have believes in common about what behaviours, goals, and policies are an important or unimportant, appropriate or inappropriate, and right or wrong" (Morgan & Hunt, 1994, p.25). When exchanged partners share values they will be more committed to the relationships.

### ***Knowledge***

There are different kinds of knowledge. There are for example, knowledge through one's own experiences and knowledge by learning from others' experiences. We believe that knowledge through own experiences is more valued by customers than knowledge through others' experiences. Experienced wine suppliers can give the impression of being more trustworthy, since they most likely have been in the business for a long period of time and knows it by heart. The conclusion should not be drawn that an experienced wine supplier is more competent than a non-experienced wine supplier. Some wine suppliers and restaurants have very little or no knowledge or familiarity about the nature of the industry in question. However, knowledge and familiarity will increase over time as customers conduct business with multiple suppliers and learn to know the range of products they can expect to receive. This knowledge and familiarity is independent of the length of time that the customer has been in a relationship with its current service provider. Even though a customer recently may have established a particular vendor relationship, he/she may have been in contact with quite a few vendors over time, and hence be quite familiar with the range of products afforded by the overall industry (Coulter, K. & Coulter, R., 2002).

As mentioned earlier, there are certain risks within the wine industry. Uncertainty (and hence risk) is reduced to the degree that the customer is familiar with industry standards and practices, and hence knows what to

expect in terms of performance from a particular supplier within that industry (Abdul-Muhmin 2003). Abdul-Muhmin has examined the importance of knowledge in the relationship between manufacturing firms in Saudi Arabia and foreign suppliers of industrial components and raw materials. Abdul-Muhmin (2003) states in his article that the need for trust arises in any risky situation, and because a primary “driver” of risk (that is, knowledge/familiarity) is expected to vary across customers and therefore expect that this driver will affect the manner in which trust is established, and hence the characteristics that lead to its development. We argue that it is important for both the wine supplier and the restaurant to be well familiar with the nature of the industry in question. The partners will then be more comfortable.

Not only knowledge about the wine supplier’s market is of importance but also the knowledge about the wine as a product. Irrespective of whether the wine supplier is a whole seller, an agent, or whether the restaurant buys its wine from Systembolaget, knowledge is important.

Nowadays wine consumers have become more aware of and interested in the different wine products offered on the market. We believe that this is much thanks to the many arranged wine-tastings, for example, by Systembolaget. This puts pressure regarding knowledge on both restaurants and wine suppliers. Most consumers expect waiters and waitresses to be well informed about the different wines offered. When visiting a restaurant today, consumers expect more than just food and beverage, they also expect an experience.

Often both restaurants and wine suppliers are very well informed about different wines. However, we believe that many restaurants present the menu for the wine supplier and then it is up to the wine supplier to choose the wines they find suitable. When this is done the restaurant taste the different wines and approves or disapproves with the wine supplier’s choices.



## ***Trust***

Trust can be described in different ways. Morgan and Hunt (1994) conceptualize trust as existing when one party has confidence in an exchange partner's reliability and integrity. Högberg (2002) suggest that trust is the result of a gradual deepening of the relationship through a process of mutual adaptation to the needs of the other party although not necessarily symmetrically (cited by Gounaris, 2003, p.2).

Trust is not something that exists from the beginning but it has to be build. This can take time and demands that both parties engage in the relationship. Therefore it is of great relevance that the parties can trust each other to fulfil written and spoken promises.

We have, in the literature, come a cross the word benevolence, which exists when an exchange partner is concerned about the welfare of its partner (Coote, Forrest, & Tamc, 2003). It should be mentioned that it is important to differentiate trust from the notion of benevolence. An exchange partner can be concerned about the welfare of its partner without giving an honest and reliable approach.

According to many authors, for example Morgan and Hunt (1994), exchange participants will seek only trustworthy partners since commitment entails vulnerability.

Different levels of trust can signal alternative stylistic approaches whether partnership, friendship, adversary or detachment (O'Tool & Donaldson, 2000).

Counter parties who do not trust one another will end up co-operating only under a system of formal rules and regulations, which have to be negotiated, agreed to, litigated and enforced (Fukuyama, 1995). This legal apparatus serving as a substitute for trust entails what economics call "transaction costs". However, if trust is established in the relationship these "transaction costs" will be very low or non-existent.

Trust leads to a high level of affective commitment (Gounaris, 2003). According to Ruyter et al. (2001) trust leads the involved parties to focus more on the “positive” motivation because of a sense of affiliation and identification with each other, and this may be a stimulus to focus less on calculative reasons for attachment to a supplier firm (cited by Gounaris, 2003, p. 3).

We believe that the more the wine suppliers and the restaurants trust each other the more committed they will get. We also think that it is important to state that relationships which is build on trust and commitment will, like any other relationship, be exposed to tests in the shape of, for example, disagreements and misunderstandings. However, in addition, frictions raised due to deficiencies that are inherent in all relationships are easier to solve if trust has developed (Gounaris, 2003).

### ***Commitment***

A long-term orientation exists when the parties focus on long-term goals and believe the relationship will be mutually profitable in the future. Essentially, the belief that a relationship will achieve desired outcomes creates commitment among the parties (Coote et al., 2003).

Commitment has also been described as the desire for continuity manifested by the willingness to invest resources into a relationship. Morgan and Hunt (1994) define commitment as the “belief of an exchange partner that the ongoing relationship with another is so important as to deserve maximum efforts at maintaining it indefinitely” (Morgan & Hunt, 1994, p. 23). As many authors, Abdul-Muhmin (2003) state that relationship satisfaction and commitment lead to desirable relational outcomes, such as cooperation, long-term orientation and decreased propensity to terminate relationships.

Interestingly enough, commitment does not appear to be equally important for both suppliers and customers. Empirical evidence exists which demonstrate that suppliers are more concerned about gaining the commitment of their customers in the relationship than vice versa

(Gounaris, 2003). As to wine supplier and restaurants we do not find this hard to believe since it appears rather easy for a restaurant to engage a supplier but rather difficult for a wine supplier to attract a new restaurant. This is probably because of the great supply of wine suppliers which allows the restaurants to practically choose which ever supplier they want.

In the article of Gounaris (2003) two types of commitment is presented: affective and calculative commitment. Both types are relatively stable attitudes and beliefs about the relationship but stem from different motivations for maintaining a relationship. Buchanan (1974) argues that if a company is affectively committed it wants to continue a relationship because it likes the partner and enjoys the partnership (cited by Gounaris, 2003). Further Jaros et al. (1993) mention the company's experiences as a sense of loyalty and belongingness (cited by Gounaris, 2003). On the other hand, calculative commitment stems from an anticipation of high termination or switching costs associated with leaving from the relationship. Allen and Meyer (1991) state that calculative commitment results from a calculation of costs and benefits (for example, investments already made in the relationship), which is detached from the context of the relationship itself (cited by Gounaris, 2003 p.3). Thus, calculative commitment is based on the perceived structural constraints that bind the firm to its partner and not a cognitive consideration of possible future opportunities provided by the latter (Gounaris, 2003). Geyskens et al. (1996) characterize this motivation "negative" as compared with the "positive" motivation underlying affective commitment (cited by Gounaris, 2003, p.3). We believe that the commitment between the wine supplier and the restaurant is of the type affective commitment since, as already stated, we have drawn the conclusion that the termination costs or switching costs are low or non-existent in these kinds of relationships. Therefore there are no structural constraints that bind the restaurant to the wine supplier but only "positive" motivations such as loyalty and belongingness that is the reason why the restaurant commit to the wine supplier.

### **3.9 Summary**

We have studied three business-to-business relationship theories and applied them on the relationship between wine suppliers and restaurants. Finally we have developed an own model arguing that the key to long-term relationships, that is commitment, can be achieved indirectly by shared values, communication and knowledge and directly achieved by trust.

We will in the next chapter present the empirical method used to test our model.

## 4 Empirical Method

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*In this part the empirical method is discussed. Firstly, our research strategy is presented. The methods used to accomplish the empirical evaluation are described as well as the samples and an explanation of the questionnaires. The used method's validity and reliability will also be argued for.*

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### 4.1 The research Strategy

To answer the presented problem a research strategy has to be chosen. There are different kinds of research strategies. Since we did not find any specific information about relationships between wine suppliers and restaurants and since we did not know anything about their way of doing business, we decided, to develop a case study.

After applying the response from the case study to the theories studied, we discovered factors that to us seemed important to maintain a long term relationship with a partner. By these factors we created a model which is presented on page 41. The model was evaluated by a questionnaire administered through a telephone survey.

#### 4.1.1 Case study

Robson (2002:178) defines case study as “a strategy for doing research which involves an empirical investigation of a particular contemporary phenomenon within its real life context using multiple sources of evidence” (cited by Saunders et al., 2003). Case studying is a good choice if the researcher would like to understand the context of the research and the processes being enacted and also when the researcher's interest is aimed on detailed and profound analyses of individual cases. The data collection can be done in different ways, for example, by questionnaires, interviews, and observations.

Since we did not find any relevant information sources describing the relationship between wine suppliers and restaurants we decided to obtain an apprehension about this matter by making a case study.

To get hold of information about a subject, the researcher has to turn to an *information giver* or a *respondent*. The choice of respondent is very important since different respondents can give varying information about the same subject depending on their position, interests, knowledge etc. We have tried to reduce the amount of faulty information by only interviewing information givers directly involved in the wine purchase.

The questions asked to the respondent can be either written or oral. A question investigation is generally called interview investigation and an individual interrogation is called an *interview*, even in cases of observations and questionnaires. We made semi-structured interviews with the restaurants in the case study. In semi-structured interviews the researchers have a list of questions to be covered, although these may vary from interview to interview (Saunders et al., 2003). The order of questions may also be varied depending on the flow of the conversation. We did not omit any questions in particular interviews but the order of the questions sometimes varied.

An interview in a question investigation can be made either by letter, telephone or personal meetings. Since we were only interviewing four restaurants we chose to have personal meetings with the restaurants when making the case study. During the interviews we took notes and immediately after the interviews we wrote down the whole answers.

#### **4.1.1.1 Case selection**

We randomly chose four different kinds of restaurants to include in our case study. Due to time restrictions and convenience, we selected restaurants located in central Malmö. The reason why we chose these four restaurants was that there are different actors in the restaurant business, for example

Hotel, Bars, Restaurants etc., and we wanted to see if there are any differences in doing business due the type of restaurant. Thus, we deliberately chose different categories of restaurants so that we could get apprehensions of eventual differences in the answers.

The restaurants chosen were Hipp, Casa Mia, Kramer Hotel and Mäster Johan Hotel. We categorize Hipp as an exclusive restaurant with expensive food and wine. Casa Mia is an Italian restaurant with middle class prices regarding food and wine. Kramer Hotel is part of the Scandic Hotel chain and serves both wine and food and finally, Mäster Johan Hotel is a private hotel, but is not serving food. The purpose with choosing two hotels was to find out if it possibly makes a difference, regarding the relationship with the wine suppliers, if the Hotel is part of a chain or not. However, since Mäster Johan did not serve food, and this was one of the criteria made when making limitations, we could not draw any conclusions considering that matter.

#### **4.1.1.2 The Questionnaire**

As mentioned, the purpose with the questionnaire in the case study was to obtain an apprehension about the relationships between restaurants and wines suppliers and also to find out if there are any differences in the relationships depending on type of restaurants and wine suppliers co-operating.

We asked six questions regarding the relationships between restaurants and wine suppliers. The first two questions concerned what kinds of suppliers were used by the restaurants when purchasing wine and why this/these wine suppliers were used. By asking these questions the restaurants motivated their choice of wine supplier and we could get a general opinion why certain restaurants chose certain wine suppliers.

Further, we wanted to know the price of wine offered by the wine suppliers and also the country of production to see if there is a connection between the kind of wine supplier used and the price class of the wine served.

To find out what was most important to the restaurants regarding wine or wine supplier we asked the restaurants if they choose wine depending on the wine supplier or if they choose wine supplier depending on their wine assortment.

The final two questions are concentrated on the pure relationship between the wine suppliers and the restaurants. The restaurants were asked to describe their relationship with the wine suppliers and how the contact between the parties is made. Here we wanted to know if the relationship is strictly business-like or on friendly terms. We also wanted to know if both parties contact each other or if the contact is made only by one party.

#### **4.1.2 Telephone Survey**

The survey strategy is usually associated with the deductive approach (Saunders et al., 2003). We decided to make a telephone survey. There are many advantages and only a few disadvantages with this kind of research strategy. First, the researcher has the possibility of collecting a large amount of data in a highly economical and rapid way. Secondly, the data collected are often easy to compare. Thirdly, the survey strategy is authoritative by people in general. Fourthly, the survey is easily understood. Finally, a survey strategy provides the researcher with much control over the research process and it is always easy to call back if the respondent is not available. The disadvantages are that both the piloting and designing of the questionnaire along with analysing the result is very time consuming, and also the data collected by the survey may not be as wide-ranging as those collected by other strategies (Saunders et al., 2003). The risk for decline is quite small but there could be sampling frame errors (see below).

As mentioned the choice of respondent is very important since different respondents can give varying information about the same subject. To reduce the amount of faulty information we only interviewed information givers directly involved in the wine purchase. The telephone interview is structured since the questionnaire (see appendix 2) is based on a predetermined and identical set of questions (Saunders, M. et al, 2003). Each question has been



read and the response has been noted on a standardised schedule with pre-coded answers.

#### **4.1.2.1 The sample**

The register over all the restaurants in Malmö, Eslöv, Höör, Laholm and Ängelholm with permission to serve alcohol represents our *register population*. Some units can be excluded directly from the register population if, for example, restaurants in the register no longer are active in the restaurant business. The remaining restaurants are called the *gross population* or *the selection frame* and represent the restaurants actually examined. Restaurants from the gross population could be excluded during the interview if it turned out that they, for example, did not have the permission to serve alcohol. The remaining restaurants are called the *net population* and deliver the relevant answers. However, there is a risk that some restaurants with permission to serve alcohol, by mistake, are not in the register. If the answers from these restaurants are different from the restaurants in the gross population, the received answers do not give a fair picture of the target population.

Sampling frame error is one of the largest sources of error in a survey investigation (Lekvall, & Wahlbin, 1993). In our case we could prevent this by using updated registers including all restaurants with permission to serve alcohol. Also, by asking questions in the interview eliminating the risk of including restaurants not supposed to be included, we prevented the sampling frame error.

Another large source to insecurity in a survey investigation is the investigator's failure to collect the needed data from all the investigation units. There are three main reasons for decline (Lekvall, & Wahlbin, 1993):

1. The investigator is unable to get hold of the investigation unit on account of wrong telephone number or the investigation unit is not available.
2. The investigator makes contact with the investigation unit without carry out an interview due to sickness, language difficulties etc.

3. The investigator makes contact with the investigation unit without carry out an interview because of unwillingness to answer due to competition reasons.

When making the telephone survey we got in contact with all three reasons for decline. However, the unwillingness to answer represented the main decline. The reason for this was mainly that most restaurants had much to do before Christmas and therefore did not have the time to answer our questions.

One of the most important quality aspects in a survey investigation is to limit the decline, but if it can not be avoided, the investigators should analyse it to be able to express the possible effect it has on the result of the investigation (Lekvall, & Wahlbin, 1993).

A third error of source in the inference from the investigated units of the target population is that they will not be representative for the net population. Depending on how the selection is made, the investigator can either by bad luck or/and by being unskilful, get a selection that more or less differ from the population in full. The larger selection, the less is the risk for divergence from the whole population. As in any investigation there is always a problem that the researcher will not collect enough material to get a good picture (Lekvall, & Wahlbin, 1993). Since we did not have enough time or resources to investigate restaurants in the whole of Sweden we had to do some geographic limitations. First of all we limited our investigation to the south part of Sweden because we found it interesting to perform our investigation close to our home district. We agreed to investigate one big and four smaller cities to see if any differences in the relationship between restaurants and wine suppliers could be found. The reason for choosing Malmö is that it is Sweden's third largest city and possesses the most restaurants per inhabitant. The smaller cities chosen were Eslöv, Höör, Ängelholm and Laholm. These cities were decided by drawing of lots from a list of small cities with between 0 and 50,000 inhabitants. All together these geographical areas constitute approximately 400 restaurants which met our criteria, that is, serving food and wine. All restaurants were

collected from the “Yellow pages” on the internet to make sure that we used an updated list. We used a systematic random selection, which means that the investigation units, that is, the restaurants, are lined up and then selected in a certain interval with a random selected start number. In our case the interval was every fourth restaurant and our start number was one.

#### **4.1.2.2 The Questionnaire**

We would here like to present the purpose with the questions in the questionnaire.

*Question 1: What kind of wine supplier do you engage today?*

We here gave four pre-coded alternative to choose from. More than one alternative could be chosen.

*Agent*    *Wholesaler*    *Systembolaget*    *Own licence*    *Other*

The purpose with the first question was to discern which types of wine suppliers the restaurants engages the most and if there are any differences in the relationship due to the type of supplier.

*Question 2: Have you written a long-term contract with one supplier responsible for more than 50 percent of your wine supply?*

This question is connected with commitment, and the purpose is to find out if the restaurants prefer to write contracts with the main wine supplier, or if the restaurants prefer to have “free” relationships. As defined in chapter 1.2, by long-term relationships we refer to written contracts between restaurants and wine suppliers lasting for one year or more.

*Question 3: Why do you use this supplier?*

We gave eight different alternatives which the representatives of the restaurant were to scale from 1 (not important) to 7 (very important). All alternatives were answered.

- *They are reliable*
- *They have much knowledge*
- *They offer a good service*
- *They have a good reputation*

- *We share valuations*
- *Great experience*
- *We have good communication*
- *Is there any other reason for using this supplier?*

This question is connected to commitment and the purpose is to find out which criteria are meaningful in the relationship with the wine supplier. The last alternative (that is, “*Is there any other reason for using this supplier?*”) was asked to find out if there are any other reason to stay with the wine supplier than the alternatives by us already mentioned.

*Question 4: How would you describe the relationship with your wine supplier if (1) means strictly business like and (7) means more friendly?*

The purpose with this question is to find out what kind of relationship the parties have today and if this has any impact on the commitment between the parties.

*Question 5: For how long have you had a relationship with your supplier?*

When studying the “Transaction versus relationship” theory we came to the conclusion that restaurants seldom perform pure transactions with the wine suppliers but establish almost exclusively relationships of either major or minor importance. By asking this question we want to know if the relationship is new or if it has been going on for a long time, and if the length of the relationship has an impact on how committed the parties are to each other.

*Question 6: Do you and your wine supplier ever share experience with each other?*

The representative of the restaurant was asked scale how often they share experiences from 1 (never) to 7 (very often).

This question is connected both to communication and knowledge. We would like to find out if the parties talk about matters not only directly connected to the ordering of wine, but also if they share information received through experience of the business to make the relationship stronger.

*Question 7: Do you and your wine supplier ever share knowledge with each other?*

The representative of the restaurant was asked to scale how often they share knowledge from 1 (never) to 7 (very often).

As question 6, this question is connected to communication and knowledge. We would here like to know if the parties share knowledge and in that way complete each other in the relationship.

*Question 8: In what way do the restaurants and the wine supplier contact each other?*

We gave four different alternatives which the representative of the restaurant was to scale from 1 (never) to 7 (very often):

- *Telephone*
- *Internet*
- *Fax*
- *Personal meetings*

This question is connected with communication. We argue that the relationships between the restaurants and the wine suppliers are strengthened by personal meetings. The purpose with this question is therefore to find out what way of communication is the most appreciated.

*Question 9: How often are you in contact with your wine supplier?*

Just like the previous question, question 9 is connected to communication. The purpose with this question is to find out how often the parties communicate and also how often personal meetings occur.

*Question 10: What kind of information source, regarding wine products, is most often used?*

We gave four different alternatives which the representative of the restaurant was to scale from 1 (never) to 7 (very often):

- *Product sheets*
- *Journals*

- *Internet*
- *Your own supplier*

This question is connected to knowledge and communication. We wanted to know how the restaurants get updated about new wines. This responds to how well the communication is developed between the parties.

*Question 11: When it comes to wine, how much knowledge, in your opinion, does;*

- *your supplier have?*
- *you have yourself?*

The representative of the restaurant was asked to scale the wine suppliers knowledge as well as their own knowledge regarding wine, from 1 (no knowledge) to 7 (great knowledge)

*Question 12: When it comes to the wine branch, how much experience, in your opinion, does;*

- *your supplier have?*
- *you have yourself?*

The representative of the restaurant was asked to scale the wine suppliers experience as well as their own knowledge regarding wine, from 1 (no experience) to 7 (great experience)

Question 11 and 12 are connected to knowledge about different kinds of wine and to familiarity of the culture of doing business regarding wine. We wanted to know if the restaurants' and the wine suppliers' knowledge and experience agreed and if it is important for the restaurants that the wine suppliers hold high levels of this kind of knowledge and experience.

*Question 13: How much does your cheapest, respectively most expensive, main course cost?*

Here we would like to find out if there are any differences in the choice of supplier and thereby the relationship due to the type of restaurant considering the price of the food.

*Question 14: How committed do you feel to the relationship with your wine supplier?*

The purpose with this question is to see how much effort the restaurant put into the relationship to make it maintain. We can also see how important the relationship is to the restaurant.

## **4.2 Response rate**

When beginning the telephone survey we soon became aware of that not all chosen restaurants wanted or could respond to our questions. Due to language problems, the representatives being busy or not interested in answering our questions we did not get as much response as planned. Out of 100 telephone calls 66 representatives answered the questions. Further, out of the 34 declines approximately 20 did not want to take part in the investigation while language problems, no answer and wrong telephone numbers constitute the remaining declines. According to Lekvall and Wahlbin (1993) a response rate below 60-70% should be viewed critically unless it is not probable that the decline have caused a twisted result. Our response rate is a border line case. However, we do not believe that the decline have caused a twisted result in this matter, since the given responses have been similar.

## **4.3 Validity and reliability**

Researchers evaluate sources when to decide whether the source is measuring what it is supposed to measure (validity), if it is essential to the issue (relevancy), and if it is reliable (Wiedersheim-Paul & Eriksson, 1991). Validity and reliability describe the process of providing detailed and justified analysis of and commentary on the merits and faults of the key literature within the area chosen.

Wiedersheim-Paul and Eriksson mention three criteria that need to be fulfilled to consider a source valid, relevant, and reliable. Firstly, the time that passes, between when the literature is written and when the information is presented, must not be too long. Secondly, the researcher has to consider whether the source has said what the researcher, or somebody else, *wants* him/her to say, or if he/she has any own interests in the question. Finally, the researcher has to know if the sources are dependent of each other or not,

for example, if two interviewers represent information collected from the same source.

What also needs to be considered when reading the literature is to distinguish between fact and opinion. When collecting material we have chosen not to use material that is no longer relevant or of interest. While looking for information about today's "wine culture" we have searched for and used new material.

When you have made an attitude measurable, for example, in the shape of an attitude scale, you can empirically try it. Operationalizing, that is how you transfer theoretical ideas and models to empirical observations, is a difficult problem in an investigation. Two important concepts are validity and reliability (Wiedersheim-Paul & Eriksson, 1991).

#### **4.3.1 Validity**

There are two aspects of validity, namely internal validity and external validity. Internal validity is the ability of a measure instrument to measure what is intended to be measured. The internal validity can be investigated without a collection of empirical data. External validity is about the extent to which research results from a particular study are generalisable to all relevant contexts (Saunders et al., 2003). The external validity is independent of internal validity and it can not be judged without knowing how the empirical material has been collected and what it is about.

The researcher should be aware of different kinds of problems and threats to validity. An example of threat is history. For example, if students are to study the opinions that employees have about job security in a particular organisation, and the research is conducted shortly after a major redundancy program, the students can expect dramatic and quite misleading results (Saunders et al., 2003).

In our telephone survey, 54 restaurants from Malmö and 12 restaurants from the smaller cities, took part of the telephone interview. Due to the large



difference between the amount of participating restaurants from Malmö, and the smaller cities, we would like to question the external validity of the interview results. To get a fair result we should have investigated the same amount of restaurants in the smaller cities as in Malmö.

Furthermore, even though the result accord between Malmö and the smaller cities, we believe that it is incorrect to draw the conclusion that the result from this study is generalisable to all wine serving restaurants situated in other big and small cities in Sweden.

To obtain an apprehension about how the relationship between wine suppliers and restaurants works a case study was performed. We chose a semi-conducted approach without pre-coded answers so that the interviewees had the possibility to answer our questions freely. We believe that this approach was the most suitable since we did not have any information about the mentioned relationship before writing the dissertation.

When realizing the case study we got the apprehension that the way of doing business with the wine suppliers did not differ among restaurants similar to each other. Therefore, to get a representative picture of the relationship between wine suppliers and all kinds of restaurants, we interviewed representatives from restaurants with different genres.

The telephone survey was executed so that we, from the empirical material collected, could evaluate the assumptions in our model. Doing a survey of all the restaurants in Sweden would not have been possible since we did not have the time nor the resources required. As mentioned earlier, telephone interviews involve a great risk of sample frame errors (Lekvall, & Wahlbin, 1993). This was kept in mind when performing the survey. The reason why we chose to accomplish a telephone survey is that it gives a high response rate and is a fast and easy procedure compared to, for example questionnaires send by letters. Also, when making telephone surveys, misunderstandings from ambiguous questions can be prevented. The telephone survey was performed by a structured approach with pre-coded

answers.

### **4.3.2 Reliability**

Reliability means that a measure instrument gives reliable and stable response. Thus, to have high reliability the method should be independent of the investigator and the investigated units (Wiedersheim-Paul & Eriksson, 1991). As with validity, reliability can be exposed to threats. For example, if a student is studying the degree of enthusiasm employees have to their work and their employer, you may find that questionnaires completed at different times of the week generate different results. Another threat can be that the employees will say what they think their boss would want them to say (Saunders et al., 2003). Moreover, there is always a risk of generating different response if an investigation is performed during different periods of time or in different places. Other things such as stress and non-interest can also affect the interviewee's response (Lekvall & Wahlbin, 1993).

Before performing the case study we telephoned the restaurants and made an appointment. In that way the representatives of the restaurants could decide when, and where to perform the interview. Contacting the interviewees before the interview, providing them with information about the investigation, is important since it gives them time to prepare.

Regarding the telephone survey we did not first contact them by mail, fax or letter to ask for an interview but we just telephoned them. Some restaurant representatives asked us to call back later the same day or the next day, which we did. However, by not contacting the interviewees in advance we did not give them the possibility to prepare. This increases the risk of receiving responses not thoroughly thought through.

As mentioned above, stress will most likely affect the response given in our survey. Stress can be caused by many things. Most restaurant stabs are very busy during Christmas. We noticed that even if many interviewees kindly answered our questions it was obvious that some of them were under a lot of stress. Thus, if we had performed our investigation during another period of

time the result in this dissertation could differ. Also, most interviewees participating in our telephone survey were not alone when answering our questions. The environment in which the interviewees answer the questions can cause stress and distraction which affect the given response.

Because of the limitations chosen in this dissertation, the results presented do not reflect whole Sweden but only Malmö, Eslöv, Höör, Laholm and Ängelholm. This means that if the exact same research was performed in other cities than the recently mentioned, the answers in the questionnaire could possibly differ.

#### **4.4 Summary**

We used two kinds of research strategies for our dissertation. Firstly, to obtain an apprehension about the relationship between wine suppliers and restaurants we made a case study containing semi-structured interviews. Secondly, we made a structured telephone interview based on a predetermined and identical set of questions to find out if we have made correct assumptions in our model regarding key factors to long-term relationships between wine suppliers and restaurants.

We have also discussed the validity and reliability of the empirical material. Due to stressful circumstances during the telephone survey, a similar survey performed at another period of time, entails the risk of receiving different results.

In the next chapter we will present the analyses of the telephone survey along with our model applied to the relationship between wine suppliers and restaurants.

## 5 Analysis

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*This chapter analyses the empirical material. We begin by analysing the response of the restaurants in Malmö. Hereafter, we analyse the response of the restaurants in the smaller cities. To conclude we apply our model on the empirical material.*

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### 5.1 Analysis of the empirical material

#### 5.1.1 Analysis of restaurants in Malmö

The most common type of wine supplier among the restaurants interviewed in Malmö is solely wholesalers. Approximately 44 percent of the restaurants interviewed in Malmö use solely wholesalers and about 22 percent use a combination of wholesalers and agents. When talking to the restaurants we understood that the restaurants which use solely wholesalers most often engage them as both wine and food suppliers. The reason why so many restaurants use wholesalers as both wine and food suppliers is that the restaurants feel comfortable knowing that the wholesalers have what they want. Therefore, the restaurants do not have to turn to different suppliers for different products. Restaurants using a combination of agents and wholesalers use agents to complement the wholesaler's supply of wine.

We have not been able to distinguish a pattern showing that certain restaurants always use certain wine suppliers. However, we have come to the conclusion that restaurants serving expensive main dishes often use a combination of wholesalers and agents. Furthermore, restaurants serving less expensive main dishes more often use solely wholesalers or Systembolaget. Those restaurants using solely Systembolaget as a wine supplier often buy a small amount of wine. Restaurants using agents as a solely wine supplier are often restaurants serving unusual wines that can not be bought elsewhere.

When it comes to contracts the research showed that there are almost as many of the interviewed restaurants in Malmö that do not write long-term contracts (1-2 years) as restaurants that do. We found that it is more common to write contract with wholesalers than with agents. This is probably because the restaurants buy both wine and food from the wholesalers. The contract makes both partners secure, but also vulnerable. Secure because they know what to expect from each other and vulnerable because it can be problematic to break the contract in case of dissatisfaction. We argue that to be willing to write a contract the restaurant has to trust the wholesaler and also agree to commit. However, not writing contract also can give a kind of security. Either party can end the relationship whenever they want to and are not forced to stick to a contract.

It is important to mention that not writing contracts does not mean that the parties have short term relationships. Most restaurants, as can be viewed in the response to question five, have had a long relationship with their wine suppliers even if they have not written any contract. This means that partners can be committed to each other either with or without a contract.

Most restaurants argue that high reliability, service and good communication are determining factors to stay in a relationship. Of these factors, reliability was the one factor of most importance. Almost as important as the above mention factors are knowledge, reputation and experience. Shared values seem to matter the least but even so, over 60 percent found shared values to be of great importance (5-7 at the scale). We could not distinguish any specific patterns between different kinds of wholesalers or restaurants but we interpret this response as something that is a general opinion among most restaurants.

We would like to mention that three restaurants did not have any opinion concerning the wine suppliers shared values and they therefore did not answer the question. Even so, we draw the conclusion that all factors (that is reliability, knowledge, service, reputation, shared values, experiences and communication) are important for remaining in a relationship.

The response from the question, where the restaurants were asked to grade the relationship with the wholesalers from strictly business (1) to strictly friendship (7), is rather hard to interpret. The response is that most restaurants (approximately 33 percent) assert that their relationships are strictly business-like. However, 22 percent position exactly in between strictly business-like and strictly friendship-like relationships. Finally, about 13 percent assert to have strictly friendship like relationships. However, after discussing the interpretation of this question with some restaurants they argued that even if they occasionally socialized during more friendship than businesslike circumstances, business comes first. Thus, business is always the reason to meet even if the meeting is during friendly circumstances. It should be noted that some restaurants do not appreciate when wine suppliers make “friendship” approaches.

The purpose with the question, for how long the restaurants have had a relationship with the wine suppliers, was to find out whether the restaurants often change wine suppliers or if they keep the same wine suppliers for many years. However, some restaurants are newly opened and some have existed for many years. This was something we did not consider when developing the questionnaire. Therefore the figures do not actually answer our question. The result, which shows that more than half of the restaurants have only had a relationship with the wine suppliers for 0 – 3 years, does not mean that the restaurants have changed wine suppliers. Actually, several restaurants told us that they have had the same wine supplier since their opening. Some 25 percent have had the relationships for 4 – 7 years and only 11 percent have had the same wine supplier for 8 – 11 years. Finally, 7 percent have had the same wine supplier for more than 11 years. We draw the conclusion that restaurants value long-term relationships and do not change wine suppliers unless the relationship is not working.

Also the questions regarding if the restaurants and the wine suppliers exchange experiences and knowledge with each other, gave an ambiguous response which is rather difficult to interpret. However, many restaurants argued that experience and knowledge comes hand in hand. Furthermore, it

is more common to exchange experiences and knowledge occasionally or rather often than never or very seldom. We do not see a pattern that restaurants with much experience and great knowledge about the wine and the wine business exchange knowledge with wine suppliers holding the same level of experience and knowledge. Thus, most restaurants exchanged experiences and knowledge occasionally irrespective if the wine suppliers are sole wholesalers, agents or Systembolaget and irrespective if the restaurant had great knowledge about, or experience of wine.

The most common ways for restaurants and wine suppliers to communicate with each other are either through personal meetings or telephone. In this way the conversation is more personal, and misunderstandings that can occur when communicating through mail or fax (for example risks of being unclear/indistinct) can easily be avoided. Also when speaking directly to a person you can be sure that the message is reached. As already mentioned, restaurants highly value communication and since the majority of the restaurants communicate several times a month the way of communicating becomes very important. The communications with the wine suppliers do not only include the actual order of wine but also the exchange for information. Not only knowledge and experiences are exchanged but to many restaurants the wine suppliers work as an information source regarding wine for the restaurants. As a matter of fact the main source of information for many restaurants turned out to be the wine supplier. Some 70 percent use their own wine supplier as the main information source. Also product sheets is shown to be a rather popular information source since over 50 percent of the restaurants classified this as an important or very important information source. The product sheets are received from both the restaurants' own supplier/s and potential wine suppliers. The high value of information exchange between the restaurant and the wine supplier show that the communication between the parties is important. We asked the restaurants if any other kind of information sources is used and many restaurants mentioned their own knowledge and also customers' knowledge as an important information source.

Regarding restaurants' and wine suppliers' knowledge about the wine market, many of the restaurants' answered the same as in the following question about the experience. Approximately eight restaurants could not make any comments about the wine suppliers' experience of the wine market. Also, three restaurants could not make any comments about their knowledge about wine. The result shows that the wine suppliers experience is mainly good. Some 90 percent value the wine supplier's knowledge to be good or very good (5-7) while the restaurants value their own knowledge a bit lower than the wine suppliers. However, some 57 percent of the restaurants in Malmö find their own knowledge to be good or very good (5-7). Considering the wine suppliers and the restaurants own experience some 75 percent valued the wine suppliers' experience to be good or very good (5-7) and about 57 percent of the restaurants valued their own experience to be good or very good. This question matches question three since many restaurants mentioned knowledge as one of the reasons to stay with the same wine supplier. Thus, if good knowledge is a demand in question three the wine supplier has been given a good grade in question eleven.

Since many restaurants use the wine supplier as an information source the result in question eleven matches the response in question ten and question three. Many wine suppliers have good knowledge about wine, which results in many restaurants using the wine supplier as an information source. We noticed that the knowledge could vary within the organisation of the wine suppliers. Some salesmen are more competent than others.

In our final question we asked the restaurants to scale their feeling of commitment from 1 (non-existent) to 7 (very high). Some 75 percent found themselves to be committed or very committed to the relationship with the wine suppliers. We draw the conclusion that those employees having wine purchasing as one of many tasks are often less committed than those employees who only or almost only handle the wine purchases. We also found out that the restaurants which used only Systembolaget as a wine supplier did not feel committed to the relationship. It is difficult to find reasons why but we believe one reason may be that restaurants using



Systembolaget as a wine supplier do not establish a personal contact. This is because the wine purchase between the restaurant and Systembolaget only happens occasionally and therefore no contact is established.

### **5.1.2 Analysis of the restaurants in Eslöv, Höör, Laholm, and Ängelholm**

Generally the restaurants in the smaller cities show a similar response as the restaurants in Malmö (see Appendix 3).

The most common wine suppliers in the small cities (Eslöv, Höör, Laholm and Ängelholm) are solely wholesalers. Of the interviewed restaurants 42 percent use solely wholesalers and the remaining restaurants use either solely agents, or a combination of agents, wholesalers and Systembolaget. Like restaurants in Malmö, restaurants in the smaller cities use wholesalers as both wine and food suppliers. The wholesalers' assortment is complemented by products from either agents or Systembolaget if required.

Approximately 75 percent of the restaurants in the smaller cities write long-term contracts (1-2 years). Most restaurants write contracts with wholesalers since wholesalers provide the restaurants with food, beverage and advertising products and occasionally give better prices. As mentioned before, to be willing to write a contract the partners have to trust each other and also agree to be committed. Most restaurants, as can be viewed in the response to question five, have had a long relationship with their wine suppliers even if no contract has been written. As mentioned, this means that partners can be committed to each other either with or without a contract.

The restaurants think that the factors in question three was of great importance since the response was above average (4). Our opinion is that the factors in question three is of great importance to make a relationship work. This is confirmed by the response of high grades. Further, shared values is of less importance since the restaurants argue that if business works pleasantly it is not so important if the partners share values.

The response to the question where the restaurants were asked to grade the relationship with the suppliers from strictly business (1) to friendship (7), is wide. Some 33 percent of the restaurants argue that their relationship is strictly business like and 25 percent argue the relationship being friendly. The answers from the remaining restaurants were equally divided on the remaining alternatives. The reason for the wide result is that relationships with wholesalers can be more business like if the wine is delivered by different people, which means that more people are involved in the relationships. This makes it harder to get to know all the involved. The fact that contracts are more common in wholesaler relationships also influence the relationships to be more business like since the parties do not have to make the same efforts to make the relationships remain. However, when using an agent the relationship tends to be friendlier due to the little amount of people involved in the relationship.

As most of the restaurants in Malmö, the restaurants in the smaller cities have had a relationship with the wine supplier for 0 – 3 years and approximately 42 percent have had a relationship for 4 – 7 years. As described earlier the figures do not actually answer our question since some restaurants are newly opened. Several of the restaurants in the smaller cities, as the restaurants in Malmö, told us that they have had the same wine supplier since the opening. Some restaurants have used their wine suppliers since the deregulation of the monopoly of V&S came into force 1995. Again, we draw the conclusion that restaurants value long-term relationships and do not change wine suppliers unless the relationship is not working.

The questions whether the restaurants in the smaller cities and the wine suppliers exchange experiences and knowledge with each other, gave an ambiguous response. We repeat our conclusion that experience and knowledge comes hand in hand.

The most common ways for restaurants and wine suppliers to communicate with each other are either through personal meetings or telephone. Personal

meetings are defined as face-to-face contact made either by the agent visiting restaurants or representatives from the restaurants meeting the agent at trade fairs or wine tastings. The face-to face communication makes the relationship more personal, and misunderstandings can much easier be solved and avoided. Misunderstandings and uncertainty may lead to transaction costs which are unnecessary costs as they can be avoided by good communication.

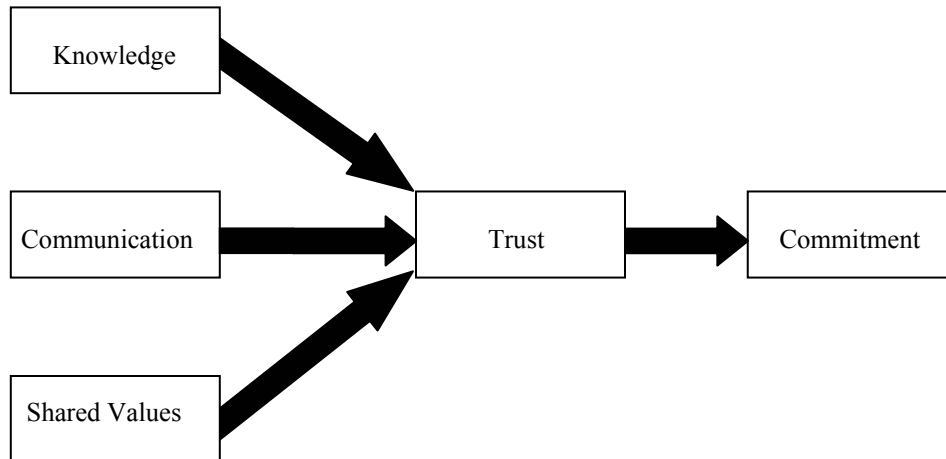
The restaurants in the smaller cities communicate with the wine suppliers either weekly or monthly. These results show that the communication between the wine suppliers and restaurants is generally good and well established.

As mentioned before, wine is a complicated product and knowledge is therefore important when doing business. Approximately 75 percent of the respondents use their wine supplier and product sheets as an information source. They do not only get product sheets from the already established supplier but also from potential suppliers. Regarding the question how the restaurants apprehend its own and the wine suppliers' knowledge regarding wine and wine business, some 80 percent of the restaurants argue that they have good knowledge in both areas.

The majority of the restaurants mean that they are committed in the relationship with their supplier. As mentioned regarding Malmö, the wine purchasers at the restaurants saying that they are not committed in the relationships may, have wine purchasing as one of many working tasks and therefore are less committed.

## 5.2 Application of our model

In our model we argue that to reach trust and eventually commitment, three factors; communication, knowledge and shared values, are inevitable. Below we evaluate our assertions about key factors leading to long-term relationships between wine suppliers and restaurants.



**Figure 5.1** *An introduction of Trust and Commitment by Communication, Shared values and Knowledge*

Most restaurants, in both Malmö and the smaller cities, argue that high reliability, high service and good communication are determining factors to stay in a relationship. In both geographic investigation areas reliability is the factor of most importance. Almost as important as the above mentioned factors are knowledge, reputation and experience. Shared values seem to matter the least but even so, over 78 percent of the restaurants find shared values to be rather or very important (4-7 at the scale). The total results from the telephone survey are attached (see Appendix 3).

### **Communication**

The most essential characteristics of business relationships are the quality of the communication and the information exchanged. In our model we argue that in order to establish and maintain a healthy relationship, frequent communication between the two partners is essential. We also state that personal meetings are of great importance. In both Malmö and the smaller

cities, the empirical material shows a communication frequency of at least once a month, and that the most common ways for restaurants and wine suppliers to communicate with each other is either through personal meetings or by telephone.

A further assumption in our model was that the wine suppliers act as a source of information regarding wine. The investigation shows the wine supplier to be the main source of information for many restaurants. Product sheets from either the engaged wine suppliers or from other potential wine suppliers is also shown to be a rather popular information source. Many restaurants also mentioned their own knowledge and also customers' knowledge as an important information source.

Thus, frequent communication makes the relationship healthy and business less complicated due to mutual understanding which enables both parties to adapt to the relationship. We find a positive relationship between communication and trust.

### **Knowledge**

Regarding knowledge and experience we found that it is more common to exchange experiences and knowledge occasionally or rather often than never or very seldom.

In our model we argue that it is important for both the wine supplier and the restaurant to be well familiar with the nature of the industry in question and also to hold knowledge about the wine itself. However, according to the empirical material the wine suppliers often hold more experience and knowledge than the restaurants. This means that the restaurants have to trust the wine supplier. Thus, it is important for the restaurants that the wine suppliers hold knowledge about wine as a product and the wine branch in large. An experienced wine supplier, familiar with the culture of wine, has a bigger chance to gain respect and trust from the restaurants and thereby reduce the risk of losing the business partner.

### **Shared values**

In our model we have made the assumption that shared values increase trust and result in stronger bonds between the counterparties. Our investigation shows that shared values are important, but not as important as the other key factors, and that long term relationships can be established without the parties sharing values. We believe that understanding and respecting differences in each others values can be just as important as sharing values.

### **Trust**

Restaurants classifying communication, knowledge, and shared values as important factors in a relationship also evaluate trust highly.

In our model we agree with Gounaris (2003) and state that trust leads to a high level of affective commitment. We also agree with Ruyter et al. (2001) stating that “trust leads the involved parties to focus on the positive motivation” which often can occur in friendly business relationships (cited by Gounaris, 2003, p.3). However, the empirical material shows that the relationships between restaurants and wine suppliers in both Malmö and the smaller cities seem to be mostly business like. Most restaurants argue that business comes first even if friendship is appreciated. We have come to the conclusion that trust can develop between wine suppliers and restaurants without them having a friendly relationship. The more the wine suppliers and the restaurants trust each other the more committed they will get.

### **Commitment**

As already established, most restaurants in both geographical areas feel committed or very committed in the relationship to the wine suppliers. The wine purchasers, feeling very little or no commitment, have usually several working tasks and have only sporadic contact with the wine suppliers.

The commitment between wine suppliers and restaurants is of the type affective commitment since the termination costs or switching costs are low or non-existent in these kinds of relationships. Empirical evidence exists which demonstrate that suppliers are more concerned about gaining the

commitment of their customers in the relationship than vice versa (Gounaris, 2003 p. 2). Gounaris' statement agrees to the relationships between wine suppliers and restaurants. For wine suppliers the market is characterised by structured networks and hard competition and due to the low switching costs this entails that wine suppliers can easily be exchanged. The risk is greater in the beginning of the relationship when the business partners does not know each other but as time goes by the insecurity fades away. However, we draw the conclusion that it is in both parties' interest to reach trust and commitment and work hard to establish a long-term relationship.

### **5.3 Summary**

In this chapter the result from the telephone survey is analysed. The survey shows that the restaurants are in favour of long-term relationship and that communication, knowledge and shared values are important key factors leading to trust and commitment. Further an application of our model on the empirical material is presented.

The next chapter entails conclusions and also suggests further studies.

## 6 Conclusions

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*Chapter six begins with a presentation of the conclusion drawn from the analysis of our model and the empirical material. The chapter ends with suggestions of further studies.*

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### 6.1 Conclusions

Our main purpose with this dissertation was to identify key factors leading to long-term relationships between wine suppliers and restaurants. We therefore developed a model containing five key factors and applied it to the relationship between wine suppliers and restaurants. Below our conclusions will be presented.

In our model we argue that commitment is indirectly achieved by communication, knowledge, and shared values and directly achieved by trust. Further, these five key factors lead to long-term relationships between wine suppliers and restaurants.

The telephone survey confirmed our assumption about communication being of great importance when building a long-term relationship. By communicating, such as sharing information, the parties can complete each other. Also open communication reduces misunderstandings which will increase the level of trust.

The second key factor mentioned in our model was knowledge. This factor was shown to be especially important for the restaurants with wine purchasers having little or no knowledge about wine. In these situations the wine supplier helps the restaurant to choose wines suitable for the restaurant.

Regarding shared values, we have come to the conclusion that relationships between wine suppliers and restaurants can maintain for a long period of time, without the partners sharing the same values. However, the



investigation shows that sharing values is an important factor creating trust and making the partners feel more committed.

Trust is not something that exists from the beginning of a relationship but has to be build. This can take time and demands that both parties engage in the relationship. The more the wine suppliers and the restaurants trust each other the more committed they will get.

Thus, the restaurants put great value in communication, knowledge, and shared values, which all have resulted in a high level of trust and finally, a high level of commitment among the partners. When the parties feel committed to each other they will both make best efforts in making the relationship work. Occasionally this means doing more than expected which will result in gratitude by the other party. If there is commitment in a relationship, value will be created and it is not unlikely that the relationship will last for a long time.

The investigation shows that most restaurants feel committed to the relationship with the wine supplier and are, or have intentions of staying in a long-term relationship with the partner.

We chose to investigate one big city and four relatively small cities. The reason why, was to see if we could find any differences between a big city and smaller cities regarding key factors leading to long term relationships. The empirical result showed no, or very small differences and therefore no conclusions could be drawn in this matter.

## **6.2 Further studies**

We have limited our dissertation to a small geographic area of Sweden. Therefore, our results can not be generalised to the relationship between wine suppliers and restaurants in the whole of Sweden. By performing a similar investigation over the whole of Sweden a generalisation would be possible.

Further, our dissertation only concerns relationships between wine suppliers and restaurants. Thus, another suggestion of further studies would be to investigate the business network including both micro and macro aspects.

A final suggestion of further studies could be to investigate if our model could be applied and valid in other business areas and also to investigate the possibility of finding other highly valued key factors leading to long-term relationships between the seller and the buyer.

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# Appendix 1

## Interviews with restaurants in Malmö

### Interview with Magnus at the Restaurant Hipp 5/11

#### 1. What kind of supplier/suppliers do you use when purchasing wine?

Restaurant Hipp buys wine from many different agents/ suppliers. The choice to use agents and suppliers is to avoid wine sold at the Systembolaget and by whole- sellers and also avoid conflicts regarding price settlement. The conflict came up in the 1980: s when customers got irritated when a wine costing 50 SKR at the Systembolaget could cost 150 SKR at the Restaurant.

Different suppliers are used depending on the menu and season and some are chosen if Hipp is planning to lay down the wine to mature.

There are many suppliers and the competition is hard and if a supplier does not take care of the business another one is chosen. Since the competition is hard the agents look after the relationship with the restaurant very well.

#### 2. Why have you chosen these particular suppliers?

The reason why Hipp has chosen these suppliers is that they are the ones with the most competence. The agent's competence is very important since Hipp wants to give the customer a good experience when drinking the wine and eating the food. Hipp wants to give their customers something special.

#### 3. What kind of wine do you purchase?

*Price:* Hipp has a very wide range of prices. Their cheapest wine costs 189 SKR for the guest and the most expensive 18000 SKR. Hipp do not look at the price when buying wine. Instead they look at the quality. Hipp want to give their guests a very good experience. When they set the prices they decide how much it is worth.

*Country of production:* Since Hipp would like to be able to offer the customer different kind of wine the restaurant buys wine from all over the world. Hipp finds it important to meet different tastes.

**4. What is your first choice, wine or supplier?**

The agent is chosen from which wine he sells. In most cases the purchaser has a specific wish which wine he wants and then he chooses the supplier which meets his wishes. Maybe the purchaser has tasted or heard about a wine that he wants and knows which supplier that sells that wine. By looking in the register he can order the wine.

The wine agent has monopoly to import wine to Sweden from the producer. No one else is allowed to sell the wine. After contacting wine agents, the agents provide Hipp with samples or suggestions of wines that can be good for just that menu.

**5. Describe your relationship with the supplier?**

The relation with the supplier is very friendly partly because it is a long-term relationship and partly since Magnus meets many of the agents at the Sommelier meetings. To be a member in the Sommelier-organisation you have to do tests theoretically and practically. By taking these tests the sommeliers meet competent people to share their experience with and perhaps to do business with.

**6. Do you contact the supplier or does the supplier contact you?**

Since the competition is hard agents call daily to sell wine, but the most common way is that Magnus contacts them. Magnus can for example call one of his suppliers and say that he wants a specific wine. Some suppliers can deliver the wine next day and others in a couple of days.

## **Interviews with restaurants in Malmö – Scandic Hotel (Gunilla) 5/11**

### **1. What kind of supplier/suppliers do you use when purchasing wine?**

Scandic foremost engage wholesalers as suppliers since a contract have been written between Scandic and the wholesalers. However, if none of the wholesalers can deliver a certain kind of wine Scandic can choose to turn to wine agents. At this moment Scandic engage Spendrups when purchasing beer and wine and also ICA Meny when purchasing wine.

### **2. Why have you chosen these particular suppliers?**

The reason why Scandic Hotel has chosen these particular suppliers is that it is an easy way of buying wine as Scandic Hotel is a hotel chain spread all over Sweden. All the hotels are supposed to offer the same sorts of wine and by buying them from large wholesalers this are possible.

### **3. What kind of wine do you purchase?**

*Price:* Scandic sell wine within a wide price range. The restaurant customers pay approximately 230 SEK for the cheapest wine and 55000 SEK for the most expensive wine. When purchasing wine Scandic Hotels always compare price with quality and buys the most price worthy wine.

*Country of production:* Scandic Hotels offer wine produced all over the world. However, at the moment many of the wines offered are Italian produced.

### **4. What is your first choice, wine or supplier?**

Since Scandic has written a contract with wholesalers they most often buy wines offered by the wholesalers. However, if Scandic would like to buy a wine not offered by any of the wholesalers they are allowed to contact agents who can deliver that specific wine.

**5. Describe your relationship with the supplier?**

The relationship with the supplier is described to be very close as they have contact every week. It is very important to the supplier to maintain a good relationship since Scandic Hotel is a great hotel chain and probably also a great income source to the wholesaler.

**6. Do you contact the supplier or does the supplier contact you?**

The supplier and Scandic Hotel contact each other just as much. If Scandic Hotel has forgotten to make an order one week the wholesaler contact Scandic. Also, if the wholesaler has something new to offer Scandic the wholesaler makes contact. And if Scandic wants something new Scandic contact the wholesaler.



## **Interviews with restaurants in Malmö – Casa Mia (Barra) 10/11**

### **1. What kind of supplier/suppliers do you use when purchasing wine?**

Casa Mia purchases wine from three big agents, but when necessary Casa Mia also turn to smaller agents or Systembolaget. Sometimes contracts are written with the bigger agents.

### **2. Why have you chosen these particular suppliers?**

Casa Mia prefers to use an agent because it is cheaper than buying directly from Systembolaget.

### **3. What kind of wine do you purchase?**

*Price:* Casa Mia offers wine in different price ranges. The restaurant customers pay approximately 120 kronor for the cheapest wine and 700 kronor for the most expensive wine.

*Country of production:* Casa Mia only offers Italian wines since it is an Italian restaurant.

### **4. What is your first choice, wine or supplier?**

Seeing that Casa Mia has written contracts with big agents, the purchased wine is most often the ones offered by the agent. The agents give Casa Mia advice on good wines that match their restaurant concept and clientele. If an agent can not deliver a certain wine, Casa Mia turns to another agent who can deliver that wine. A second option is to turn directly to Systembolaget.

### **4. Describe your relationship with the supplier?**

The relationship with the supplier is described as relatively close because of their frequent contact. Mr. Barra describes the relationship to be on friendly terms which is very important since it is profitable for both the buyer and supplier. If the relationship is friendly it is easier to get fast deliveries when necessary.

**7. Do you contact the supplier or does the supplier contact you?**

Casa Mia contacts the supplier. We understood that Mr. Barra prefer to contact the supplier himself instead of being contacted.

## **Interviews with restaurants in Malmö – Mäster Johan (Mona) 10/11**

### **1. What kind of supplier/suppliers do you use when purchasing wine?**

Mäster Johan uses the wholesaler ICA Meny. It happens that Mäster Johan turns to agents (who sell to ICA Meny) for tips and advice, but Mäster Johan purchase almost exclusively from ICA Meny.

### **2. Why have you chosen these particular suppliers?**

Mäster Johan has a good relationship with ICA Meny and because of this there has been no reason to change supplier.

### **3. What kind of wine do you purchase?**

- *Price:* Mäster Johan sells wine with different prices. The customers pay approximately 195 kronor for the cheapest wine and 350 kronor for the most expensive wine.
- *Country of production:* Mäster Johan offers wine from Italy, Spain and South Africa.

### **4. What is your first choice, wine or supplier?**

Since the supplier is ICA Meny who has a great selection, Mäster Johan chooses the wine offered by the supplier.

### **5. Describe your relationship with the supplier?**

Mäster Johan has a business relationship with its supplier. Since the hotel does not have a restaurant and Mäster Johan only buy wine in a small quantity, they do not need a friendly relationship with the supplier.

### **6. Do you contact the supplier or does the supplier contact you?**

Mäster Johan always contacts the supplier when Mäster Johanneeds to order more wine.

## Appendix 2

**Restaurang:**

**Stad: Malmö**

1. Vilken typ av vinleverantör använder Ni Er av idag?  
 Agent    Grossist    Systembolaget    Har egen licens    Annan
  
2. Har Ni ett långsiktigt avtal med en huvudleverantör av vilken står för mer än 50 % av inköpta kvantitet?
  
3. Varför använder Ni Er av just de leverantörerna? Nedan kommer jag att räkna upp 8 olika faktorer. Beskriv på en skala från 1-7 där 1 betyder ingen betydelse alls och 7 betyder mycket stor betydelse:
  - De är pålitliga.
  - De har mycket kunskap
  - Erbjuder god service
  - De har ett gott rykte
  - Vi delar värderingar
  - Stor erfarenhet
  - Vi har en god kommunikation
  - Finns det någon annan anledning till varför du använder denna leverantör, vilken? \_ \_\_\_\_\_
  
4. Hur skulle Ni beskriva relationen med er vinleverantör?

1	2	3	4	5	6	7
Strikt affärsmässig relation			Vänskaplig relation			
  
5. Hur länge har Ni haft en relation med Er leverantör?
  
6. Händer det att ni utbyter erfarenheter med varandra? Beskriv på en skala från 1-7 där 1 betyder aldrig och 7 betyder mycket ofta:

7. Utbyter Ni och er leverantör kunskap med varandra? Om ja, hur ofta?  
Beskriv på en skala från 1-7 där 1 betyder aldrig och 7 betyder mycket ofta:

8. Hur sker kontakten oftast med leverantören? Beskriv på en skala från 1-7 där 1 betyder aldrig och 7 betyder mycket ofta:

- Telefon
- Internet
- Fax
- Personliga möten
- Sker kontakten på något annat vis? \_\_\_\_\_

9. Hur ofta sker kontakten?

10. Vilken informationskälla använder Ni Er oftast av? Beskriv på en skala från 1-7 där 1 betyder aldrig och 7 betyder mycket ofta:

- Produktblad
- Bransch tidningar
- Internet
- Er leverantör
- Annan informationskälla (gradera) \_\_\_\_\_

11. När det gäller kunskap om vin, hur stor kunskap anser Ni att

- er leverantör har:
- ni själva har:

Beskriv på en skala från 1-7 där 1 betyder ingen alls och 7 betyder mycket stor

12. När det gäller erfarenhet av vinbranschen, hur stor erfarenhet anser Ni att

- er leverantör har:
- ni själva har:

Beskriv på en skala från 1-7 där 1 betyder ingen alls och 7 betyder mycket stor

13. Prisklass på mat?

Vad kostar Er billigaste huvudrätt resp. dyraste huvudrätt?

Billigast \_\_\_\_\_ Dyrast \_\_\_\_\_

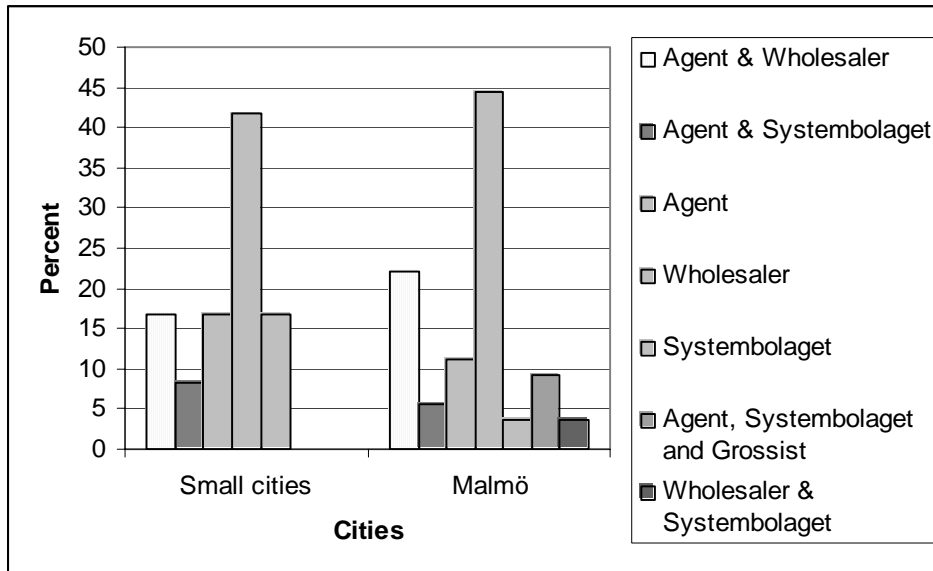
14. Hur pass engagerad känner du dig i din relation med leverantören?

Beskriv på en skala från 1-7 där 1 betyder inte alls engagerad och 7 betyder mycket engagerad.

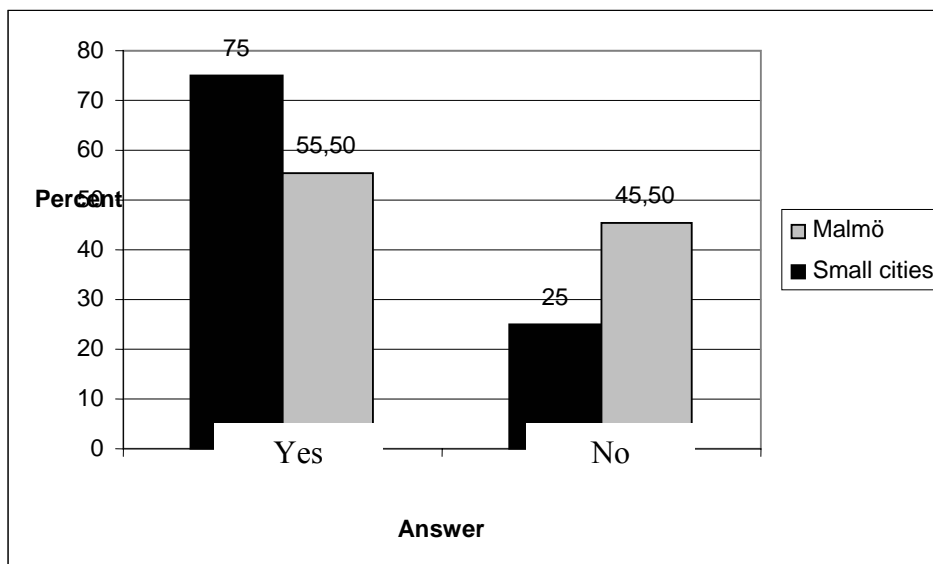
### Appendix 3

#### Result of the Telephone survey

*Question 1: What kind of wine supplier do you engage today?*



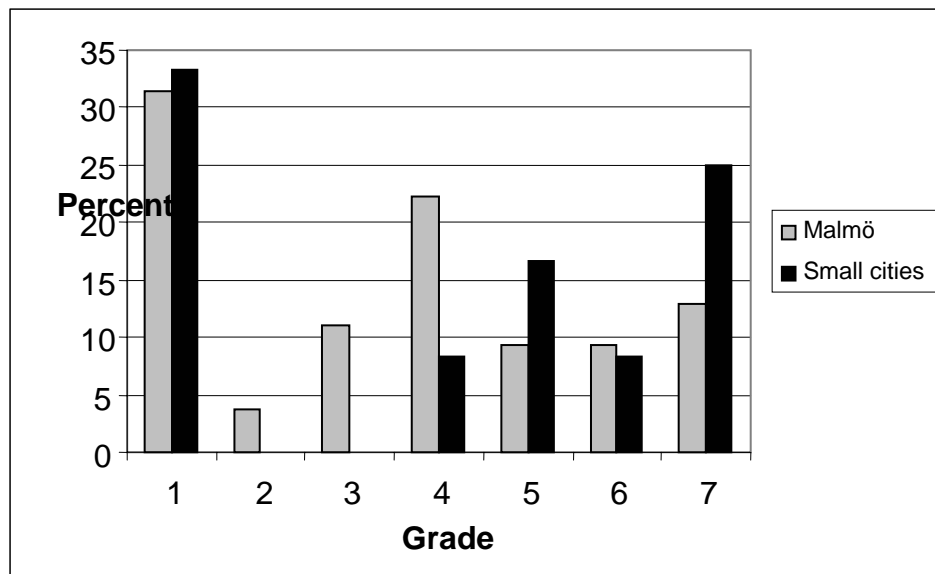
*Question 2: Have you written a long-term contract with one supplier responsible for more than 50 percent of your wine supply?*



Question 3: Why do you use this supplier? (Total of Small cities and Malmö, 2 declines at Reputation and 1 decline at Values)

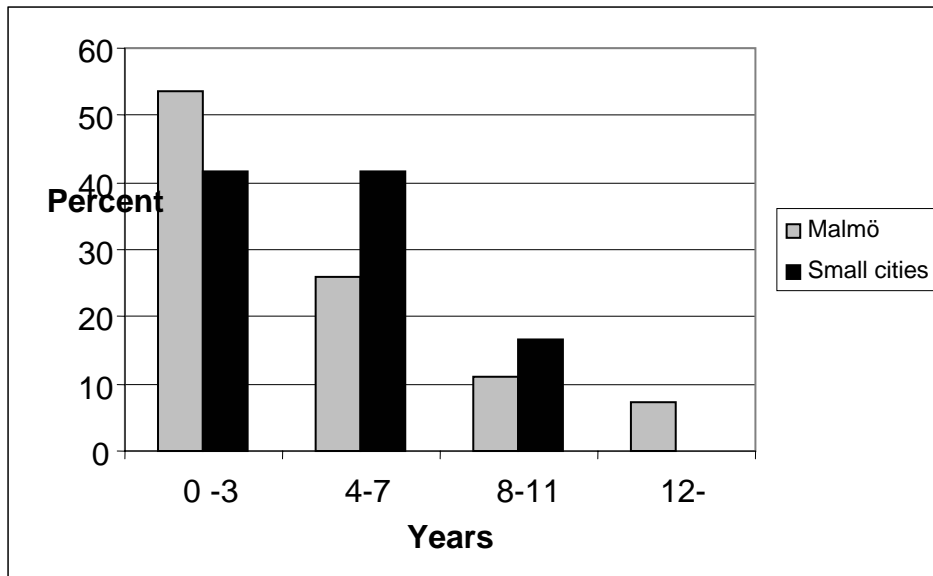
	1	2	3	4	5	6	7
<b>They are reliable</b>	1	0	1	4	7	11	42
<b>They have knowledge</b>	5	1	2	7	19	7	25
<b>Offer a good service</b>	1	1	0	2	13	15	34
<b>Reputation</b>	4	0	5	8	22	11	15
<b>Values</b>	5	1	8	12	21	9	8
<b>Experience</b>	3	1	3	9	13	16	21
<b>Communication</b>	1	0	1	1	9	14	40

Question 4: How would you describe the relationship with your wine supplier if (1) means strictly business like and (7) means more friendly?

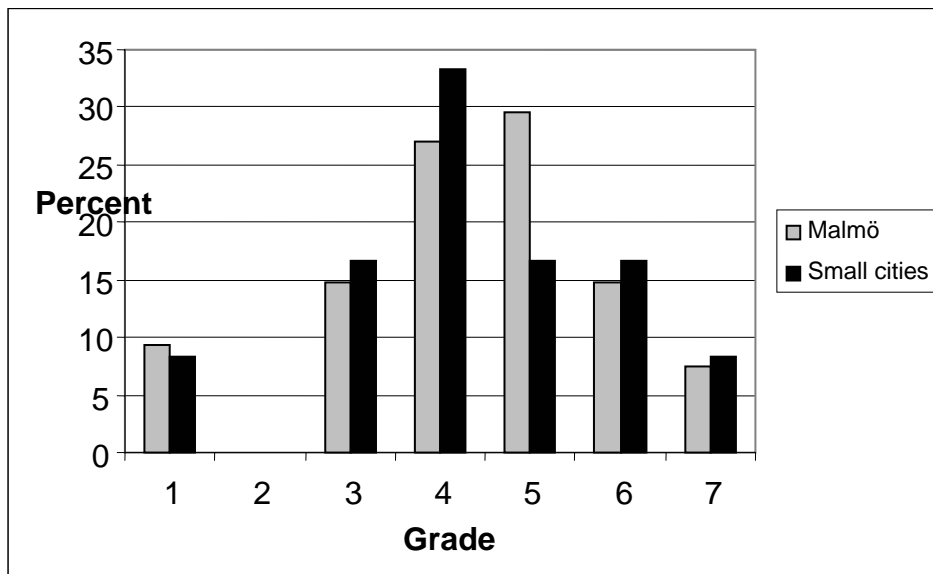




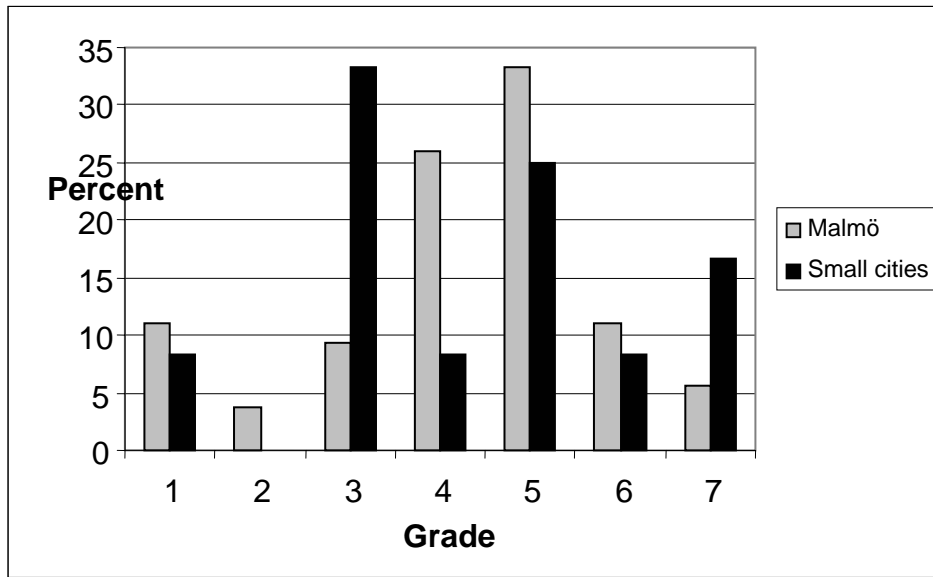
Question 5: For how long have you had a relationship with your supplier?  
 (1 decline)



Question 6: Do you and your wine supplier ever share experience with each other?



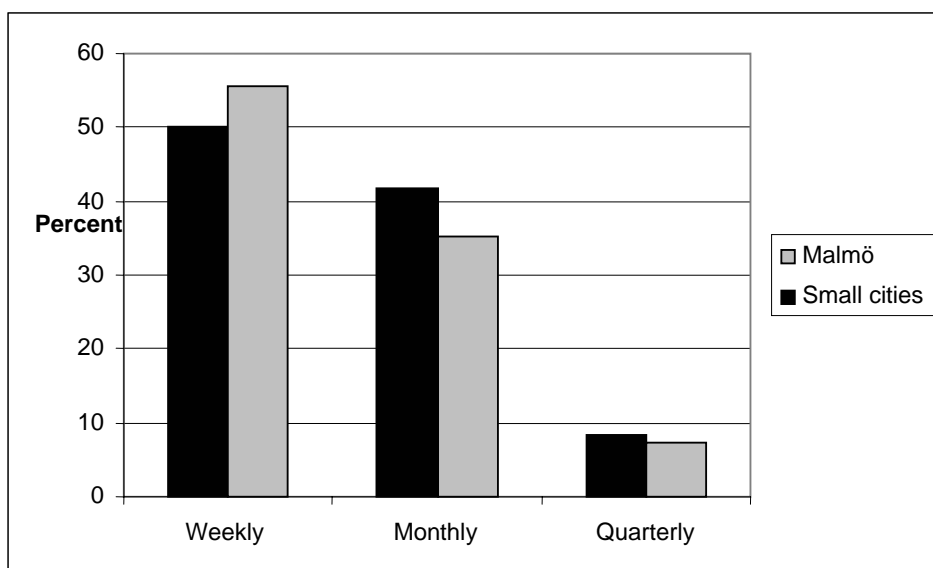
Question 7: Do you and your wine supplier ever share knowledge with each other?



Question 8: In what way do the restaurants and the wine supplier contact each other?

	1	2	3	4	5	6	7
<b>Telephone</b>	5	1	3	5	12	10	30
<b>Internet</b>	51	3	2	4	2	0	4
<b>Fax</b>	46	9	5	1	3	0	2
<b>Personal meetings</b>	8	4	4	13	16	9	12

Question 9: How often are you in contact with your wine supplier?(2 declines)



Question 10: What kind of information source, regarding wine products, is most often used?

	1	2	3	4	5	6	7
<b>Product sheets</b>	13	5	4	8	8	12	16
<b>Journals</b>	18	6	2	15	7	9	9
<b>Internet</b>	39	8	3	5	7	1	3
<b>Supplier</b>	4	2	4	5	12	16	23

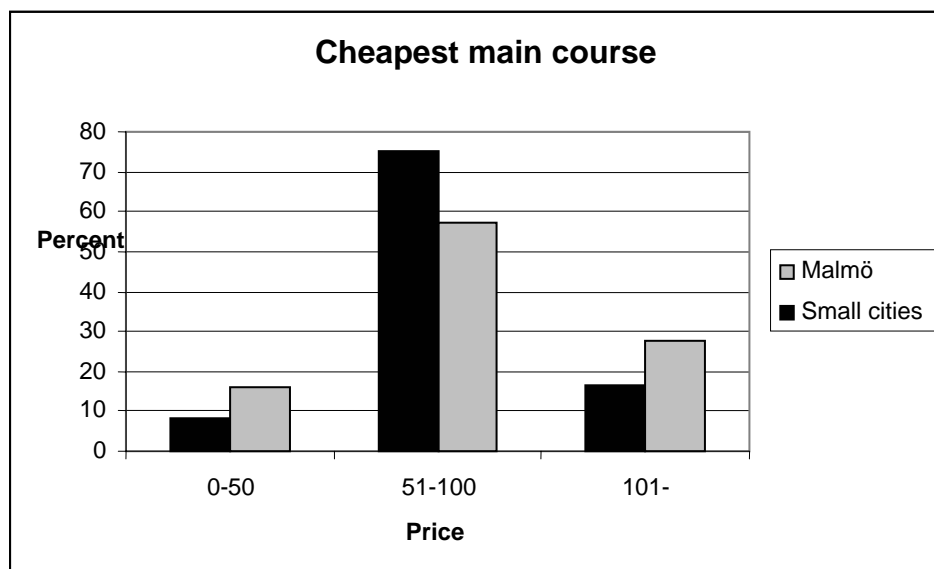
Question 11: When it comes to wine, how much knowledge, in your opinion, does(3 declines);

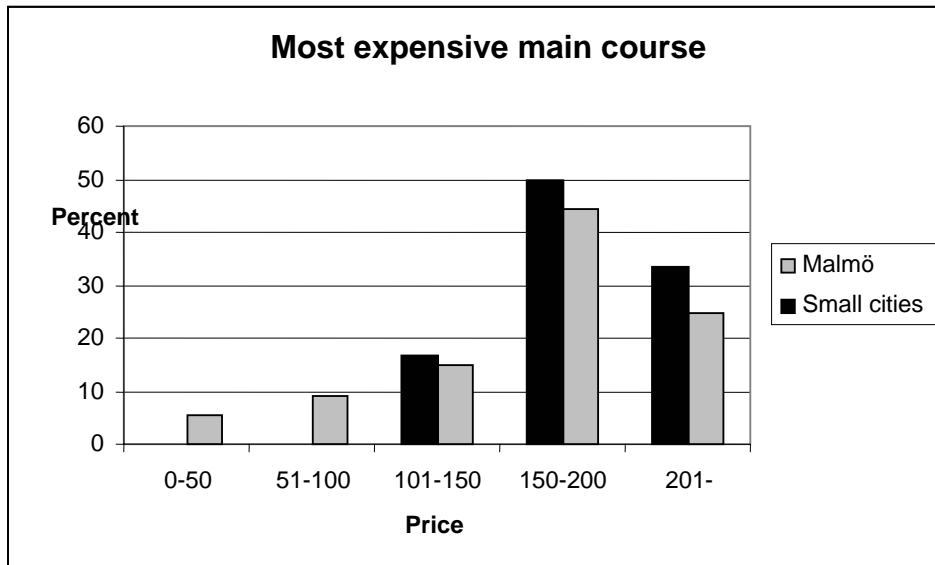
	1	2	3	4	5	6	7
<b>Supplier</b>	0	1	1	3	16	21	21
<b>Themself</b>	4	0	10	14	22	11	5

Question 12: When it comes to the wine branch, how much experience, in your opinion, does (6 declines);

	1	2	3	4	5	6	7
<b>Supplier</b>	0	0	2	8	10	23	16
<b>Themself</b>	4	6	8	13	21	10	4

Question 13: How much does your cheapest, respectively most expensive, main course cost?





*Question 14: How committed do you feel to the relationship with your wine supplier?(1 decline)*

