Identification and Confirmation of Variables Influencing Manufacturer- Dealer Relationships for Steel and Allied Products

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Abstract

Purpose: This study aimed to identify and confirm the variables influencing manufacturer-dealer relationships for steel and allied products.

Approach and Methodology: The variables influencing manufacturer-dealer relationships were identified using exploratory factor analysis (EFA). Reliability and validity of the factors were established through confirmatory factor analysis using structural equation modeling.

Findings: Eight factors accounting for 78% of the total variance were identified . Out of these, five are antecedents, one is a mediating variable, and the other two are outcome variables.

Practical Relevance: Findings of this study would help manufacturers understand the variables that influence the channel relationships and research further into the dynamics of channel relationships for fine-tuning their strategies.

Original Contribution: New constructs, that is, Supplier Critical Support and Supplier Versatility have been added to the existing body of literature, which in conjunction with the variables already identified and established by earlier scholars provide the framework for understanding the dynamics of channel relationships. A composite construct, that is, Relationship Strength was also conceptualized and operationalized.

Research Type: Descriptive research conducted in a pre-determined geographical area.

Keywords: **channel relationships, exploratory and confirmatory factor analysis, measurement model**

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The term distributors refers to channel intermediaries comprising of wholesalers and dealers. They are the constituents of a marketing channel. According to Kotler, Agnihotri, and Haque (2010), distributors are "a set of interdependent organizations that help make a product or service available for use or consumption by the consumer or business user" (p. 291).

Channel activities are a major source of value-added benefits to end users . Distribution channels provide an opportunity to firms to develop a competitive advantage by reducing the costs of performing these activities and using the distribution function as a differentiator (Weitz & Jap, 1995). In spite of manufacturers investing their

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time and resources on relation building activities, effectiveness of their efforts is found to vary across customers (Palmatier, Scheer, Evans, & Arnold, 2008). A thorough investigation of the antecedents and mediating factors that influence the outcomes of relationship marketing strategies of manufacturers may ,therefore, help find some of the answers for this phenomenon.

While a number of studies have been carried out in U.S. and the West (Jap & Ganesan, 2000 ; Nevin,1995 ; Vázquez, Iglesias, & Álvarez-gonzález, 2005) to determine the factors influencing the relationship marketing strategies and consequent outcomes in manufacturer-dealer dyads in a business-to-business (B2B) context , a survey of extant literature has not yielded any such studies undertaken in the Indian sub-continent. The present study attempts to identify and validate the factors that influence the channel relationship strategies of manufacturers of steel and allied products in Southern India and the outcomes thereof.

Conceptual Foundation

Morgan and Hunt (1994, pp. 22-23), the proponents of the commitment-trust theory, identified commitment and trust as the "key mediating variables" (KMVs) of relationship marketing that act as mediators between five antecedents, that is, relationship termination costs, relationship benefits, shared values, communication, and opportunistic behavior AND five outcomes, that is, acquiescence, propensity to leave, cooperation, functional conflict, and uncertainty.

Morgan and Hunt (1994, p. 34) further added that to ensure enduring trust and commitment in relationships, firms should:

(1) Provide resources, opportunities, and benefits that are superior to the offerings of alternate partners.

(2) Maintain high standard of corporate values and allying themselves with exchange partners having similar values.

(3) Communicate valuable information, including expectations, market intelligence, and evaluations of partners' performance.

(4) Avoiding malevolently taking advantage of their exchange partners.

Narayandas and Kalwani (1995) contended that close, cooperative, and interdependent relationships are of a greater value than purely transaction based relationships. According to Paravatiyar and Sheth (2000), "…..The core theme of all relationship marketing perspectives and definitions is a focus on cooperative and collaborative relationships between the firm and its customers and/or other marketing actors" (p.7). Channel partners, who form a vital link between the manufacturers and end customers, fall under the 'other marketing actors.'

However, there are scholars (Cannon & Perreault Jr., 1999) who opined that not all the buyers want close ties with their suppliers. According to them, the need for close relationships between sellers and buyers largely depends upon the importance of the item, obstacles in procurement, and non availability of a large number of suppliers. Palmatier et al. (2008) identified the factors that determine a customer's relationship orientation and explained how a customer's relationship orientation determined the effectiveness of relationship marketing.

Stressing the importance of communication between manufacturers and channel partners, Anderson and Weitz (1989) stated that, "A high level of two way communication is the hallmark of a trusting relationship between a manufacturer and the channel partner" (p.320). They also added that past reputation (good/bad) of the manufacturer also affected its relationship with channel partners.

Cooperation and flexibility on the part of the manufacturers are critical for the success of channel partners because they support sharing and integration of knowledge and resources, and help reconfigure resources in response to changing circumstances (Johnson, Lee, Saini, & Grohmann, 2003).Vazquez et al. (2005) further added that manufacturers and channel partners should not only gain satisfaction from the economic, psychological, or social benefits of the cooperation, but should also gain competitive advantage, profits, and strategic outcomes that

help them to compete in the market more efficiently. Anderson and Narus (1984) established, based upon a study of distributors of electronic components, that manufacturers who provide outcomes that meet or exceed distributor expectations and are superior to those available from alternate suppliers will be able to develop and maintain sound relationships with the distributors. Johnson (1999) highlighted the importance of flexible approach in managing inter-firm relationships, and firms embracing this approach communicated their good faith in the relationship. This is consistent with the views of past scholars (Hallen, Johanson, & Seyed-Mohammed, 1991) that both suppliers and customers need to make adaptations for reaping the benefits of relationships. One of the antecedents of long- term, stable relationships between the manufacturers and wholesalers, according to Vázquez et al. (2005), is investments of either party in relationship-specific assets coupled with mutual trust.

Based on the extant empirical research on channel relationships, Weitz and Jap (1995) concluded that trust, commitment, and idiosyncratic investments play an important role in bilateral relationships. Heide and John (1992), commenting upon the role of norms, observed that inter-firm relationships frequently involve solidarity norms, defined as the expectations of both the sides that the relationship itself is to be valued highly. Narayandas and Rangan (2004), in a study carried out in mature industrial markets, found that firms needed to go beyond the terms of the contract to be able to move the relationship to the next level. Their views found support from other scholars that held that relationships are two-way affairs pivoted on the dual concepts of "reciprocity" and "equitable exchange" (Fernandes, Proenca, Kanna, 2007).

A number of studies carried out globally (Jambulingam, Kathuria, & Nevin, 2011 ; Jap & Ganesan, 2000 ; Metcalf, Frear, Krishnan,1992; Morgan & Hunt, 1994; Palmatier, Dant, Grewal, & Evans, 2006 ; Palmatier, Dant, & Grewal, 2007; Palmatier et al. 2008; Vázquez et al. , 2005) linked the antecedents and outcomes of the channel relationships through a set of mediating and/or moderating variables.

Objectives of the Study

This study contributes to the existing body of literature on channel relationship management by :

(1) Identifying the factors influencing the channel relationship strategies of manufacturers,
(2) Confirming the factors by testing their reliability, internal consistency, and validity.

Methodology

Based on detailed review of extant literature cited in the preceding section, the following constructs that explain the linkages between channel relationship strategies and outcomes thereof as also those that have a mediating effect on the causal relationships were short-listed for further investigation.

Antecedents

(1) Industry Norms,
(2) Supplier Versatility,
(3) Dealer Product Dependence,
(4) Competence of supplier sales personnel,
(5) Communication,
(6) Relation Specific Investments.

Mediating Variables : Customer relationship orientation, gratitude based reciprocal behaviors, customer commitment, and trust have been identified as the mediating variables. Relationship orientation described more in detail later in this paper is the need for the dealer to have a relational governance with respect to the exchanges with the manufacturer (Palmatier et al., 2008). It influences the dealer's cost-benefit analysis of the relational

Table 1. Variables Included in the Instrument for Measurement

S.No	Variable	Number of items	Source	Context of the study
1	Industry Norms (IN)	Two	Palmatier et al. (2008)	B2B interactions
2	Supplier Versatility (SV)	Three	Palmatier et al. (2006)	Meta analysis of RM marketing strategies
			Samaha et al. (2011)	Fortune 500 firms &their channel members
			Metcalf et al. (1992)	Manufacturers of commercial aircraft engines
3	Product Dependence (PD)	Two	Palmatier et al. (2008)	B2B interactions
4	Competence of Sales personnel (CSP)	Two	DO	DO
5	Relation Specific Investments (RSI)	Two	DO	DO
6	Communication (CN)	Three	Morgan &Hunt (1994)	Automobile tire retailers
7	Relationship Orientation (RO)	Two	Palmatier et al. (2008)	B2B interactions
8	Gratitude based Relationship Behavior (GBRB)	Two	Palmatier et al. (2009)	Industrial products/services sold by manufacturers' reps
9	Buyer Trust (BT)	Three	Morgan &Hunt (1994)	Automobile tire retailers
			Jambulingam et al. (2011)	Pharmaceutical health-care supply chain
			Vázquez et al. (2005)	Manufacturers and Wholesalers of food and beverage industry in Spain
10	Customer Commitment (CC)	Three	Palmatier et al. (2008)	B2B interactions
11	Relationship Continuity (RC)	Four	DO	DO
12	Seller Objective Performance (SOP)	Two	DO	DO

Note: Instrument containing all the items used for the field survey is annexed as Appendix 1.

exchanges with the manufacturer and ultimately, the effectiveness of manufacturer's relationship marketing (RM) efforts.

While commitment and trust, the constructs operationalized by Morgan and Hunt (1994), have been widely accepted as the mediating variables between the antecedents and outcomes of RM, post 2005, scholars were on a constant search for the missing link to explain the mediating role of these two variables on the RM outcomes and came out with 'gratitude' as the third mediating variable (Palmatier, Jarvis, Bechkoff, & Kardes, 2009). Gratitude is a feeling in acknowledgment of a benefit received that provides an emotional foundation for reciprocal behaviors (Emmons & McCullough, 2003 ; Morales, 2005).

↳ **Outcome Variables :** Outcomes considered in the study are relationship continuity and seller objective performance (Palmatier et al., 2006), a result of the relation building efforts of the manufacturer and other antecedents to the mediating variables included in this study.

↳ **Instrument for Measurement :** A questionnaire containing 34 items was developed, covering the chosen variables. As no standard scale was available, the scale items were suitably adapted from the instruments used by previous scholars. Based on the inputs provided by academicians and industry experts, the questionnaire was pruned down to 30 items and few of the items were reworded/modified consistent with the business environment of the industry and the geographical area where the study was conducted. A 5- point Likert scale was used for recording the responses. The details of the variables included in the questionnaire and the source from which they were adapted are provided in the Table1.

↳ **Sampling and Data Collection :** The target population for the study were the distributors/dealers (i.e.

Table 2. Cronbach's Alpha for the Variables Included in the Study

S.No	Construct	No of Items	Alpha (Standardized)	Remarks
1	Industry Norms(IN)	2	.810	
2	Communication(CN)	3	.763	
3	Competence of Sales Persons(CSP)	2	.738	
4	Buyer Trust(BT)	3	.647	Less than .65
5	Supplier Versatility(SV)	3	.765	
6	Customer Commitment(CC)	3	.716	
7	Product Dependence(PD)	2	.729	
8	Relationship Specific Investments(RSI)	2	.856	
9	Gratitude Based Reciprocal Behavior(GBRB)	2	.671	
10	Relationship Orientation(RO)	2	.655	
11	Seller Objective Performance(SOP)	2	.720	
12	Relationship Continuity(RC)	3	.720	After dropping RC4

Cronbach's Alpha for nine constructs was above 0.7 and for the remaining three constructs, it was marginally lower than 0.7, generally in conformity with the minimum value suggested for field surveys by experts (Nunnally, 1978) .

wholesale merchants) of steel and allied products in South India. They are located mostly in major metropolis and tier-1/tier-2 cities. Information concerning them was obtained from relevant trade directories and industry handbooks. Based on the information gathered from the above publications and other personal sources, size of the target population was estimated to be about 275 respondents. Considering the limited number of distributors/dealers in South, judgment sampling was resorted to. Attempt was made to contact as many dealers as possible subject to the constraints of time and other resources.

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A total of 170 dealers/distributors all over South India were approached in person, between March and May 2013, to get their responses to the questionnaire. Personal interviews were resorted to as the response rate for questionnaires administered by mail is generally low for old economy industries such as steel. Respondents were asked to state their degree of agreement for a series of statements numbering 30 on a 5- point Likert scale. The number of persons who responded was 135; a response rate of 79.4% .This includes multiple responses from several key informants from few large organizations and responses from branch offices of certain established business firms. Two questionnaires out of these were found to be incomplete, and hence were not used for further analysis. The remaining 133 responses were subjected to further analysis.

Analysis and Findings

Reliability of the Instrument : Cronbach's alpha was computed for each construct, using SPSS 21, and the results are summarized in the Table 2.

Exploratory Factor Analysis : Exploratory factor analysis was conducted using SPSS 21 to identify the underlying factors. Sampling adequacy of the data was verified by computing Kaiser-Meyer-Olkin measure of sampling adequacy, which at .860 was far above the minimum required value of .50 (Malhotra & Dash, 2009).

Table 3. Rotated Component Matrix[a]

	Component							
	1	2	3	4	5	6	7	8
IN1			.846					
IN2			.796					
SV1					.770			
SV2		.663						
SV3		.631						
CSP1							.736	
CSP2							.731	
RSI1	.624							
RSI2	.707							
CN1							.773	
CN2							.659	
GBRB1	.747							
GBRB2	.743							
BT1					.742			
CC2	.584							
CC3	.694							
RC1				.828				
RC2				.828				
SOP1						.805		
SOP2						.818		
CN3		.728						

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.
a. Rotation converged in 9 iterations.
b. The following abbreviations were used in the above table
IN: Industry Norms
SV: Supplier Versatility
CSP: Competence of Sales Persons
RSI: Relationship Specific Investment
GBRB: Gratitude Based Reciprocal Behavior
BT: Buyer Trust
CC: Customer Commitment
RC: Relationship Continuity
SOP: Seller Objective Performance
CN: Communication

Bartlett's test of sphericity also was significant at $p < .001$, with degrees of freedom 210 and approximate chi-square value of 1362.426, suggesting that the variables were uncorrelated (Malhotra & Dash, 2009) . Using principal component analysis and varimax rotation, a total of eight factors accounting for 77.86% of the total variance were extracted as depicted in the Table 3. Items with sizable cross loadings (more than 0.4) and communalities less than 0.5 were removed for extracting these eight factors (please refer to Appendix 2 for the results of the EFA).

↳ **Identification and Labeling of Factors :** Out of the above mentioned eight factors, six factors namely Industry Norms (IN), Communication (CN), Competence of Sales Persons (CSP), Seller Objective Performance (SOP), Relationship Continuity (RC), and Supplier Versatility (SV) were the constructs originally included in this study based on the review of literature. Six items have loaded onto the factor labeled Relationship Strength (RS), that is, RSI1, RSI2, GBRB1, GBRB2, CC2, and CC3, thereby making it a composite construct comprising of three variables (refer to Annexure 1 for the statements).

In the extant literature on relationship marketing, there was indeed a discussion on composite constructs (Palmatier et al., 2006). One of the composite constructs mediating the relational strategies is relationship quality . This construct has aliases, that is, relationship closeness and relationship strength (Palmatier et al., 2006). This composite construct labeled as Relationship Strength (RS) is more comprehensive than Relationship Quality, and reflects the actions and sentiments of both manufacturers and dealers. The items included in this factor are renamed as RS1 through RS6.

The original SV1, that is, "our supplier is resourceful enough to provide us with the required support from time to time" along with BT1, that is, "Our supplier does not hold back critical information that may affect our business"

Table 4. Rotated Component Matrix (Revised)

Item	Factors							
	RS	SV	IN	RC	SCS	SOP	CSP	CN
RS1	.624							
RS2	.707							
RS3	.747							
RS4	.743							
RS5	.584							
RS6	.694							
SV1		.663						
SV2		.728						
SV3		.631						
IN1			.846					
IN2			.796					
RC1				.828				
RC2				.828				
SCS1					.770			
SCS2					.742			
SOP1						.805		
SOP2						.818		
CSP1							.736	
CSP2							.731	
CN1								.773
CN2								.659

Note:

IN= Industry Norms
SV= Supplier Versatility
RS= Relationship Strength
SOP= Supplier Objective Performance
CSP= Competence of Sales Personnel
SCS= Supplier Critical Support
CN= Communication
RC= Relationship Continuity

Table 5. Cronbach's Alpha for Factors Identified

Construct	Number of Items	Cronbach's Alpha (Standardized)	Block
Industry Norms	Two	.810	Antecedent
Supplier Versatility	Three	.742	DO
Communication	Three	.693	DO
Supplier Critical Support	Two	.714	DO
Comp Sales Persons	Two	.738	DO
Relationship strength	Six	.884	Mediator
Relationship Continuity	Two	.794	Outcome
Seller Objective Performance	Two	.706	Outcome

Table 6. Average Variance Extracted and Squared Correlations

	IN	SV	SCS	CSP	CN	RS	SOP	RC
IN (.810)	**.709**							
SV (.742)	.223	**.562**						
SCS (.714)	.237	.423	**.551**					
CSP (.738)	.373	.474	.428	**.593**				
CN (.693)	.001	.034	.017	.020	**.540**			
RS (.884)	.349	.547	.472	.511	.014	**.548**		
SOP (.706)	.151	.307	.332	.373	.001	.314	**.548**	
RC (.794)	.117	.242	.293	.290	.075	.277	.382	**.659**

Note: 1. AVE values appear on the diagonal and squared correlations below the diagonal.

2. Figures in brackets appearing in column one are Cronbach's alpha values.

are the two items comprising Factor 5. A close look at these two items brings out the common characteristic of these two items, that is, manufacturer's ability to support the dealer during critical times . This factor, therefore, is named as Supplier Critical Support (SCS) , a maiden construct not found in the literature reviewed, and the two items are rechristened as SCS1 and SCS2. A similar exercise was done for few other factors, based on the items that had loaded on to them. The rotated factor matrix, with all the eight factors and corresponding items regrouped/renamed are depicted in the Table 4.

A total of eight factors, explaining more than 77% of the total variance were retained. As Factor 1 is a composite construct comprising of three constructs, the number of constructs retained from the original model for further analysis is, in fact, 10. The constructs dropped because of insignificant loadings and/or substantial cross loadings were: (a) product dependence, (b) relationship orientation. The Table 5 gives the Cronbach's alpha value for each of the eight factors retained for further analysis.

Confirmatory Factor Analysis

To confirm the factor structure of the identified factors, structural equation modeling (SEM) was resorted to, using the AMOS 16 software.

↳ **Measurement Model :** The measurement model was constructed using AMOS graphics with all the eight factors included as latent variables and the items as indicators. Covariance paths were drawn based on the assumption that all the latent variables correlate with each other, a standard assumption for CFA. The path diagram of the measurement model is depicted in the Appendix 3.

Table 7. Model Fit Indices

Parameter	Value	Remarks
CMIN (Chi-Square/*df*)*	1.167	<2.5 indicates good fit
Goodness of Fit (GFI)	.899	.9 and above - Good fit
CFI	.980	Very Good fit
RMSEA	.036	<.08 indicates very good fit
PClose	.862	Should be>.5 for a good fit

**df* = 147

↳ **Findings of Confirmatory Factor Analysis :** The loadings of observed variables (items) onto the latent constructs (factors) were in accordance with the pattern discovered in the exploratory factor analysis. The relevant findings are tabulated in the Table 6.

↳ **Reliability of the Instrument :** As depicted in the Table 2, Cronbach's alpha value is above 0.7 for all the constructs except Communication, for which it is marginally lower than the minimum acceptable value of 0.7 specified by Nunnally (1978). The internal consistency and reliability of the instrument was, therefore, established.

↳ **Construct Validity :** Construct validity comprises of face validity, convergent validity, and discriminant validity. Face validity of the constructs was already established in as much as the measurement items have been suitably adapted from the ones used by past scholars. AVE for each construct is above 0.5 (as can be observed from the Table 6), indicating acceptable convergent validity. Furthermore, for each pair of constructs, the AVE values are higher than the corresponding squared correlations indicating acceptable discriminant validity (Hair Jr., Black, Babin, Anderson, & Tatham, 2006). Construct validity of the latent constructs and observed variables was ,therefore, established.

↳ **Model Fit Indices :** The measurement model fits the data reasonably well as shown in the Table 7. The indices depicted in the Table 7 indicate a good model fit as per the extant guidelines (Byrne, 2013). It can, therefore, be concluded that the latent variables (constructs) included in the measurement model are apposite for further causal analysis.

Discussion and Managerial Implications

This paper makes significant contribution to the literature on channel relationship strategies by identifying the variables influencing the relationship strategies of manufacturers of industrial raw materials and the outcomes there of from the perspective of dealers. Two new constructs, that is, Supplier Versatility and Supplier Critical Support have been added to the literature . Factor structure of all the variables was validated through confirmatory factor analysis. Identification of variables and confirming their validity and reliability is the first step in understanding the dynamics of channel relationships in mature industrial markets and provides a platform for modeling the complex relationships among the variables.

While both the objectives of the study have been adequately addressed, further research for analyzing the causal relationships among the variables identified in this study will help managers fine-tune their strategies and prioritize their efforts for building up enduring relationships with the channel partners instead of adopting a trial-and-error approach.

The fact that there are no prior studies conducted on this important aspect of channel management in the Indian sub-continent further enhance the efficacy of this study in as much as the findings help the manufacturers to come out with effective strategies for forging mutually beneficial bilateral relations with the downstream

channel partners. More studies of this nature in different geographies and industry verticals in the emerging economies will help bring in more conceptual clarity and formulation of theories.

Conclusion

This study helps manufacturers to pinpoint the variables influencing the channel relationships and provides an ideal platform for further research to ascertain the causal relationships among the identified variables that would help fine-tune the channel management strategies. A significant contribution of this study is identification and operationalization of two new constructs, that is, Supplier Critical Support and Supplier Versatility, which in conjunction with the variables already identified and established by earlier scholars provide the framework for understanding the dynamics of channel relationships. While this study by itself may not be conclusive, it addresses one of the critical phases of empirical research by identifying and confirming the variables influencing the channel relationship strategies using structural equation modeling.

Limitations of the Study and Scope for Further Research

The following are the limitations of this study :

(1) This study is limited to dealers of steel and allied products operating in South India and the findings ,therefore, cannot be generalized to India as a whole owing to the cultural differences and differences in business practices and norms prevalent in various sub-geographies of India.

(2) The focus of this study is on the factors affecting the manufacturer-dealer relationships, mainly from the perspective of dealers, which may or may not be vetted by the entire population of manufacturers.

(3) The relationships studied are mature relationships in a B2B context, and the findings ,therefore, may not be relevant for budding relationships.

(4) Sampling techniques employed in this study make it susceptible to the common errors associated with sampling techniques.

This study is geographically confined to the Southern region of India. To get more insights into the factors facilitating/inhibiting channel relationships, a study encompassing a larger geographical area should be undertaken. This, apart from enlisting a larger number of respondents, would also bring out the regional differences, if any, in the context of channel relationships in the steel industry. Impact of information technology is an intriguing aspect of channel relationships, which needs to be researched, as the industry is gearing itself to usher in digitalization of information. Researchers can also investigate deep into the possible adverse impact of the recent strategic shift of some of the manufacturers to get into organized retailing on the channel relationships, which may necessitate recast of channel governance structures.

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Appendices

Appendix 1

1. Name of the Organization :
2. Location/ Address :
3. Are your operations from a single location or multiple locations: Single/Multiple*

(*Incase of multiple locations, please indicate number of locations------)

4. Annual turnover of your organization (Total value of products traded): Rs ------crores
5. Which are the products you currently deal with:
6. You have been a dealer for these products for :------- years
7. Please indicate your degree of agreement/disagreement on the following statements (1- *Strongly Disagree,* 2- *Disagree*, 3 - *Neither agree nor disagree*, 4- *agree* , 5- *Strongly agree*)

Note : The word supplier denotes your major supplier

S.No	Statement	Score
1	Building strong buyer-supplier relationship is the norm in our industry.	
2	Our supplier communicates clearly his expectations from our firm.	
3	Sales personnel of the supplier know their product line very well.	
4	We propose to purchase more quantity from the supplier this year as compared to last year.	
5	Our supplier does not hold back critical information that may affect our business.	
6	Our supplier is resourceful enough to provide us with the required support from time to time.	
7	When making important decisions ,our supplier considers our welfare before his own.	
8	Our supplier's share of total volume purchased by us is steadily going up.	
9	We are willing to walk that extra mile to work with the supplier.	
10x*	Our dealings with the supplier are more on a short term basis.	
11	Buyer-supplier relationships are highly valued in our industry.	
12x	We feel that our interactions with the supplier's sales personnel are unproductive.	
13	We represent the supplier because working with him is a pleasant experience.	
14	Our supplier shares confidential information to help us.	
15x	There are many other suppliers who could provide us with a similar product.	
16	Our supplier offers us technical solutions from time to time.	
17	Our supplier willingly makes adjustments to help us out when we are faced with special problems or circumstances.	
18	A close relationship with the supplier is important for the success of our business.	
19	Our supplier devotes considerable time and effort to strengthen his relationship with us.	
20x	It is likely that we will terminate the relationship with the supplier over the next few years**.**	
21	Our supplier is trustworthy.	
22	We want to build up a long-term relationship with the supplier.	
23	Our positive feelings towards the supplier are the major reason we continue working with him.	
24	We will not shift from this supplier at any cost.	
25	We make purchases from the supplier because of the special terms offered by him.	
26x	We do not see any substantial benefits in building a long-term relationship with our supplier.	
27	We give more share of business to our supplier because we owe it to him.	
28	Past efforts of the supplier helped him to get higher share of our business.	
29	Our supplier keeps us informed of the new developments at his end.	
30	It would be expensive for us in terms of time and cost to switch over to a different supplier for this product.	

*Items marked x are reverse scaled questions

Name of the Respondent : Date :
Designation : Place :

Appendix 1 - Rotated Component Matrix : Items Retained and Renamed

S.No of Questionnaire	Statement	Item No (0riginal)	Item No (Revised)
1	Building strong buyer-supplier relationship is the norm in our industry.	IN1	IN1
11	Buyer-supplier relationships are highly valued in our industry.	IN2	IN2
2	Our supplier communicates clearly his expectations from our firm.	CN1	CN1
14	Our supplier shares confidential information to help us.	CN2	CN2
3	Sales personnel of the supplier know their product line very well.	CSP1	CSP1
12x	We feel that our interactions with the supplier's sales personnel are unproductive.	CSP2	CSP2
4	We propose to purchase more quantity from the supplier this year as compared to last year.	SOP1	SOP1
8	Our supplier's share of total volume purchased by us is steadily going up.	SOP2	SOP2
6	Our supplier is resourceful enough to provide us with the required support from time to time.	SV1	SCS1
5	Our supplier does not hold back critical information that may affect our business.	BT1	SCS2
10x*	Our dealings with the supplier are more on a short term basis.	RC1	RC1
20x	It is likely that we will terminate the relationship with the supplier over the next few years.	RC2	RC2
29	Our suppliers keeps us informed of the new developments at their end.	CN3	SV1
16	Our supplier offers us technical solutions from time to time.	SV2	SV2
17	Our supplier willingly makes adjustments to help us out when we are faced with special problems or circumstances.	SV3	SV3
19	Our supplier devotes considerable time and effort to strengthen his relationship with us.	RSI1	RS1
25	We make purchases from the supplier because of the special terms offered by him.	RSI2	RS2
27	We give more share of our business to our supplier because we owe it to him.	GBRB1	RS3
28	Past efforts of the supplier helped him get higher share of our business.	GBRB2	RS4
13	We represent the supplier because working with him is a pleasant experience.	CC2	RS5
23	Our positive feelings towards the supplier are the major reason we continue working with him.	CC3	RS6

* Items marked x are reverse scaled questions

Appendix 2

Appendix 2. Output of Exploratory Factor Analysis

Communalities

Item	Initial	Extraction
IN1	1.000	.806
IN2	1.000	.840
SV1	1.000	.815
SV2	1.000	.703
SV3	1.000	.766
CSP1	1.000	.798
CSP2	1.000	.802
RSI1	1.000	.763
RSI2	1.000	.739
CN1	1.000	.772
CN2	1.000	.776
GBRB1	1.000	.750
GBRB2	1.000	.743
BT1	1.000	.791
CC2	1.000	.728
CC3	1.000	.675
RC1	1.000	.824
RC2	1.000	.830
SOP1	1.000	.808
SOP2	1.000	.811
CN3	1.000	.812

Note:

IN=Industry Norms
CSP=Competence of Sales Personnel
SV=Supplier Versatility
SCS=Supplier Critical Support
RS=Relationship Strength
CN=Communication
SOP=Supplier Objective Performance
RC=Relationship Continuity

Appendix 2. Total Variance Extracted

Content	Initial Eigen values			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	8.736	41.601	41.601	8.736	41.601	41.601	3.509	16.710	16.710
2	1.499	7.138	48.739	1.499	7.138	48.739	2.223	10.583	27.294
3	1.337	6.365	55.104	1.337	6.365	55.104	2.045	9.740	37.033
4	1.260	5.999	61.103	1.260	5.999	61.103	1.847	8.796	45.830
5	1.021	4.863	65.966	1.021	4.863	65.966	1.734	8.256	54.085
6	.945	4.502	70.468	.945	4.502	70.468	1.706	8.126	62.211
7	.797	3.795	74.263	.797	3.795	74.263	1.652	7.868	70.079
8	.756	3.599	77.862	.756	3.599	77.862	1.634	7.783	77.862
9	.616	2.932	80.794						
10	.575	2.739	83.534						
11	.515	2.454	85.988						
12	.450	2.143	88.131						
13	.416	1.981	90.112						
14	.385	1.835	91.948						
15	.326	1.554	93.502						
16	.304	1.446	94.948						
17	.280	1.332	96.280						
18	.244	1.162	97.442						
19	.214	1.018	98.460						
20	.185	.880	99.340						
21	.139	.660	100.000						

Appendix 3

Appendix 3. Path Diagram of the Measurement Model