RELATIONSHIP BUILDING WITH KEY OVERSEAS DISTRIBUTOR: A WINE INDUSTRY STUDY (REFEREED)

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This research investigates what drives long term relationships between wine producers and their key international clients. More specifically, the study aims to explain the relation of the firm's approach to customer value creation and its effects on long term relationships with the most important distributor. In that sense, the investigation develops a theoretical model testing the relations among the constructs considered in this study; 1) Firm's value approach, 2) Value approach operationalisation, 3) Customer value perception and 4) long term relationship orientation.

The study is conducted in the Australian and New Zealand wine industries, where only wine export firms have been selected as focus of our research. A total of 68 Australian and New Zealand wine companies were analysed.

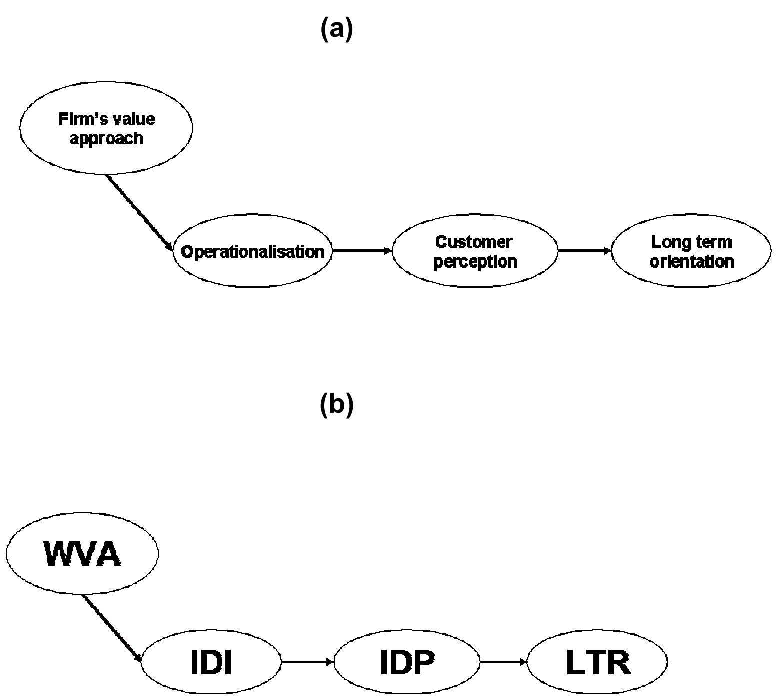
The results of our study demonstrate the importance of using the firm's value approach and its operationalisation as precursors to a long term relationship. To our knowledge, this is the first study establishing empirically the notion that the way a firm creates and delivers value to one specific customer, in this case to the most important overseas distributor, has such importance in the development of a long term relationship.

Introduction

This research investigates what drives long term relationships (LTR) between sellers (i.e. wine firms) and key international clients (i.e. the most important overseas distributor in term of sale value). Hereafter, the terms "wine firm" and "seller" are going to be used indiscriminately. More specifically, the study is aimed to explain the relation of the wine firm's approach to the creation of customer value and the development of long term relationships with its most important international wine distributor.

The achievement of long term relationships is relevant as it has been demonstrated that long term relationships drive superior wine business performance (Beaujanot and Lockshin, 2003; Beaujanot et al., 2002). In that sense, this investigation proposes a theoretical model aimed to explain LTR. Briefly, the model states that the firm' value approach, or in other words, how the wine firm creates and delivers value to its most important overseas distributor, affects the way the firm operationalises this approach on its own business processes. Then, because the key distributor's values are embedded in the firm's processes, the distributor sees or perceives the value created and delivered as superior. Finally, the model suggests that the distributor's perception about the value created and delivered by the firm has a positive impact in the achievement of a long term relationships.

Figure 1: Theoretical model



This approach is captured in our model by three distinct constructs (Figure 1a, 1b). Figure 1a presents the theoretical constructs in our study, while Figure 1b shows the labels we used in our wine study to name and characterise these constructs. First, the Wine firm' Value Approach (WVA) is seen as the precursor and a driver for the creation of LTR. We understand WVA as of how the wine firm integrates its most important overseas distributor's values with its own processes. Second, it proposes that wine firms must work with the International Distributor (IDI) when setting its priorities. Therefore, IDI measures the level of involvement or co-working between the seller and the overseas distributor. Third, it suggests that the International wine Distributor Perceives and recognises (IDP) the importance given by the wine firm to the understanding of what value means for him. Therefore, it assesses in some way the level of synergy existing between the members of the dyad. Finally, it is hypothesised that the constructs mentioned relate to each other and have a positive impact toward the creation of long term relationship between the wine firm and the most important overseas distributor.

The model is empirically tested using wine export firms from two new world wine producer countries, Australia and New Zealand, and their most important overseas distributors in term of sales. The first part of the paper presents the theoretical background and research propositions. Secondly, the methodology used is stated and finally the results of our study are provided. We conclude with a discussion of the implications for both theory and practice as well as directions for further research.

This research is part of an ongoing research stream developed by the Wine Marketing Group of the University of South Australia and it is a response to a call for a better understanding of the processes and factors involved in building of long term relationships in the wine industry (Beaujanot and Lockshin, 2003).

Conceptual framework

The conceptual model specifying the antecedents of a seller's long term relationship orientation is presented in Figure 1a.

Relationship marketing and buyer and seller relationship

The research topic of business relationships is part of a broader body of research called relationship marketing (RM) (Möller and Halinen, 2000). Relationship marketing is seen as a relevant contemporary research stream and it has been a topic of serious discussion among academics and marketing practitioners for the best part of 20 years (Egan, 2004). Therefore, from an academic perspective, relationships in marketing have been used as the generic context within marketing research in many marketing transactions, whether products or services, consumer or industrial (Mattsson, 1997). Even more, the scope of RM is wide enough to cover the spectrum of marketing disciplines, like international marketing and business to business marketing (Sheth and Parvatiyar, 2000). On the other hand, it has also been observed that relationships in marketing are important from a practitioner point of view (Egan, 2004), where RM is seen especially relevant in business markets where the level of competition, the globalisation of the economies and the growing importance towards customer retention are affecting the way to compete in these markets (Grönroos, 1994; 1996). In the business context of the wine sector (Beaujanot and Lockshin, 2003), the RM approach takes even more momentum as is has been suggested that the traditional paradigm of the marketing mix lacks relevance (Ford et al., 1999; Grönroos, 1994; Gummesson, 2002), giving way to RM as the new marketing paradigm (Grönroos, 1994; Gummesson, 2002; Morgan and Hunt, 1994; Webster, 1993).

The importance attributed by practitioners and academics to RM in the last years is due to its potential of being a source of competitive advantage for the firm (Bruhn, 2003; Morgan and Hunt, 1999). Furthermore, firms wanting to achieve superior performance must develop and sustain their own competitive advantage (Slater and Narver, 1994). The RM literature has shown very clearly that firms who apply the RM approach, wether in business or consumer markets, can achieve competitive advantage by implementing relational strategies with key customers (Morgan and Hunt, 1999; Webster, 1994). One sort of competitive advantage obtained through the RM philosophy is the achievement of long-term relationships between the firm and key customers (Doyle, 1997; Ganesan, 1994; Slater and Narver, 2000; Webster, 1994), which is seen as a driver for better business performance.

The RM philosophy could be considered as a source of competitive advantage involving three strategic aspects: 1) the temporal perspective, 2) partnerships and 3) customer selection (Grönroos, 1996; Morgan and Hunt, 1999). However, a fourth strategic and fundamental issue related to RM should be considered. The creation of a competitive advantage relies on the firm's capabilities to consistently deliver superior value to its customer (Slater and Narver, 1994), which is the central focus of relationships in marketing. Webster (1994) proposed that selecting the customer carefully has a big impact on the process of relationship building. This fundamental issue has importance, as the value created by the firm is judged by the selected customers and because creating customer value is paramount for firms engaging in the RM philosophy (Grönroos, 1996; Knox, 1998; Maklan and Knox, 1998). Therefore, if the value created by the firm is perceived as superior by key customers, then it can be stated that superior customer value creation is an antecedent that may help business relationships to stay together in the long term. Finally, the importance of delivering superior customer value is seen as a fundamental part of the marketing concept (Kotler and Amstrong, 1969; Webster, 1993); therefore, the roots of the marketing concept are also part of the RM philosophy. Then, it can be postulated that a pathway for firms aiming to achieve long term business relationships with key clients is a core issue in RM (Möller and Halinen, 2000) and would create a positive orientation towards superior customer value creation.

In our research we understand that a firm creates and delivers superior customer value only when the customer perceives the value created and delivered as superior. Having said that, our first hypothesis can be stated:

Hypothesis 1: The greater the perceived value created by the firm is seen as superior by its key customer, the greater the impact on long term relationship building.

This pathway opens up a need in the RM literature to better understand how firms operationalise and capitalise their customer value approach to be perceived by its major clients as a superior customer value creator. Our research conducted among the wine industry is aimed to fill part of this need. We postulated in Hypothesis 1 that unless key international wine distributors perceive as superior the way the wine firm creates and delivers value to them, there is no impact on the creation of a long term relationship. However, there is a need to hypothesise the path used by the firm to operationalise its value creation. We consider two related ways to operationalise the firm's customer value approach. First, firms should consider the key international distributor's opinion when setting up priorities; and second, firms should capitalise this opinion into real integration activities. On this basis, the following set of hypothesis is stated:

Hypothesis 2: The more the firm considers the key international distributor's opinion when setting up its priorities, the greater the impact on long term relationship building.

Hypothesis 3: The greater the business integration between the firm and the key international distributor, the greater the impact on long term relationship building.

Method

Data collection and sample frame

The study was conducted in the wine industry. More specifically, wine export firms from two new wine producing countries, Australia and New Zealand, and their overseas distributors have been selected as focus of the research. The industry, countries, and firms are suitable to study for the followings reasons. First, the international wine market is becoming highly competitive due to the over supply of good quality product and a real consolidation of the distribution system, forcing the participants to adapt their marketing strategies to the new industry context. Second, the majority of the new wine producing countries depend on export markets for growth. Third, competent overseas distributors are seen as strategic assets for success in international markets (Cavusgil et al., 1995) as most wine businesses depend and rely on overseas distributors to sell and position their products in international markets.

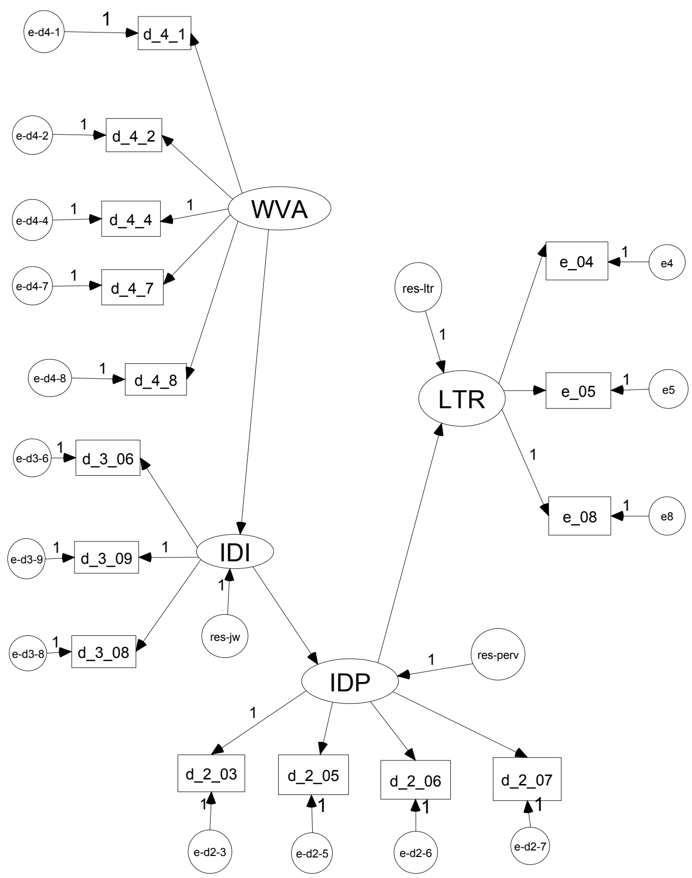
The theoretical model was tested using information gathered from a broad questionnaire designed to obtain the wine firm's perception in different wine marketing and management areas. Specific to this research, information related to how wine companies create and deliver value to their most important overseas distributor and about the wine firm's long-term relationship orientation with its most important overseas distributor.

We adapted the measures from previous work done by Maklan and Knox (1998) to asses how wine companies create and deliver value to its most important overseas distributor. All scales were 1 to 7 Likert scales (see Appendix 1) . Using and adapting the measurement scale developed by Ganesan (1994), we investigated the wine firm's long-term relationship orientation with its most important overseas distributor. A pre-test of the questionnaire was performed among some wineries located in Barossa Valley (different from the ones interviewed), and based on their response, some questions were reworded. The final questionnaire was 19 pages long, taking the respondent around 2 hours to fill out the complete questionnaire. Therefore, it was decided to conduct personal interviews in order to have reliable and accurate information. A total of 39 senior managers from different South Australia wine regions were personally interviewed. After that, and in order to obtain a bigger sample, the questionnaire was redesigned in order to be self-administered by the most senior manager of Australian and New Zealand wine firms. This time, the questionnaire was 10 pages long. This second version of the questionnaire was mailed to 300 wine firms. The wineries included in the sample processed more than 250 tonnes of grapes. A total of 29 usable questionnaires were sent back giving a response rate of 10%.

Analysis and results

The statistical procedures used to evaluate the model in Figure 2 were factor analysis and structural equation modelling (Byrne, 2001).

Figure 2: Structural model



We conducted two types of factor analysis, exploratory factor analysis (EFA) and confirmatory factor analysis (CFA). To run EFA we used SPSS 11, which allows us to understand the link between the observed and latent variables. Therefore we could determine how and to what extent the observed variables are linked to their underlying factors. On the other hand, and in order to find casual relations in our data set, we used AMOS 4 (Analysis of Moment Structures) to run CFA (Arbuckle, 1999) and the structural model.

Exploratory factor analysis

Exploratory factor analysis (EFA) was used to determine which items of our measurement scales best measured the various dimensions. The items in the measurement scales were factor analysed using the Generalized Least Squares extraction method with Varimax rotation, and Kaiser normalisation. The final factor solutions were obtained after analysing the rotated solutions (Table 1).

Customer value creation and delivery. From the first set of measures aimed to understand the Winery Value Approach (WVA), we obtained one factor consisting of five items (Cronbach α = 0.83). The second scale measuring International Distributor Involvement (IDI) achieved one factor having 3 items (Cronbach α = 0.86). The third set of measures aimed to evaluate the perception of the international distributor about the importance given by the wine firm to the understanding of what value means for him (IDP) finished with a 4 item factor (Cronbach α = 0.78).

Long term relationship orientation. In this scale, the exploratory factor analysis resulted in one factor containing 3 items (Cronbach α = 0.83).

All factors seems to be highly reliable as all Cronbach α are greater than 0.6 or 0.7, established as the lower limits of acceptability (Hair et al., 1998).

Validity of the model

One of the first steps when conducting CFA is to run the observed indicators in a so called measurement model, in order to evaluate convergent validity and discriminant validity.

Convergent validity

A set of indicators presumed to measure the same construct shows convergent validity if their intercorrelations are at least moderate in magnitude (Kline, 1998). In other words, convergent validity assesses the degree to which two measures of the same concept are correlated. High correlations indicate that the scale is measuring its intended concept (Hair et al., 1998). From Table 1 we can see that all the indicators present a correlation at least moderate with its respective factor.

Table 1: Indicators used in the analysis

Factor name and items	Indicator	Mean	SD	Corrected Item-Total correlation	R^2-value
Winery value approach (WVA)					
Cronbach: 0.83					
Key process owners/managers periodically undertake a very broad review of the distributor/agent's value drivers	d_4_1	4.75	1.48	0.690	0.51
Process owners/managers are empowered to drive organizational change on the basis of the distributor/agent feedback.	d_4_2	5.16	1.37	0.570	0.39
Investments in our assets, competencies and processes are driven by measures of the distributor/agent's value more than cost	d_4_4	4.46	1.60	0.620	0.43
Our personel are commited and aware of their contribution to the distributor/agent's	d_4_7	5.19	1.50	0.710	0.52
Our personel make their daily decisions on the basis of their knowledge about what the distributor/agent values	d_4_8	4.61	1.59	0.530	0.33
International distributor involvement (IDI)					
Cronbach: 0.86					
The distributor/agent play a full part in directing our core processes and helps us to improve them.	d_3_06	4.18	1.59	0.650	0.42
We work with the distributor/agent to determine what should be our priorities	d_3_08	4.78	1.46	0.790	0.66
Because there is a high degree of trust and sharing through the supply chain, we can work with the distributor/agent to determine what should be our priorities	d_3_09	4.94	1.58	0.760	0.63
International distributor perception (IDP)					
Cronbach: 0.78					
Our distributor/agent would agree that, given their other wine companies, we go out of way to understand what value means to them	d_2_03	5.16	1.27	0.450	0.24
Our distributor/agent appreciates that we keep a close monitor of our relationships with him at all levels in our organisation across the range of product, services and brands they purchase	d_2_05	5.35	1.27	0.540	0.35
Our distributor/agent appreciates that our business processes are integrated with theirs	d_2_06	5.04	1.45	0.770	0.60
Our distributor/agent appreciates that our resources / competencies are also available to him	d_2_07	5.28	1.20	0.600	0.43
Long term orientation (LTR)					
Cronbach: 0.83					
We believe that over the long run our relationship with this distributor/agent will be profitable	e_04	6.13	1.14	0.740	0.58
Maintaining a long-term relationship with this distributor/agent is important for us	e_05	6.35	1.13	0.720	0.57
We share our long-term goals with this distributor/agent	e_08	5.83	1.31	0.610	0.38

Discriminant validity

On the other hand, if the correlation of the factors that underlie a set of indicators that are supposed to measure different constructs are not excessive high, then there is evidence for discriminant validity (Kline, 1998).

Table 2 exhibits the estimated correlations between the factors. Kline 1998 suggests that correlation between factors superior to 0.85 can be considered as high. None of the correlations presented in Table 2 achieved this threshold. Therefore, from a preliminary analysis, the factors in our model can be considered distinctive.

Table 2: Correlations between factors used in the analysis

			Correlation
WVA	⇔	LTR	0.650
IDP	⇔	LTR	0.810
IDI	⇔	WVA	0.790
IDI	⇔	WVA	0.710
IDP	⇔	WVA	0.770
IDI	⇔	LTR	0.650

Confirmatory factor analysis

Figures 2 and 3 present the structural model under study. The model yielded a χ^2 value of 104.163, with 87 degrees of freedom and a probability value, p, of 0.101, suggesting an acceptable fit of the data to the hypothesized model. According to Byrne (2001), other goodness-of-fit statistics should be taken into account to provide a more pragmatic approach to the evaluation process. The goodness-of-fit index (GFI) on our specified model achieved a value of 0.793 being indicative that the hypothesized model fits the sample data fairly well. On the other hand, the model presents a parsimony goodness-of-fit index (PGFI) of 0.575, suggesting again a relative good fit of the model.

The fit statistic Root Mean Square Error Approximation (RMSEA), recognised as one of the most informative criteria in covariance structure modelling (Byrne, 2001), has a value in our model of 0.054 which is indicative of good fit between the hypothesized model and the observed data, moreover the narrow confidence interval (RMSEA lower bound= 0.000 and RMSEA upper bound= 0.075) argues for good precision of the RMSEA value. We also assessed the model in term of its potential for replication. We considered the fit statistic, Expected Cross-Validation Index (ECVI), as a good predictor for replication, having a value of 2.540 which is the smallest value among compared models (Saturated model=4.060 and Independent model=3.060). This last fit statistic indicates, again, that the hypothesized model is well-fitted and represents a reasonable approximation to the population.

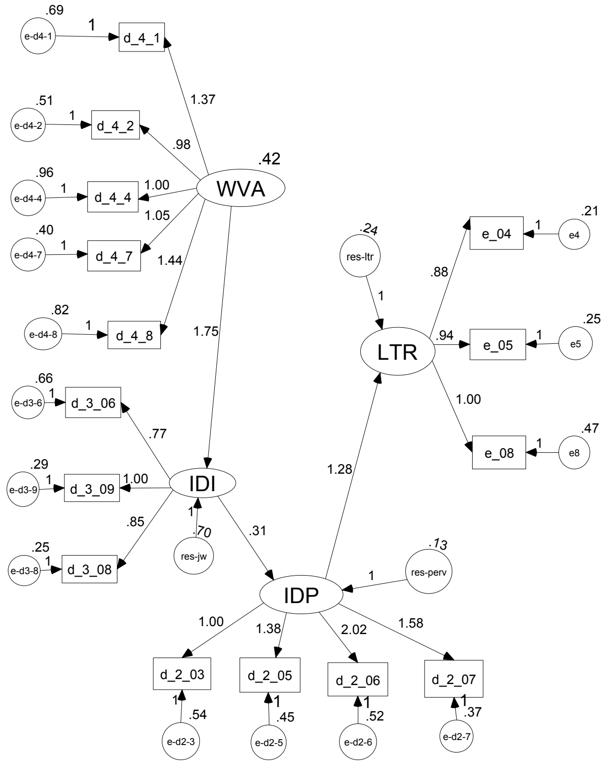
Finally, and recognising that our sample size is small, we test our model for sample size adequacy. For this last purpose, we considered Hoelter's indexes as an indicator. The value of the Hoelter 0.05 index achieved for our model was 71, indicating that our model requires a bigger sample size as value in excess of 200 is indicative of a model that adequately represent the sample data. We, therefore, look of this paper as a preliminary study of the constructs and their initial relationships.

Table 3 provides the Critical Ratio (C.R.) values for our regression estimates and Figure 3 presents the structural model with all the estimates. The critical ratio (C.R.) is the parameter estimate divided by an estimate of its standard error. If the appropriate distributional assumptions are met, this statistic has a standard normal distribution under the null hypothesis that the parameter has a population value of zero. Having said that, from Table 3 it can be seen that all regression estimates in our model have C.Rs > 1.96, denoting that are significantly different from zero at the .05 level, thus our model's parameters are each as postulated.

Table 3: Regression weights for theoretical model

			Estimate	S.E.	C.R.	P
IDI	<--	WVA	1.745	0.580	3.009	0.003
IDP	<--	IDI	0.312	0.089	3.525	0.000
LTR	<--	IDP	1.281	0.366	3.496	0.000
d_3_06	<--	IDI	0.770	0.116	6.657	0.000
d_2_03	<--	IDP	1.000			
d_4_2	<--	WVA	0.978	0.324	3.015	0.003
d_4_1	<--	WVA	1.374	0.414	3.321	0.001
d_4_4	<--	WVA	1.000			
d_2_06	<--	IDP	2.019	0.489	4.127	0.000
d_2_07	<--	IDP	1.575	0.421	3.744	0.000
e_08	<--	LTR	1.000			
e_05	<--	LTR	0.939	0.162	5.792	0.000
e_04	<--	LTR	0.876	0.152	5.769	0.000
d_4_8	<--	WVA	1.444	0.468	3.082	0.002
d_3_08	<--	IDI	0.848	0.089	9.482	0.000
d_4_7	<--	WVA	1.054	0.296	3.562	0.000
d_2_05	<--	IDP	1.382	0.415	3.330	0.001
d_3_09	<--	IDI	1.000			

Figure 3: Structural model and estimates (unstandardized estimates)



Discussion and implications

In this section we will interpret the results obtained in our empirical study which provide substantial support for the framework in Figure 1a.

Our study demonstrates the importance of using the firm's value approach and its operationalisation as precursors to a long term relationship. To our knowledge, this is the first study establishing empirically the notion that the way a firm creates and delivers value to one specific customer, in this case to the most important overseas distributor, has such importance in the development of a long term relationship. In that sense, our results are consistent with the relationship marketing philosophy that state: 1) building relationship is not for everybody, 2) customer selection is critical to build strong business relationships and 3) the importance of customer value creation in relationship building. The way the wine firm creates and delivers value to its most important overseas distributor influences the relationship orientation via three distinct paths.

The first influence is captured by the path WVA $\leftrightarrow$ IDI in our model. This path denotes and considers the importance given by the firm to the understanding of what the distributor values and how this knowledge is operationalised and capitalised among the firm's business culture. Moreover, this path highlights the level of openness existing between the seller and the customer. In that sense, firms that aim to understand and integrate the distributor's values among its business (denoted by the factor WVA) requires interaction and feedback from the distributor (denoted by the factor IDI). From Table 3 we can see that the relationship between WVA and IDI is very significant (C.R.= 3.009 and p=0.003). Therefore, we can argue in favour of Hypothesis 2 and Hypothesis 3 which postulated that (H2): "The more the firm considers the key international distributor's opinion when setting up its priorities, the greater the impact on long term relationship building" and (H3): "The greater the business integration between the firm and the key international distributor, the greater the impact on long term relationship building".

The second path IDI $\leftrightarrow$ IDP, and from our perspective the one most theoretically important, denotes the distributor's perception about the value created by the firm. Therefore, and considering the wine firm's perception, the level of closeness and co-working existing between the firm and the distributor drives the distributor's value perception. Because the distributor is hands on in helping to improve the firm's business processes (denoted by the factor IDI), he recognises and appreciates the way the firm provides unique and superior value to him (denoted by factor IDP). This second path is highly significant in our theoretical model (C.R.= 3.525 and p=0.000). This result gives strong support to Hypothesis 1, which stated that "The greater the value created by the firm is perceived as superior by its key customer, the greater the impact on long term relationship building".

The strong significance (C.R.= 3.496 and p= 0.000) of the last path in our model IDP $\leftrightarrow$ LTO gives support to our overall research idea. In that sense, it demonstrates that the customer value perception has an impact on the achievement of a long term relationship.

The purpose of this study was to empirically investigate the importance of customer value creation on the development of a long term relationship between the firm and one specific, but important, customer. Our findings have both, practical and theoretical implications.

First, managers from wine business will benefit from this research as it gives them a framework of business practices aimed to develop successful relational strategies with key international distributors. Moreover, it provides them the bases to develop and achieve a competitive advantage. Moreover, the framework and results of this research are specially important for wine businesses as firstly, most of wine businesses depend and rely on overseas distributors to sell and position their products/brands in international markets and secondly because competent overseas distributors are considered strategic assets by wine firms to achieve business success in international markets. From a wine industry perspective, our study and findings will help wine firms to re-think their relational strategies with key distributors. Moreover, it will help wine firms to focalise their activities and processes in order to better satisfy its key customers.

Second, from a theoretical point of view our findings added value to the relationship marketing literature and at the same time answered part of the call made from Beaujanot and Lockshin (2003) in order to better understand the processes and factors involved in building long term relationships in the wine industry. We added value to the relationship marketing literature by proposing a model denoting not only the importance of being customer value oriented, but how firms operationalise their customer value approach to build long term relationships.

Directions for future research

It is important to note the exploratory and specific nature of this study. By focusing only on 68 wine exporters, we could not hope to provide a more generalised picture of either the wine industry or other exporting sectors. However, our findings give support to the notion that the seller’s value approach and the customer value perception need to be introduced into any model aimed at explaining long term business relationships in this sort of industry. More broadly, our study may encourage other researchers from other fields than wine marketing to examine whether including the seller’s value approach and the customer value perception to model and predict long term business relationships.

Our research only used the producer's viewpoint. Future research should therefore endeavour to account for not only absolute but also relative differences between exporting partners as a means to predict the sort of factors and processes that can be expected to affect the development of long term business relationship.

From a more theory development point of view, it would be interesting to test first the power of the market orientation construct as an antecedent of long term relationship and second the power of the model to explain business performance. The marketing orientation literature, which is seen as the operationalisation of the marketing concept (Jaworski and Kohli, 1993; Kohli and Jaworski, 1990; Narver and Slater, 1990; Siguaw et al., 1998), proposes that real market oriented firms are systematically and entirely committed to the continuous creation of superior customer value (Slater and Narver, 1994). Recent works (Farrelly and Quester, 2003; Tuominen et al., 2002) point also to the existence of a relation between market orientation and long term business relationships. In order to further develop and improve our model, future research should consider and test empirically the power and relevance of the market orientation construct in our model. On the other hand, previous researchers have postulated long term relationships as antecedent of superior business performance. Therefore, to test the power and consistency of our model with past research, we should include and assess the path Business Performance ↔ Long term relationship orientation.

Finally, the results obtained in this study increase our knowledge of how long term relationships are built in the wine industry. However, there is still a need to further investigate the antecedents of long term relationships. For example, there is a need to empirically investigate the specific business processes where wine firms operationalise their knowledge about what customers value. There is also a need to better understand how wine firms create and deliver value to the rest of their customers.

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Appendix 1

Construct's label: IDP

Source: Maklan, S. and Knox, S. (1998) Competing on value. Bridging the gap between brand and customer value, Finantial times Prentice Hall, London.

Item's label	
d_2_03 *	Our distributor/agent would agree that, given their other wine companies, we go out of way to understand what value means to them
d_2_04	Our new products and services introduction success rate is better than our competitors because it has been carefully developed with the distributor/agent's value in mind
d_2_05 *	Our distributor/agent appreciates that we keep a close monitor of our relationships with him at all levels in our organisation across the range of product, services and brands they purchase
d_2_06 *	Our distributor/agent appreciates that our business processes are integrated with theirs
d_2_07 *	Our distributor/agent appreciates that our resources / competencies are also available to him
d_2_08	The distributor/agent perceives that our ability to mobilize our company resources / competencies in their service is better than our competitors
d_2_09	We play a leading role in shaping the supply chain in which we operate and our role is appreciated by the distributor/agent and suppliers
d_2_10	Even though our competitors target our distributor/agent by positioning themselves as offering a better total package of benefits, the distributor/agent would be loyal to us

(*) = Items considered in our study.

Construct's label: IDI

Source: Maklan, S. and Knox, S. (1998) Competing on value. Bridging the gap between brand and customer value, Finantial times Prentice Hall, London.

Item's label	
d_3_01	We are rigorous in identifying the business processes that add the greatest amount of distributor/agent's value
d_3_02	There are measures by which each core process is monitored in this firm.
d_3_03	The measures by each core process is monitored in this firm are created from the distributor/agent's perspective.
d_3_04	We benchmark our achievement versus competitors.
d_3_05	Our organisation is structured to manage our key core processes and to continually improve them
d_3_06 *	The distributor/agent play a full part in directing our core processes and helps us to improve them.
d_3_07	This distributor/agent is hands on in helping us to improve our core processes
d_3_08 *	We work with the distributor/agent to determine what should be our priorities
d_3_09 *	Because there is a high degree of trust and sharing through the supply chain, we can work with the distributor/agent to determine what should be our priorities
d_3_10	The distributor/agent's feedback is shared fluently and in "real time" through the chain
d_3_11	The organisation has the information needed to understand and make each core process completely visible
d_3_12	Frontline staff understand perfectly how our core processes work
d_3_13	It is common practice for our process owners/mangers to play a major role in the creation of business plans and in decisions about resources allocation.

(*) = Items considered in our study.

Construct's label: WVA

Source: Maklan, S. and Knox, S. (1998) Competing on value. Bridging the gap between brand and customer value, Financial times Prentice Hall, London.

Item's label	
d_4_1 *	Key process owners/managers periodically undertake a very broad review of the distributor/agent's value drivers.
d_4_2 *	Process owners/managers are empowered to drive organizational change on the basis of the distributor/agent feedback.
d_4_3	Investments and process improvement programs are planned in line with the organisation's value proposition
d_4_4 *	Investments in our assets, competencies and processes are driven by measures of the distributor/agent's value more than cost
d_4_5	The distributor/agent regularly makes use of our resources in expanding its own business.
d_4_6	Our resources are a vital component of the overall distributor/agent's success
d_4_7 *	Our employees are committed and aware of their contribution to the distributor/agent's value.
d_4_8 *	Our employees make their daily decisions on the basis of their knowledge about what the distributor/agent values
d_4_9	Our business leads rather than follow

(*) = Items considered in our study.

Construct's label: LTR

Source: Ganesan, S. (1994) Determinants of long-term orientation in buyer-seller relationship Journal of marketing, 58, 1-19.

Item's label	
e_04 *	We believe that over the long run our relationship with this distributor/agent will be profitable
e_05 *	Maintaining a long-term relationship with this distributor/agent is important for us
e_06	We focus on long-term goals in this relationship

e_07	We are willing to make sacrifices to help this distributor/agent from time to time
e_08 *	We share our long-term goals with this distributor/agent
e_09	We would like to develop a stronger long-term relationship with this distributor/agent

(*) = Items considered in our study.