

# WhitePaper

## Improving vertical B2B relationships in the market research industry

Applying a model of tangible factors to enable sustainable collaborative advantages between clients and market research service providers

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GAME CHANGERS



## Abstract:

Sustainable (i.e. good and stable) supply chain relationships provide competitive advantages for all partners. They are crucial for sustainable growth. Unlike many industries, market research has yet to explore vertical B2B-relationships for sustainable development. We propose a model of properties and influencing factors that provide evaluation criteria and operational conduct to foster sustainable relationships. This paper provides a hands-on perspective on the abstract concept of sustainability for the market research industry.

## Defining Sustainable B2B Relationships

Businesses can benefit from working together as it allows for greater advantages than operating independently [2]. These collaborative advantages may consist of more market power, higher chances in receiving business, cost and timing reductions, knowledge exchange and gain as well as advantages in developing and providing services and solutions [4].

For decades, the concept of vertical buyer-supplier chains has been heavily promoted and applied in many sectors as a means of fostering sustainable sector development. However, being part of a value chain (i.e. a group of independent organizations aligned in a non-hierarchical way, conducting business and sharing knowledge) poses considerable management challenges. In particular, it requires all partners to develop and maintain close and lasting relationships with each other. How to actually enable organizations to build and maintain collaborative advantages successfully has been frequently neglected.

This issue is of particular interest to market research agencies, which act as suppliers to their clients and buyers to service providers (i.e. for data collection) and require provision of collaborative advantages on both ends, to secure business in a dynamic environment, driven by consumer behavior and technological developments in saturated markets with high price sensitivity.

Recent contributions in various industry sectors identified and validated a set of variables defining a specific dimension of B2B-relations: their sustainability ([1]; [6]; [8]). This dimension determines the efficiency and effectiveness of collaboration along a value chain and thus is a key source of competitive advantage [7]. Hence, sustainable business relationships promote the maintenance and foster the further development of competitive sustainable value chains. It is therefore crucial for organizations to understand the tangible properties of the construct that is sustainability as well as its influencing factors, in order to advance it.

Sustainability, as shown in figure 1, is defined by quality, signified by trust, commitment and satisfaction [3]; and stability, encompassing conflict resolution capacity and relationship history (i.e. the ability to solve conflicts in relationships) and relationship history (i.e. past experience with the business partner) [6].

Key characteristics of this concept are relationship quality and relationship stability as factors influencing the sustainability. Relationship stability encompasses the existence of mutual dependence, conflict resolution capacity and a positive collaboration history with a business partner. The quality parameters of business relationships have been a focus of numerous studies but not within the market research industry. As a counterpoint to hard relationship-performance measures, such as return on investments or costs, the quality of relationships, while difficult to measure in the past, can provide further insights into the well-functioning of corporate co-operation arrangements.

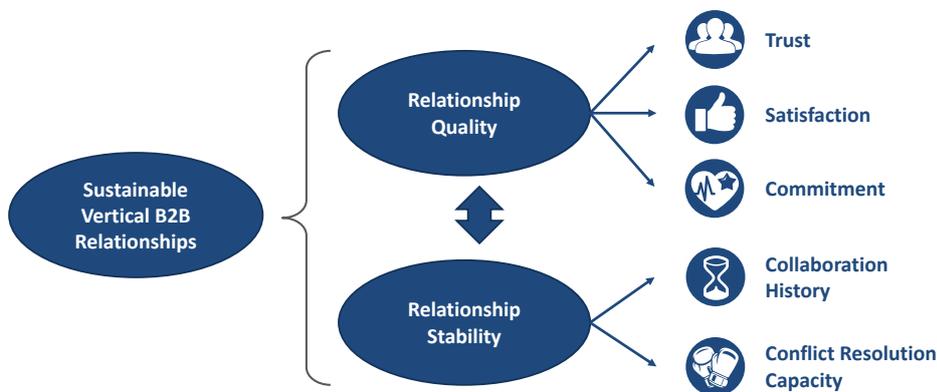


Figure 1: Dimensions of Sustainable B2B-relationships  
Source: authors' draft, based on [7]

### Trust

Trust in a business relationship implies the belief in the ability of a business partner to fulfil their commitments and thus being able to obtain the expected rewards.

### Commitment

Commitment is an act of binding oneself, intellectually or emotionally, to a course of action and feeling dedicated or loyal to a long-term endeavour [9] and can be seen the tacit willingness to support the persistence of the relationship between business partners [10]. The relevance of commitment in B2B relationships results from the fact that highly committed chain actors “stick” to the relationship and are less inclined to switch to other business partners. Hence, it improves the sustainability of relationships, since business partners are more likely to continue to work with their exchange partner.

### Satisfaction

Satisfaction is the feeling of contentment and gratification that arises when needs or desires have been fulfilled [11]. In this evaluation processes, individuals or businesses assess the degree to which their expectations have been met. Meeting or exceeding expectations is important for the sustainability of the inter-enterprise relationships, since it significantly influences the decision of the exchange partners to continue their business relationship [12].

### Conflict resolution capacity

Conflicts can be understood as an unsettled difference of opinions leading to dispute between two or more parties. Chain relationships may be disrupted by unresolved conflicts. Typical sources of conflicts are product or process stream problems, asymmetric bargaining power and uncompromising attitudes or unforeseen events in the natural and social environment [13].

### Collaboration history

The development of relationships over time is a central discussion point in the literature. These life-cycle models typically consist of three to five different stages, which include a “birth” stage (i.e., the beginning of a relationship) and a “death”-stage [14]. The chain history is made up of a number of critical and routine episodes which can be used as an indicator for the sustainability of business relationships [7].

Relationship quality and stability in this model are not independent properties. They need to be regarded as a continuum of interacting dimensions of sustainable relationships. Figure 2 depicts this interaction. In stable business relationships that still show a high level of commitment, trust and satisfaction between business partners (i.e. relationship quality) can be just as sustainable as relationships with less instability but lower quality.

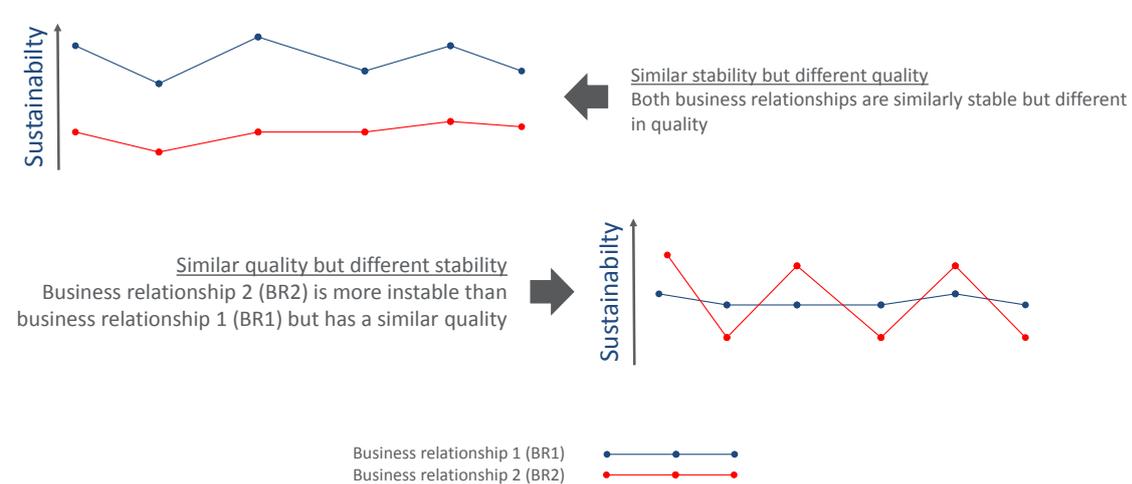


Figure 2: Interaction of Quality and Stability of B2B-Relationships  
Source: authors' draft

## Factors affecting Sustainable B2B-relationships

To help organizations in the market research industry improve the quality of and provide stability in vertical relationships, it is necessary to systematically break down influencing factors that account for sustainability levels in B2B-relationships. These may vary with industry, country, culture, seasons etc. However, applying structural equation modelling (as shown in figure 3), extensive research across countries and industries (see [6]; [1]; [8]) has identified mainly five factors that consistently influence sustainability.

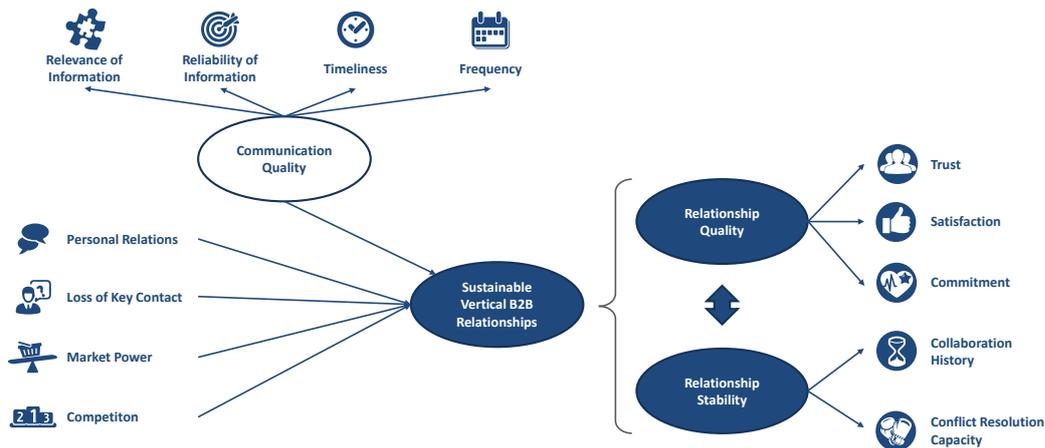


Figure 3: Factors influencing vertical B2B relationships  
Source: authors' draft

These are applicable to the market research industry:

1. **Quality of communication:** Can be understood as the “glue which holds the relationship together” [5]. Providing more information is not always better as it can overload the recipient. Therefore, relevant, reliable, timely and adequately frequent communication is crucial for conflict resolution, trust, satisfaction and commitment.
2. **Personal relationships:** Interact with communication quality and market power. Close personal relationships allow conflict resolution to take place in a non-bureaucratic manner and reduce exploitation of market power from the buyer side.
3. **Loss of key contact (on buyer or supplier side):** May create knowledge and/or budget issues and challenge information flow between buyer and supplier. A change in skills or personal preferences may end history ties and disrupt the relationship if not considered properly. However, it may provide new opportunities for competitors establishing new business with the client.

4. **Market power:** Means the way it is executed on business partners. Fair treatment of business partners mitigates conflicts and supports commitment. It is intertwined with personal relations and communication quality. Exploitation of market power, e.g. unfair treatment of service suppliers to put price pressure on services, reduce the Return on Relationship (RoR) significantly and also impact negatively buyer's and supplier's competitiveness.
5. **Competition:** Varies in its effect depending on the market powers of all chain partners. While seeming like an impediment, it can in fact be countered through sustainable relationships and thus act as a key driver for collaboration.

## Utilization within the Market Research Industry

Application of the proposed model can offer clients and suppliers in the market research industry a structured overview of the properties to monitor in order to evaluate the sustainability of their B2B-relationships. It also suggests operational factors and respective effects for strategic targeting with regards to improving sustainability. The validated model provides a hands-on perspective on the previously abstract concept of sustainability for the market research industry itself.

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## Literature

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