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RELATIONSHIP VARIABLES
AND THEIR ROLE BETWEEN INTERNATIONAL BUYER
SUPPLIER RELATIONSHIP AND ON CUSTOMERS'
LOYALTY:
A CASE STUDY OF UPC PRINT LTD.

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ABSTRACT

The relationship between firm and their customers is a critical issue when establishing a long term relationship. The relationship management has become an essential part of business strategy due to the complexity and increasing competition. Previous researchers mention (Wang & Sohal 2002, Grönroos & Ravald 1996, Selnes 1996,) that values and benefits can only be obtained if customers agree to make long term relationship and consider them valuable. In the context of buyer-supplier relationship, continuity of relationship consists on loyalty from both sides. Loyalty has been define in term of repeat purchase, positive attitude, long term commitment, intention to continue relationship, expressing positive word of mouth and not switching for any other product. There are many factors which can affect the loyalty but in the current study four factors or variables have been discussed such as supplier competence, communication, commitment and conflict handling.

The aim of this study is to know the role of relationship variables between international buyer-supplier relationship and on customers' loyalty. Theoretical work was based on previous researches and literature regarding relationship variables and customer's loyalty. Case study method has been chosen for current study which is most appropriate to meet the purpose. Data has been collected from one Finnish firm in print industry. The study found that in order to maintain customers' loyalty, it is vital for firms to meet their needs and wants, and all relationship variables need to be considered during the entire relationship process between supplier and buyer, without any discrimination whether new customers and old one.

1. INTRODUCTION

1.1 Back ground

During the course of globalization, new ways have opened for firms of all size to operate internationally. Firms participate in the process of internationalization to an increasing extent, although most of them often not with the same conditions as like large enterprises. As most firms often have limited resources and market share, so in order to minimize this weakness, they need efficient and lasting relationships with new intermediaries as a key component when entering the foreign market, these can be distributor, wholesaler, retailer etc.

The development and management of customer relationship has, in recent years, become main focus of marketing and conceptualization as it has realized that they are valuable assets of a firm (Rajagopal, 2004). Many researchers agree that the relationship marketing comprises on buyer seller interaction on a long term basis and that these collaborative exist to transform individual and discrete transactions into relational partnerships (Czepiel, 1990). Hence, the buyer seller interaction and better communication emerge as key pillars in relationship marketing. The relationship management has become an essential part of business strategy due to the complexity and increasing competition. Globalization/internationalization and the development of the international market place are the main drivers to this trend; Blurring boundaries between markets and industries, shorter product life cycle, increasing fragmentation of markets (Wang & shoal, 2002), sophisticated and more knowledgeable customers and their rapidly change buying patterns are some possible explanations (Grönroos, 1996).

Previous researchers and authors mention that benefits and value can only be obtained if customers agree to make long term relationship and consider them valuable and being loyal to each other (Izquierdo & Cillan 2005). However, it is necessary to understand the main role of the factors of relationship marketing on customer's loyalty. According to Panyne and Holt, (2001) the relationship marketing is one of the key developments of

modern marketing. it starts when firms invest in those activities directed towards attracting customers and positioning on the market and the more complicated matter in order to turn these customers into loyal ones (Izquierdo & Cillan, 2005). According to Ravald and Grönroos (1996) product quality, brand image and other supporting services etc, are not enough for long term relationship. In the context of long term relationship between buyer and seller, the benefit concept takes on a deeper meaning such as safety, credibility, security and continuity which lead the trust for the supplier and thereby support and encourage customer's loyalty.

Ndubisi (2007) mentions four factors of relationship marketing such as trust, commitment, communication and conflict which influence on customer's loyalty. However, many studies have been conducted (Wang & Sohal 2002, Sheth & Sisodia 2002, Panyne & Holt 2001) that trust and satisfaction consist on relationship variables such as supplier competence, communication, commitment and conflict handling. Therefore, based on previous studies, importance of relationship variable is evident in relationship marketing.

1.2. Problem discussion

Ndubisi (2004, 2007) states that companies should make sacrifices and worthwhile investments to develop the relationship with loyal customers. This is beneficial for both the firm and the customer. Now companies are focusing on securing and improving customer loyalty instead of acquiring new one. Loyalty has been defined by many of previous researchers in term of repeat purchasing, a positive attitude, long term commitment, intention to continue the relationship, expressing positive word of mouth likelihood of not switching, or any combination of these (Sramek, Mentzer & Stank 2007, Ravald and Grönroos 1996, Spiteiri and Dion 2004). By building relationship with customers, firm can gain quality sources of marketing intelligence for better planning of marketing strategy. According to Izquierdo and Cillan (2005) in the customers' context, benefits in term of higher value, better quality and increased satisfaction with their purchases, on the other hand supplier benefits from greater sales volumes better operating

efficiencies, positive word-of-mouth publicity, improved customer feedback and decreased marketing expenses. Cann (1998) emphasizes that long term relationship is the cost efficiency of having a loyal customer base instead of having to acquire new customers frequently.

Moreover, loyal customers give more extensive and useful feedback on how to improve product quality and customers satisfaction. Extensive academic research in the area of relationship marketing has been conducted finding trust, commitment and satisfaction to be major influences of business relationship building. The current study aims to define the commitment, communication and handling conflicts in international buyer seller relationship and its impact on customer loyalty in print industry. Hence, this study would take empirical evidence of research phenomenon from in the light of one Finnish firm and its Russian buyer.

1.3. Objectives and Delimitation
The main research question of the study is;

What is the role of supplier's commitment, communication, competency, and conflict handling on buyers' loyalty in the context of international buyer-seller relationships?

To answer this question supporting objectives are,
- To provide the brief introduction of relationship marketing and Roots of the relationship marketing.
- To define the loyalty and its dimensions and its role in relationship marketing.
- To define the relationship variables; commitment, communication, supplier competence and conflict handling and its impact on international customer's loyalty.
- To empirically analyze of relationship variables on the theoretical consequences using the case study method in the context of Finnish supplier and its Russian buyer in print industry.

The available theoretical roots on buyer-seller are not limited to specific industry and further have been widely applied in multiple geographical contexts. But for this study, I am eager to verify the applicability of already developed theoretical roots in specific industry of print. The chosen theory for this study is market based theory, which has been defined to managing, maintaining, and developing relationships with international customers on individual basis. In the context of international customer's behavior, attitude, and way of business which depends on national culture and culture varies country to country. Proposed study will helpful to understand the relationship variables or factors and how these variables vary culture to culture. Market based theory has been widely used in previous literature to study buyer-seller relationships in multiple geographical contexts. But for this study, I will apply it in Finnish supplier-Russian buyer context.

Further, this study specifically focuses only on four relationship marketing factors; commitment, communication, competence, and conflict handling. Other relationship marketing factors, like trust and satisfaction are left aside. To investigate the role of these four relationship marketing variables on customer's loyalty, this study collects data only from Finnish Supplier Company. The customer's perspective is left aside which could help to strengthen the findings. Further, the data will be collected through interviews from Supplier Company. Although data will be collected from company managers, unit of analysis will be Supplier Company.

Table 1. Previous studies

Relationship Marketing			
Authors Names & year	**Title of the studies**	**Methodology**	**Results**
Möller, K. & Halinen, A. (2000)	Relationship Marketing Theory: Its Roots and Direction.	Theoretical	Two unique theories have been found, to explain the relationship marketing.
Brito, C. (2008)	Relationship Marketing: From its origins to the current streams of research.	Theoretical	Relationship marketing is a field with a high potential for scholarship.
Grönroos, C. Ravald, A. (1996)	The value concept and relationship marketing.	Theoretical	Supplier relationship costs are the sacrifice the company should try to minimize for the customers and thereby increase the perceived value.
Cann, C. W. (1998)	Eight steps to building a business-to-business relationship.	Theoretical	Developments of relationship with customers have been defined through eight steps.
Conway, T. & Swift, J. S. (2000)	International Relationship Marketing: The importance of psychic distance.	Conceptual paper	Relationship building process consists on four stages, for each stage, the importance of each RM variables differs.
Relationship Variables			
Ndubisi, N.O. (2007)	Relationship marketing and customer loyalty.	Quantitative (survey through questionnaire)	The loyal customers should pay close attention to issues of trust, commitment, communication and conflict handling.
Payne, A. & Holt, S. (2001)	Diagnosing customer value: integrating the value process and relationship marketing.	Theoretical	The concept of value has its roots in many disciplines including psychology, social psychology, economics, management and marketing.
Sheth, J.N. & Sisodia, R.S. (2002)	Marketing productivity issues and analysis.	Theoretical	Marketing must shift its focus from aggregate markets to individual customers.
Malhotra, N. Mukherjee, A. (2003)	Analyzing the commitment-service quality relationship: a comparative study of retail banking call centers and branches.	Quantitative (survey through questionnaire)	Three components of commitment, affective, continuance and normative, which are distinct and show different relationship with service quality.
Sramek, B.D. Mentzer, J.T & Stank, T.P. (2008)	Creating consumer durable retailer customer loyalty through order fulfillment service operations.	Quantitative (survey through questionnaire)	The impact of customer perceptions of order fulfillment service on creating competitive advantage through building satisfaction and ultimately, retailer loyalty.
Wong, A. & Sohal, A. (2002)	An examination of the relationship between trust, commitment and relationship quality.	Quantitative (survey through questionnaire)	Findings afford an extended perspective in customer relationship management research. Moreover, revealed the role of trust and commitment and their impact on relationship quality.
Conway, T. & Swift, J. S. (2000)	International Relationship Marketing: The importance of psychic distance.	Conceptual paper	Relationship building process consists on four stages, for each stage, the importance of each RM variables differs.

Any kind of research (qualitative, quantitative, and conceptual) based on previous studies and literature. Authors and researchers compare their finding in the light of previous studies. In the current study I tried to choose relevant studies according to the topic and objectives. The aim of current study to know the role of relationship variables on international customers' loyalty and this topic associated with relationship marketing. Hence, in the first part of table (relationship marketing) presented those studies which mention about relationship marketing, history of relationship marketing, relationship's theories, and building process of relationship marketing. According to current study's topic, it is better to mention about relationship marketing and its building process. Second part of table (relationship variables) presented those studies which are related with factors whereby customers' loyalty can affect negatively or positively. Although there are many studies about relationship factors but I mentioned those studies which can reflect to my topic. In these studies relationship variables or factors have been discussed thoroughly and it was not so difficult to collect data for my topic.

1.4. Structure of the study

First chapter presents the aim of the study. This chapter contains the introduction part which will entail the background for the problem, problem discussion, and importance of loyalty in relationship marketing, delimitation and creates the aim of the research.

The second chapter creates the first part of the theoretical framework by introducing the concept of relationship marketing and the history of relationship marketing. In this chapter, relationship marketing has been discussed in four areas and relationship process will be discussed concerning the current study. Also, definitions of relationship marketing by different researchers will take place in the chapter. The third chapter contains the influencing factors or relationship variables on customer's loyalty, such as supplier competency, commitment, communication and conflict handling. Deep sight on loyalty and its role between international buyer seller relationships, beside these variables culture will be discussed in the context of relationship variables.

The fourth chapter of current study contains research methodology discussions. In the Methodology part, Philosophy, importance of method, process of data collection i.e. case study approach will be discussed and justified. Fifth chapter of current study comprises of the data from UPC Consulting Ltd. through interviews and secondary data sources. Moreover, the analysis and discussion will take place in the light of findings from the interviews and will be test and verify the developed theoretical model.

In the end six chapter of study include the summary and conclusions based on the theoretical framework and the empirical study. It will also include limitations of the study and recommendations for future research.

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┌─────────────────────────────┐
│         Chapter 1           │
│        Introduction         │
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Chapter 1
Introduction

Chapter 2
Relationship marketing
- Over view and roots of relationship marketing
- Definitions
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Chapter 3
Relationship variables
- Loyalty
- Supplier competence
- Commitment
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- Conflict handling

Chapter 4
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- Research approach
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Chapter 5
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Chapter 6
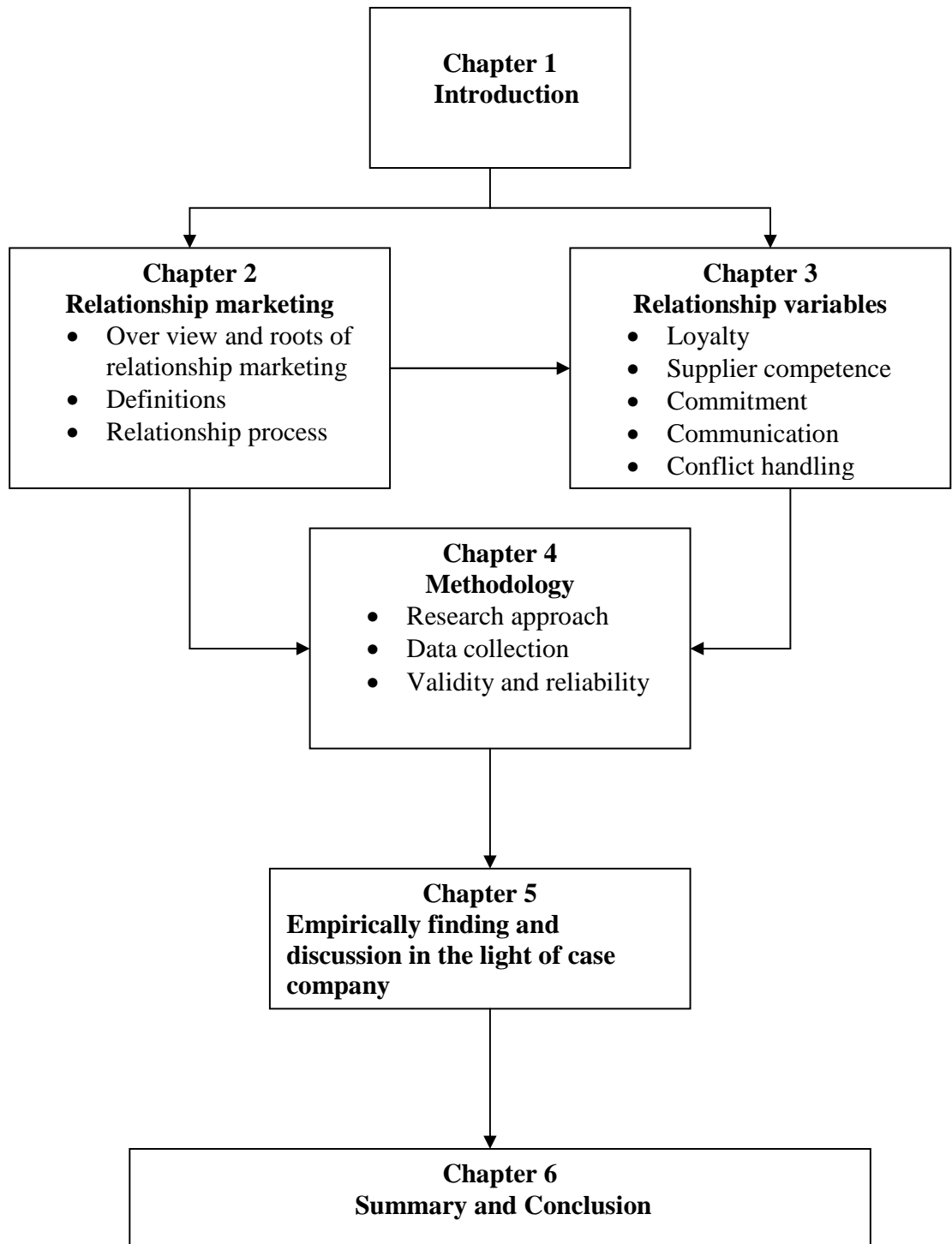**Summary and Conclusion**

Figure 1. Structure of the study

2. RELATIONSHIP MARKETING

This chapter gives the brief introduction about the relationship marketing and history of relationship marketing. Moreover, four areas of relationship marketing take the place and also discuss three models of relationship process. In the current study one model will considered which had been proposed by Conway and Swift (2000) to evaluate the empirical findings. Although these three models are almost same with slightly change. The reason to choose the relationship process model because it consists on four stages and it is easy to explain the relationship variables or factors through this model.

2.1. Back ground of relationship marketing

Due to intense competition and increasingly demanding consumers, relationship marketing has attracted the attention of both researchers and managers. In the context of buyer-seller relationships, researchers have used relation marketing to identify the factors that positively effect on buyer-seller interaction, continuity of relationship, satisfaction, and success. This broad interest in relationship marketing has not brought new change in buyer-seller relations, but researches have also extended this relationship marketing concept. To go more in deep of relationship marketing, we will first focus on its origins.

The evolution of relationship marketing started from 1950s when 'marketing mix' was introduced which is known mostly as '4ps of marketing' i.e. product, price, place and promotion. These 4ps of marketing were considered back bone of marketing. However, were used to make strategies regarding marketing mix to maximize sales. Still marketing mix is used in order to understand and control the influences on demand but this frame work is used in unique environment. The conventional styles of marketing are questioned because marketing environment has changed a lot since 1950s. Now the consumers are more educated and sophisticated as a result of globalization and the new sources of competition. Due to this situation brand loyalty start to decrease and 4ps of marketing were not enough to retain customer, then new marketing thinking revealed with the name of "marketing relationship"(Christopher et al. 2004).

The root of relationship marketing according to Brito (2008) can be found in the early 1980s it appeared first time in academic literature in 1983 when Leonard Berry introduced one chapter with the name of "relationship marketing" in a book on marketing to services. Later on Barbara Jackson uses the same idea in her book Winning and Keeping Industrial Customers as well as in 1985 one article was published from Harvard Business Review. According to Palmer (1997) the general theory of relationship marketing in wide range can be explained by buyer seller relationship. The relationship marketing develops from unilateral to bilateral relationship. Relationship marketing involves a dynamic process with continuity as an important objective. The real purpose of a business has been accepted to consolidate mutually beneficial relationship, importantly with selected customers. Strong and successful relationship is a two way flow of value, where customer exploits the real value from the relationship and that value become beneficial for the organization in order to enhance the profitability (Christopher et, al. 1993, 2004).

2.2. Definitions

Many researchers have defined relationship marketing in different ways. Following are some definitions from respected authors:

According to Ravald and Grönroos (1996), relationship marketing is

To identify and maintain, establish and increase the relationship with customers along other stakeholders, for profit and the objectives of all the channel's members are met.

According to Sheth (1994)

The relationship marketing is perceiving and explanation to current business relationship between supplier and buyer and manages or maintains these relationships

According to Lindgreen (2001)

Relationship marketing is attracting, maintaining and – in multi- service organization-enhancing customer relationship. Servicing and selling existing customers is viewed to be just as important to long- term marketing success as acquiring new customers.

Despite of many definitions of relationship marketing, researchers have a difference of opinion. As a result, the phenomenon use academic word seems to be rather under one of the best definition reflects that relationships between a business and its partners may be either transactional or relational, this definition has been proposed by Grönroos (1994, 355) "*relationship marketing is establish, maintain, and enhance relationships with customers and other partners, at a profit, so that the objective of the parties involved are met. This is achieved by a mutual exchange and fulfillment of promises*". There is another definition by Morgan and Hunt (1994) they code that relationship marketing is pointing out all the marketing activities towards establishing, maintaining and enhancing the successful relational exchanges. This definition was criticized that if this definition is true then both term are condom and one term is useless and should exclude from the literature which is creating confusion (Brito, 2008). After reviewing the definitions it come to know that the term relationship marketing is different to marketing and its not general thing. In the context of marketing, firm provides the value to customer or consumer according to customer's need. Hence, if values are matching with customer expectation then he re-buys. The term relationship marketing is the name of acquiring loyal customer for long term relationship for profit. In the context of relationship marketing customer does not involve in consumption but also involve in manufacturing, promotion, and development procedure of the product and services.

2.3. Conceptual roots of relationship marketing

According to Brito (2008) the evolution of relationship marketing starts from 1950s and the conceptual origins of relationship marketing can be found essentially in four areas, (see figure 2). These are Supply chain and marketing channels, organizational marketing, services marketing, and database and direct marketing.
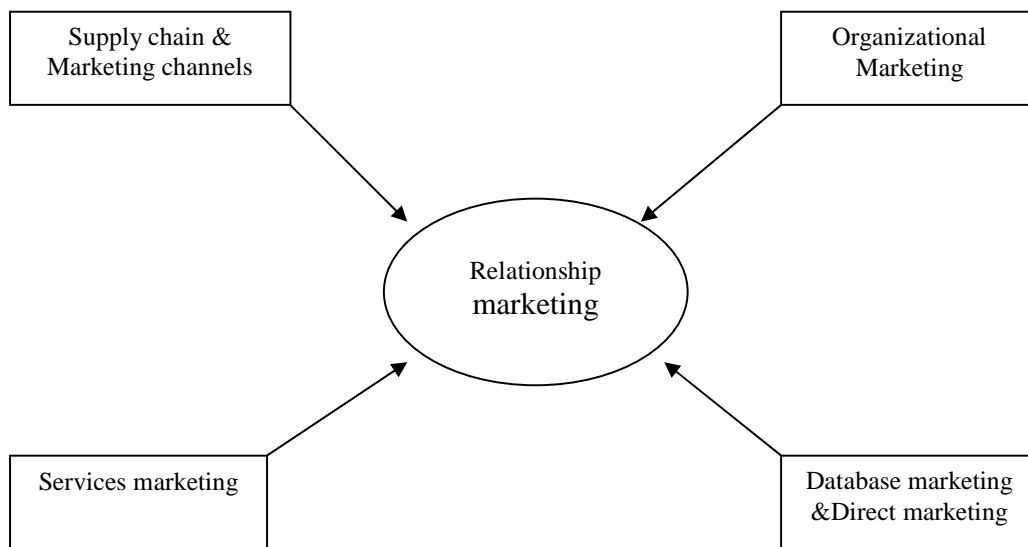
Figure 2. Conceptual roots of relationship marketing (Brito, 2008:5)

 2.3.1 *Supply chain and marketing channels*

Marketing channels is one of the most critical decisions in relationship marketing, which affect defiantly all other, marketing decisions. But with the passage of time several issues occurred, Marketing channels take several years to develop and it represents a significant corporate commitment to large numbers of independent companies. Moreover, it represents a commitment to set of policies and practices that constitutes an extensive set of long term relationships. There is one most important issue in marketing channels

which deal with the conflict of power in the context of the buyer seller interaction process (Geyskens, 1998; Brito, 2008).

2.3.2 *Organizational marketing*

The previous researcher and practitioners have been focused on the understanding of two way interaction at the organizational level and with the passage of time it toward a more integrated and wide reaching network approach (Brito, 2008). Moreover, (Sramek, et.al. 2007) state the ease of return, product availability and timeliness of delivery significantly impact customers' future buying behavior. Further more they state that the product quality, service quality and e-business quality affect to customers' behavioral intentions. So, the main focus is on how to keep customers loyal and profitable in an efficient way.

2.3.3 *Service marketing*

The third area on which relationship marketing is founded is service marketing. Since the late 1970s researchers have shown that conventional marketing style is not enough or insufficient and relationship marketing emerged. Customer participation should be, not only in consumption but also in the production of the service. According to Möller and Halinen (2000) "the main concern was that the marketing mix approach did not provide conceptualizations for modeling and managing the service provider customer relationship". So, the important contribution in this field with quality management and its association with customer satisfaction and the importance of people and processes in service quality, this concept became main point of relationship marketing (Brito, 2008).

2.3.4 *Database marketing and direct marketing*

Over the past two decades there is rapid growth and development in information and communication technologies, and the mass customization and one to one marketing arrived. The capacity of storing data offered by new technologies has increased the ability of organization to serve with a more quantity of information from customers that it would

otherwise be unthinkable. (Brito, 2008).This is absolutely truth that the current information and communication technologies are advance with the capacity for individualized management of customer relationship. Organizations create database to keep in touch with their customers and consumers. The main purpose of this database is, to take feedback and develop long relationships and provide more appropriate products and services.

The relationship marketing can be found in four areas which are mentioned above. Now it is important to know that how these areas contribute to relationship marketing. It can be defining through Möller and Halinen (2000) analysis. They mention to relational complexity, low relational complexity and high relational complexity. In the low relational complexity, a large number of customers and they can switch easily. Moreover, the focus on short time of period in spite of long term relationships and marketer's focus on individual customer relationship. While high relational complexity shows exchange between buyers –seller on focal nets. Difficult to switch and transactions are episodes in long term relationships. In High relational complexity members number are small and from profit and non profit organizations and governmental organization.

Supply chain and marketing channels take several years to develop and it represents a significant corporate commitment to large numbers of independent companies. So, relational complexity will be high. Organizational marketing focus on appropriate delivery, product quality and keep customers for future profit, which shows the low relational complexity. Service marketing focus on Customer participation should be, not only in consumption but also in the production of the service. In the area of service marketing is low relational complexity, although in service marketing customers have option to switch for another product, but product quality, good services, strong commitment and better communication creates loyal customers. Finally, data base and direct marketing can be low relational complexity and also high relational complexity. Because for last two decades there is rapid growth and development in information and communication technologies, and small and large both organizations create data base to keep in touch with market and customers. According to Möller and Halinen (2000)

relationship marketing is not general theory of marketing, he defines that there are two types of relationship theories such as market based theory and network based theory.

2.4 Network based and Market based theory

Network based relationship marketing involves more managerial levels and might be understand that the management of interdependencies between business actors. The key task of management, to involve broader and deeper interaction with external partners both customers and other stakeholders. The network based marketing related with complex relationship and take place generally in network context (Möller and Halinen 2000).Market based theory is related with less complex relationship and used to developing, managing, maintaining, and relationship with customer on individual basis. Marketing based relationship might be understand as the management of the firm's customer base, where the large number of customers treat individually and still profitably. The main purpose for managers the internal procedures of the company, such as planning marketing activities for regular customer, mastering customer portfolio analysis, using database and new information technology to manage the customer interface, and restructuring the marketing organization according to relationship marketing (Möller & Halinen 2000). Present study focus on the market based relationship marketing, which reflect the Grönroos's (1994) definition. Given theory base on the management of the firm's customers individually and current study focus on defining the relationship variables such as commitment, supplier competence, communication and handling conflict and its impact on customer loyalty.

2.6. Relationship development process

The number of researchers and practitioners have described about the relationship process in slightly different ways. Present study defines in four stages (see figure 3). Additionally, the influencing factors in relationship building are likely to follow several, or all, stages in different extent. Although, it is difficult to explain about all the stages it

ingredients in the study but it is necessary to put some light to understand the key concepts of relationship marketing.
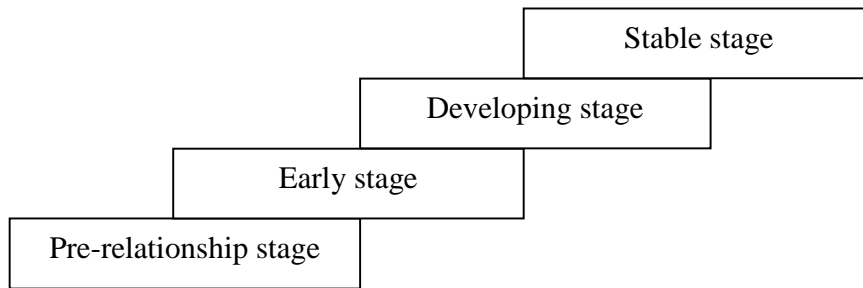
Figure 3. Relationship process

In the pre-relationship stage, companies normally search the new customers and often it happens when companies change its policy or circumstances required some changing. More over, may be supplier is dissatisfied or might be buyer firm is dissatisfied with their existing member which presents the most likely reason why new relationship start and market scanning and initial information is collected about the foreign market and its potential business partners. This process might be time consuming and can be positive or negative in the context of cultural difference (Conway & Swift, 2000).

Second stage automatically transfers from pre stage to early stage via phone, email or meeting firm at trade fairs but without any commitment unless they do not involve in the actual meeting or negotiation. Potential outcomes of the interaction and motives of the parties are still unclear to some extent and certain kinds of distances such as social distance, cultural distance, and technological distance may reduce the understanding because most of the relationship fails during this stage due to a lack of cultural empathy (Conway & Swift, 2000).

On the third stage business partners come closer to each other and mutual understanding and empathy conduce of developing trust and commitment. Finally, on the fourth stage relationship reaches a certain stage or stability, and the firms have reached a mutual loyalty. The purchase of product and service become routine and established the standard system to minimize the former uncertainties. Effective communication is very important to maintain the level of trust and commitment for long term relationship (Conway & Swift, 2000).

Cann (1998) defines to relationship process in eight steps which is depicted in (figure 4) step one to three starts when company sets the marketing goals, marketing strategy is defined and current company culture has been determined. The forth step involves determining the congruence between the strategy and the culture of the selling organization. Then marketing strategy should encourage the social bond between the service provider and the customer because it is positive effect on them and stimulate to accepting of the marketing effort. Fifth step defines that establish the customer service oriented culture because it will mediate the effect of strategy on the customer. Sixth step is about implementation of the marketing strategy when firm passes signal to customers. Seventh step is establishing close relationship with potential customer to bond them. Furthermore, personal interaction itself become an important criterion which the customer uses to determine how satisfied they are with the offering, and weather or not they will continue to do business with the service provider. Finally to maintain the relationship, add the extra value in product according to customers' desires.

Today customers want more than just ordinary service, therefore if customer accept the marketing effort then it can be one way to gain the competitive edge i.e. vendor should do some thing extra and provide exemplary service in the from of helping the customer implement the new product. These efforts make solid relationship between the vendor and customer. At this point relationship interdependency between the buyer and seller exists. Satisfaction should occur if the past experience is positive. If the satisfaction is established, then commitment to the relationship follows and both parties exploit with

benefits. Through customer's satisfaction vendor gain the customer's loyalty, repeat purchase of the product and service and positive word of mouth.

Activities inside
Vendor organization

Activities outside
Vendor organization

1. set marketing goals
2. define service oriented marketing
3. determine current culture
4. determine congruence of strategy and culture
5. adjust culture to emphasize customer oriented philosophy:
  • internal marketing
  • external marketing
  • interactive marketing

6. implement marketing strategy 7. bond socially with customer 8. add value to the relationship

Outcomes

Customer satisfaction

Commitment/long -term relationship

Figure 4. The expanded business to business
relationship building process by Cann (1998: 394)

It is important here the consideration of Ravald and Grönroos (1996) they mention the relationship marketing in two episodes, value episode and relationship value. The value episode might be perceived by reducing the sacrifice or obstacles for buyer which will develop buyer's satisfaction and convenes to him for repurchase or continuity, while relationship value is inner feeling of buyer when he perceived safety, security and trust on his supplier. They mentioned that, more benefits, high quality, superior brand positioning

and extra services are not enough to retain costumers and for long term relationship. This concept is depicted in following figure:


```
Episode                    Increasing the benefits/reducing the sacrifice
Value                                        ↓
  ↕                               Stimulates repurchasing activity
                                             ↓
                                          Relation
                                             ↓
Relationship              Safety ← Credibility → Security
Value                                        ↓
                                           Trust
                                             ↓
                                          Loyalty
                                             ↓
                  Mutually profitable relationship for supplier and customer
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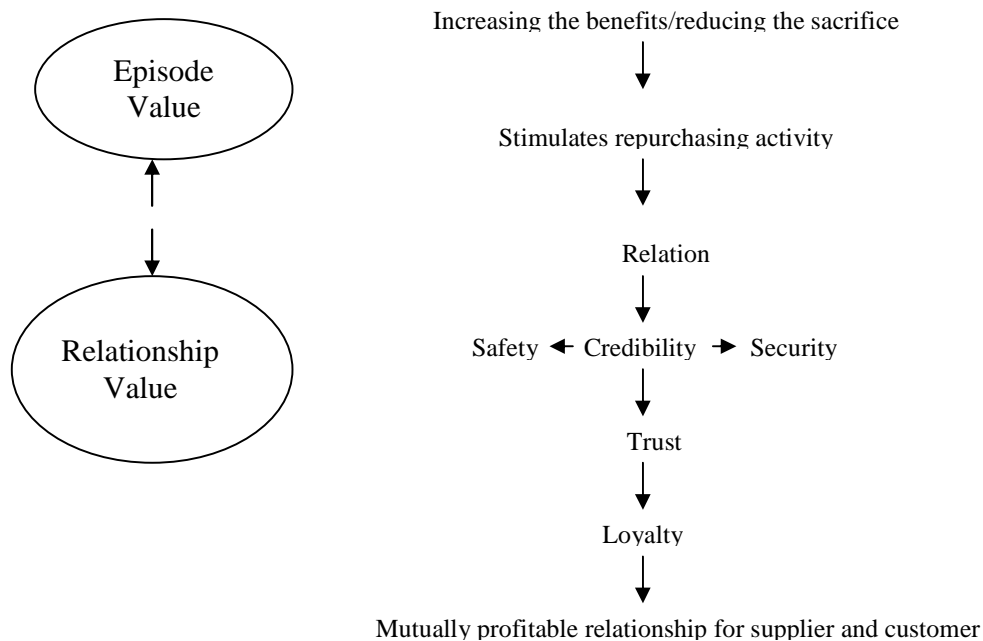
Figure 5. Mutually profitable relationship for supplier
and customer Ravald & Grönroos (1996:25)

According to Ravald and Grönroos (1996) episode value and cann's (1998) first 5 steps of relationship building process indicate the first three stages of relationship process by (Conway & Swift, 2000) where firm search the new member and start negotiation, add extra value according to customer's desires and wants, while relationship value, rest of three steps the stable stage where supplier and buyer trust to each other and long term relationship emerge. These relationships can influence by some factors or variables which will be mentioned in next chapter.

Summary

The intensive competition and increasingly demanding consumers, relationship marketing has attracted the attention of both researchers and managers. The evolution of relationship marketing started in 1950s when 4ps of marketing were used but in twentieth century these conventional style of marketing was not enough due to globalization, increasing competition and new technology. Many researchers have defined to relationship marketing in different ways but they almost were same that long term relationship with customers to gain more market share and maximize the profit. Relationship marketing can found in four areas such as supply chain and marketing channels, organizational marketing, services marketing and database and direct marketing. Building relationship become in small steps or step by step which has been define in four stages by Conway and Swift (2000) and Cann define in eight steps while Ravald and Grönroos (1996) define to relationship marketing in two episode. Now in the next chapter influencing factors to relationship positively or negatively will be discussed which are the focal points of current study.

3. RELATIONSHIP VARIABLES

3. 1. Loyalty and disloyalty

In this chapter relationship variables or factors will be define such as supplier competence, commitment, communication and handling conflicts and its impact on customer loyalty. Before describing the relationship variables, it is important to know little bit deep about loyalty. In the introduction chapter I have given overview of customer's loyalty. Loyalty has been define by number of researchers(see table 2) in term of repeat purchasing, a positive attitude, long term commitment, intention to continue the relationship, expressing positive word of mouth likelihood of not switching, or any combination of these (Sramek et. al. 2007, Ravald and Grönroos 1996, Spiteiri and Dion 2004).

Table 2. Definitions of Loyalty (Sramek et.al, 2008:785)

Author	Definition
Biong (1993)	Loyalty expresses the degree to which the retailers want the company as a supplier in the future. It parallels to the continuity measure and could comprise both the favorable attitude and perceived or real lack of alternatives.
Bloomer and Kasper (1995)	Loyalty is (1) the biased (i.e., non-random), (2) behavioral response (i.e., purchase), (3) expressed over time, (4) by some decision-making unit, (5) with respect to one or more alternative brands out of a set of such brands, which (6) is a function of psychological (decision making, evaluative) processes resulting in brand commitment.
Caruana (2002)	Service loyalty is the degree to which a customer exhibits repeat purchasing behavior from service provider, possesses a positive attitudinal disposition toward the provider, and considers only using this provider when a need for this service exists.
Dick and Basu (1994)	Loyalty is the strength of the relationship between a customer's relative attitude and repeat patronage.
Ellinger et al.(1999) and Daugherty et al. (1998)	Loyalty is a long term commitment to repurchase involving both repeated patronage (repurchase intentions) and a favorable attitude (commitment to the relationship).
Estalemi (2000) and Bubb and Van Rest (1973)	Loyalty is the behavioral tendency of the consumer to repurchase from the firm.
Ganesh et al. (2000)	Loyalty is a combination of both commitments to the relationship and other over

	loyalty behaviors.
Hennig Thurau et al. (20002)	Loyalty focuses on a customer's repeat purchase behavior that is triggered by a marketer's activities.
Kandampully and Suhartanto(2003)	A loyal customer is one who repurchases from the same service provider whenever possible, and who continues to recommend or maintains a positive attitude towards the service provider.
Khatibi et al. (2002)	Loyalty refers to the strength of a customer's intent to purchase again goods or services from a supplier with whom they are satisfied.
Jacoby and Kyner (1973) and Maignan et al. (1999)	Loyalty is the nonrandom tendency displayed by a large number of customers to keep buying products from the same firm over time and to associate positive image with the firm's products.
Mittal and Lassar (1998)	Loyalty is defined as the inclination not to switch.
Neal (1999)	Loyalty is the proportion of times a purchaser chooses the same product or service in a specific category compared to the total number of purchases made by the purchaser in that category, under the condition that other acceptable products or services are conveniently available in that category.
Oliver (1999) and McMullan and Gilmore (2003)	Loyalty is a deeply held commitment to re-buy or re-patronize a preferred product/service consistently in the future, thereby causing repetitive same brand or same brand set purchasing, despite situational influences and marketing efforts having the potential to cause switching behavior.
Olsen (2002)	Loyalty is a behavioral response expressed over time.
Pritchard et al. (1999)	Loyalty (L) is a composite blend of brand attitude (A) and behavior (P[B]), with indexes that measure the degree to which one favors and buys a brand repeatedly, where L= P[B]/A.
Proto and Supino (1999)	Loyalty is the feeling of attachment to or affection for a company's people, products, or services.
Reynolds and Arnold (2001)	Salesperson loyalty is a commitment and intention to continue dealing with the particular sales associate.
Ruyter et al. (2001)	Loyalty intention reflects customers' motivation to continue the relationship.

According to above definitions loyalty or loyal customers are considered valuable assets for the organizations for future profit. The question is that, whether loyalty or loyal customers indeed the assets of organization? To answer this question, Nordman (2004) mentions deep look in her doctoral study "understanding customer loyalty and disloyalty". According to Nordman (2004) Loyalty has two dimensions, behavioral and attitudinal. Behavioral dimension focus on behavior of person while attitudinal dimension shows the brand loyalty and depend on psychological commitment. If behavioral dimension shows the customers' behavior not his attention then s/he can switch for

another product but if customers have attitudinal loyalty then they will not switch for other product in the case of stock shortage. So, the combination of behavioral and attitudinal dimensions can be considered strong in customers' loyalty.

3.1.1. Types of loyalty

Loyalty has been mentioned in four types; loyalty, latent loyalty, spurious loyalty and no loyalty (Nordman 2004).

In the case of *loyalty* firms are lucky because their customers have strong believed and also they don't like to switch frequently.

Latent loyalty is the cause of many factors such as family pressure, status, social norms etc. According to Sramek et al. (2007) that customer may be force to buy due to lack of choice, and will switch anytime if the situation becomes favorable to do so.

Spurious loyalty is defined as fake or false loyalty. In this case customer does not have complete information about products. It can also be the result of interpersonal relationship. Customer can switch for other product any time.

Finally, in the case of *no-loyalty* customers don't have attitudinal loyalty and no behavioral loyalty. In the no-loyalty customers rarely use the product one time in life.

According to Sramek et al. (2007) they emphasize and mention to loyalty in their study in two concepts, true loyalty and spurious loyalty. True loyalty shows the strong commitment between company and customers and spurious loyalty shows no commitment at all. Moreover, also mentions that disloyal customers are identified within the No loyalty category, where customer never uses the brand. So, true loyalty must be determined not only by behavior, but by the feelings of affect elicited from the relationship.

3.1.2. Role of loyalty in relationship marketing

Many firm capitalizing on strong firm-customer relationship to gain invaluable information on how best to serve customers and keep them from defecting to competing brands. Customer relationship building creates mutual rewards, which benefit both the firm and the customer. By building relationship with customer, an organization can also gain quality sources of marketing intelligence for better planning of marketing strategy (Spiteiri & Dion 2004). Previous researchers and authors mention that benefits and value can only be obtained if customers agree to make long term relationship and consider them valuable (Izquierdo and Cillan 2005). As loyalty has been defined in the term of repeat purchasing, a positive attitude, long term commitment etc. which is completely associate with the Grönroos (1994, 355) definition about relationship marketing "*relationship marketing is establish, maintain, and enhance relationships with customers and other partners, at a profit, so that the objective of the parties involved are met. This is achieved by a mutual exchange and fulfillment of promises*". The purpose of relationship marketing is, to create the long term relationship and make the loyal customers for future profit for the firm. Customer's loyalty plays major role for the long term relationship and for the survival of the company. Now, those factors will be discussed which can influence on customers' loyalty; supplier competence, communication, commitment and conflict handling. Therefore, it is important to understand those factors which influence on customer's loyalty; such understanding will help in better management of firm customer relationship and in achieving higher level of loyalty among customers.

3.2. Supplier competence

The concept competence of supplier includes both technical expertise regarding products and production methods, and knowledge of the customers organization, markets, competitors and industry. According to Panyne and Holt (2001) that competition is not that what companies are manufacturing, the matter is that what they add to their factory output in the form of packaging, services, advertising, customer advice, financing, delivery arrangements, warehousing and other things that people value. According to

Sheth and Sisodia (2002) that firm must create the right product set the right price for it, distribute it using the right distribution channels and the right number of outlets and achieve the right level of informational and persuasive communication.
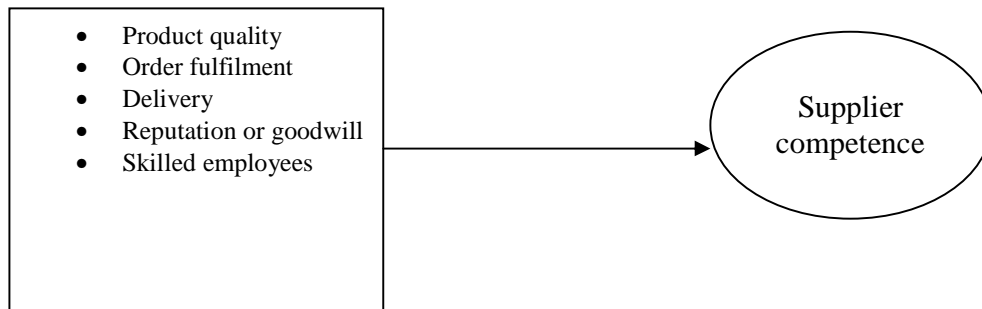

Figure 6. Supplier competence (Sramek, et al. 2007)

Long term relationship consists on customer's satisfaction from product and services. If firm have knowledge, experience and capability to increase product's quality regarding customers need and want then these skills develop the initial trust on supplier and stimulate to customer to maintain the relationship with supplier. Firm's reputation or goodwill in the market (Sako & Helper 1996), right employees or skilled people new technology (Sramek, et. al. 2007) is main fundamentals to attract the customers for negotiation and develop the long relationship. Supplier competence is directly link to firm's performance (see figure 6) such as product quality, order fulfillment, delivery, reputation or good will of the firm, and skilled employees, which can effect to customer's loyalty.

3.2.1 Product quality

Product can be anything that can be offered to a market to satisfy a want or need. Products which are marketed include physical goods, services, experiences etc. Product is not just the core benefits but it also other benefits which come in addition of actual core benefits which are divided in five level, Such as core product, objectives, expectation, augmentation and potential product (Kotler & Keller, 2006). These levels might

understand though example. New Honda car is purchased. The core benefit of the car is, time saving and the basic product make possible the core benefit which is in this case the car itself. The third level is the customers' expectations about the product when they purchase product. Forth level means the customer's desires beyond his/her expectations. Fifth level is, keep in touch with customers through customer's data base for the future purchase. In the context of relationship marketing, quality product with increasing values in core product to enhance the customer loyalty. According to Ravald and Grönroos (1996) that increasing the benefits means adding the something in core product that customer considers it important, beneficial and unique. Moreover, product quality plus sporting services, like warranties, after purchase service, return the default product etc. increase the confidence of the customers and create long relationship with the firm.

3.2.2 Order fulfillment and delivery

Heim and Sinha (2001) mention that ease of return, availability of the product and timeliness of delivery significantly impact customers' future buying behavior. Poor order fulfillment service can have deleterious effects on relationships with customers. According to (Sramek, et. al. 2007) manufacturers can establish successful order fulfillment and successful delivery to meet the customer's requirements if they determine when and how much the customer will order. Moreover, Order fulfillment has two dimensions which can create a strong incentive of manufacturers to gain customer loyalty. First is an internal or operations oriented dimension involving cycle time, on time delivery and inventory availability, while second dimension reflects an external or market oriented dimension, involving the firms' ability to sense and understand customer needs through relationship created by customer service personnel. It is important, therefore, management should have understanding the order fulfillment needs and expectations of their customers and to establish the value added role that operations management plays in developing customers' loyalty.

3.2.3 *Skilled employees and reputation*

It has been realized the success of the organizations that the path to satisfied customers is through satisfied employees. One of the important consequences of internal marketing is to increase the organizational commitment of employees (Malhotra & Mukherjee, 2003). Moreover, they mention in their study that organizational commitment not only affect the quality but also effect on the organization's goodwill. If employees fail to understand and fail to accept the goal, mission and objectives of the firm then firm can lose their loyal customers. Similar text in the study of Sheth and Sisodia (2002: 353) that "*the key employees that contribute to customer service excellence are responsiveness, courtesy, professionalism, and competence*". Further more they mention that front line employees play major role to gain the customers' loyalty and for future profitability. According to Lee and Trim (2006) organizations' staff from the both side should be pro-active in the context of long term relationship. They also mention that "*a well crafted relationship marketing strategy will help to ensure that long- term, quality-based relationships are developed with staff in partner organizations throughout the marketing channel*". So, organization should pay adequate attention to understanding the complex nature of organizational commitment of the customer contact employees who represent the organization to the customer and can directly influence on customers' loyalty.

Supplier competence increase the customers' loyalty and one factor of the future profit for the organization. Ndubisi and Wah (2005) mention that organizations lose 20 percent customers each year due to incompetent service delivery, bad service quality and attract to new customers are more expensive than to retain an existing one.

3.3. Communication

According to Anderson and Weitz (1989) Communication is the process whereby information is imparted by a sender to a receiver. There are two type of communication verbal and nonverbal, verbal communication means, speaking, tone of voice and nonverbal communication belongs to physical language like, body language, gesture,

posture, eye contact etc. in the relationship marketing context communication plays very major role between supplier and buyer relationship. Communication is the exchange of information between supplier and customer. Communication play vital role in relationship marketing and the concept of communication is linked with the nature of relationship and behavioral issues such as power and climate. Power can be symmetrical (balanced power) and asymmetrical (imbalanced). Climate shows the members' relationship with others (Mohr & Nevin, 1990). It has been suggested that competent salespeople are more successful because they are expected to be good at communications, which in turn reduces uncertainty and leads to more trust within the relationship (Anderson & Weitz 1989).

Moreover, Ndubisi (2007) states the ability of good communication gives timely and trustworthy information. In the current environment new view of communication as an interactive communication between firm and its customers which takes place before purchase the product, consumption of the product and post purchase stage. Continuity of communication with valued customers mean, keep them update about the product and services. Through communication firm tells to dissatisfy customer that what firm is doing to rectify the causes of dissatisfaction. Communication is associated with firm's competence (see figure 7) when supplier send the information about their products and services in market through various ways i.e. advertisement, trade conferences, and so on, then buyer satisfy from supplier's skills and abilities they start communication for future business and the consequence of effective communication between supplier and buyer increase the customers' satisfaction level.
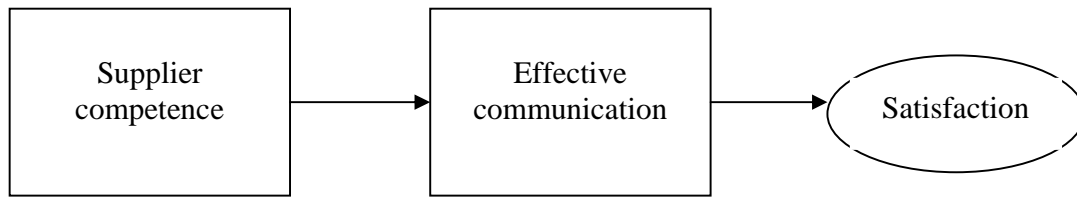
Figure 7. Supplier competence, effective communication + satisfaction   Ndubisi (2007)

According to Conway and Swift (2000) there are two way of organizational communication such as internal communication and external communication.

3.3.1 Internal and external communication

Internal communication attach with the flow of information within the firm, importantly for the internal preparations before entering the new relationship, while external communication comprises interaction with the firm's business environment. The role of language is very important as part of communication in both internal and external communication, particularly in international business where both parties supplier and buyer are in distance. If the distance is quite big then the physical meeting are quite less, usually relationship's development relies on oral communication e.g. over the phone where the parties less exposed signals like gesture and other body language which they normally would during the physical meeting (Conway & Swift, 2000).

3.3.2 Communication dimensions

The important dimensions of communication are, content, modality, direction and frequency (Wren & Simpson, 1996, Mohr & Nevin 1990). *Frequency* presents the amount and duration of communication. If buyer supplier communicates frequently with each other then frequency will high and exchange of information will be concrete. But on the other hand the over load of contacts might have dysfunctional consequences.

Direction presents the importance of communicators' power and authority. It is depend on the situation weather buyer has more power or supplier has more power. *Modality* shows the medium of communication and refers to the method used to transmit information. Modality includes the formal ways such as written means or formal meetings which can be easily verified as well as informal communication ways such as spontaneous meetings without formal verification. Finally, *content* represent the massage that is transmitted. It varies culture to culture and has different effect on the outcome of the buyer-seller relationship. According to Wren and Simpson (1996) that if the all dimensions are favorable for both parties, they will benefit from a continuous flow of information.

3.3.3 Communication styles

It has been mentioned above that communication style varies and depend on national culture. Hall and Hall (1989) define in their study through high context culture and low context culture. The distinction between the high and low context cultures is related how people process the information and their expectations of the role, purpose and the effect of communication.

High context communication

In the high context communication the most part of the message is already in the person and for that reason a little message is coded, explicit or transmitted. The high context communication is economical, fast and efficient. In high context culture people are more visually oriented and the information is in the visuals, the symbols and the associations attached to them. For the new person who observe the communication and does not know the meaning of symbols and signs, the high context communication will be more often a mystery. (Hall & Hall, 1989).

Low context communication

In the low context communication, the situation is opposite than high context communication. The most part of the information is vested in the explicit code. In the low context cultures the explicit information is demanded and the information is in the words. In the low context cultures people are more oriented toward the written word e.g. (Asian countries). The messages are explicit and verbal and they are expected to be direct and unambiguous. That is why the low context communication is easier to understand without knowing the specific feature of the culture (Hall & Hall, 1989, De Mooij, 2005). As it has mentioned above that language is part of communication, and behavior during the communication comprises of cultural back ground which vary culture to culture. For example if seller belongs to high uncertainty avoidance culture, communication could become a problem. If buyer or seller belongs to high power distance countries then during the communication their intention will be on product's value instead of its quality or functional utility. According to Morgan and Hunt (1994) the importance of communication in inter- organizational relationships and the increase in levels of communication have been found to be associated with commitment. If the firm wants to manage successful relationships with their customers, two way communications is of great importance.

3.4. Commitment

Commitment has been identified as one of the key characteristics of successful relationship. Commitment can be defined that an agreement or promise to perform a particular activity at a certain time period in the future under the certain circumstances. In the context of relationship marketing commitment plays very important role for long term relationship between supplier and buyer. According to Wang and Sohal (2002), the commitment is an acceptable desire to maintain a valued relationship and valued relationship are considered when relationship is considered important. Morgan and Hunt (1994) state commitment is useful construct for measuring the likelihood of customer loyalty and predicting future purchase. One indication for the depth of commitment is the amount of investments which both partners make into the relationship, e.g. financial, time or resource –based investment. Greater investment represents greater commitment (Conway & Swift 2000). Commitment to a relationship is self-enforcing which means that for example customer commitment is assumed to increase as soon as the customer perceives that the selling firm is committed to the relationship.

Wang and Sohal (2002) mention that commitment has three components; an instrumental component which represent the investment and second is an attitudinal component that might be perceived by effective commitment or psychological attachment and finally temporal dimension reflect that relationship will continue over time. According to Malhotra and Mukherjee (2003) they define to commitment in three component; Affective commitment, normative commitment, and continuance commitment.

Affective commitment refers the emotional attachment and involvement with the organization.
Normative commitment presents the feelings of obligation to stay with the organization. For instance, if supplier is fulfilling the promises through services, quality then customer will be hesitating to break the relationship.
Continuance commitment refers to the commitment based on the costs that the customer associates with living the organization.

A number of researchers mention that affective commitment best describes the emotional component (Prasad & Aryasri, 2008, Malhotra & Mukherjee, 2003). Affective commitment states the extent to which channel members like to maintain their relationship with specific partners. Moreover, affective commitment as the strength of emotional attachment and positive feelings that customer has for the supplier. In the context of relationship, affective commitment differentiates between true loyalty and spurious loyalty. Between these two concepts (true loyalty, spurious loyalty) difference is that true loyalty is based on the affective commitment and spurious loyalty is not based on any commitment at all, but purchasing decision based upon the lack of alternatives. According to Conway and Swift (2000) that, customer orientation as the ability of a person to see a situation from someone else's point of view, thus showing clear indications of working towards mutual interests. Most often the seller must be the one that meets the buyer's needs, especially in the first stages of a relationship. In order to achieve this, the seller firm must optimally adopt a great deal of customer orientation into its company culture.

Hence, commitment is higher among individuals who believe that they get more benefits from a relationship, highly committed customers are more loyal to firm because of past benefits from the firm and highly committed firm will exploit such loyalty (Morgan & Hunt 1994). So, commitment is the third factor which can influence the buyer sellers' relationship. Moreover, the effective commitment is directly linked with supplier's competency and internal situation of the firm (see figure 8). If firm has capability and skills then they can provide product and services according to customers' desires and deliver the order in time or at least on time. In the context of effective commitment, human capital plays a major role to gain the customer satisfaction. In general each company follows certain goals when doing business which are determined by numerical figures such as profit maximization, sales turnover or so on. According to Cann (1998) relationships are warranted only due to goal congruence between business partners. Thus, for a business relationship to work, these individual goals have to be combined in order to assure a mutual beneficial outcome of the cooperation for both parties, thus indicating a deeper commitment to the other organization.
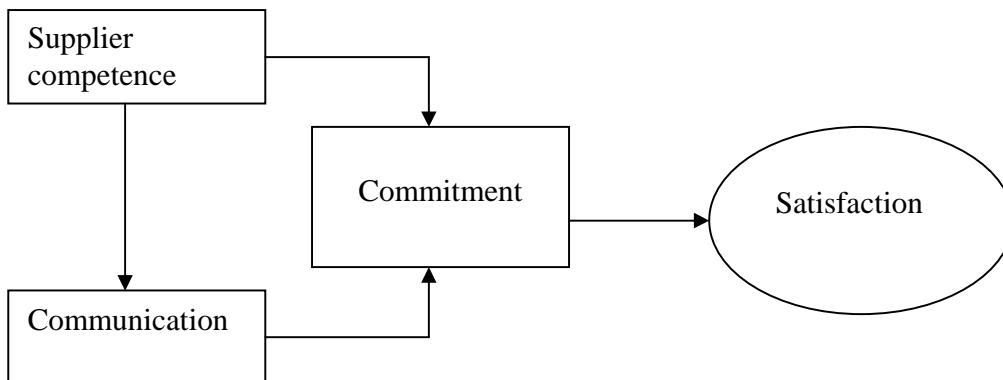
Figuer 8. Satisfaction through effective commitment
        Morgan and Hunt (1994)

Many researchers mention that internal marketing achieve competitive advantage by providing superior customer service through customer focused and service oriented employees (Malhotra & Mukherjee 2003, Grönroos 1985, Gummesson 1987) and organizations have realized that the way to satisfied customers is through satisfied employees. Furthermore, Malhotra and Mukherjee (2003) state that the emergence of bad quality of product and services when employees do not want to do work or unable to perform a service at the level required. The willingness of employees to realize and support organizational goals and to behave in a manner likely to promote them is reflected by their organizational commitment. Those employees who are more committed would have the urge to engage in discretionary efforts and organizational citizenship behavior leading to customer satisfaction, commitment and retention. Hence, long term customer relationship could be built only with long term committed workforce at it is unlikely to get loyal customers without loyal employees.

3.5. Conflict handling

In the context of influencing factor, conflict resolution is more important as it might be crucial for the life of relationship. Conflicts can begin during the communication between supplier and buyer or during the early stage of relationship. They may also emerge when commitment is done or after commitment, it has depicted in figure 9. Conflict handling can be defined as a range of processes aimed at alleviating or eliminating sources of conflict and the processes of conflict resolution generally include negotiation, mediation and diplomacy. Within a buyer supplier relationship, conflict, as a consequence of different perceptions of goals and roles, is as predictable as misperceptions and incorrect deliveries and it can be very dangerous with aggressive behavior, bitterness and lack of humbleness. As a result of lack of the strong relationship development, both parties will lose the required benefits (Dwyer et.al. 1987).
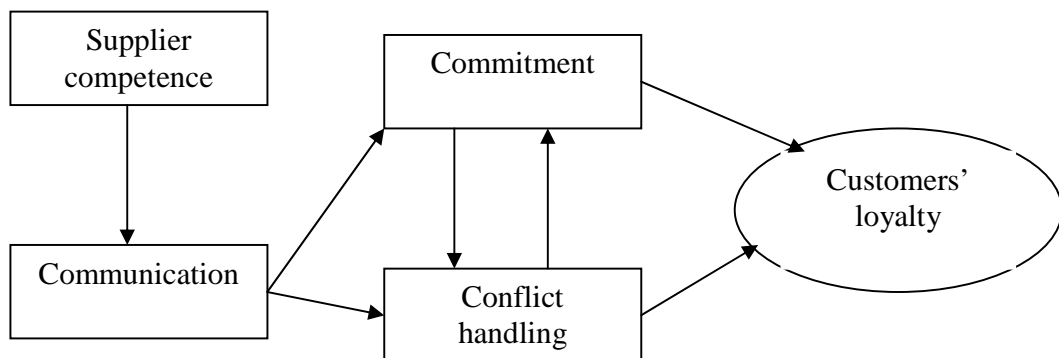
Figuer 9. Role of RVs on customers' loyalty (Ndubisi 2006). Sramek et.al (2007)

In supplier competence, conflict resolution is one of skill to avoid the potential conflicts and solve prominent conflict before they create the problem and should be negotiated openly (Ndubisi 2006). Sramek et.al (2007) state that loyalty can decrease when problems are not solved or avoid deliberately but most likely to increase of maintain loyalty whenever the problem is deemed to have been resolved successfully.

3.5.1 Tactics of conflict handling

Conflict handling is the skill and the problems can be resolved through proper negotiation. Proctor and gamble is a global company and they teach to their sales force that how to handle the problem in market, through communication skills; obtained the information, verify the information, and transmit then information (OVT). Johnston and Gao (2009) in their study mention three tactics to conflict handling; Ingratiation, Guilt trips, and Shame trips.

Ingratiation presents the lack of knowledge of other party. The process of ingratiation prepares the other for subsequent exploitation or manipulation. In the ingratiation, benefits are taken by other's weaknesses.

Guilt trip is used to point out the mistake of other party. Those mistakes can be very minor but smart negotiator shows the disproportionately large by societal norms. The purpose of a guilt trip to make the other more uncomfortable or unsettled in regards to the transgression or mistake while possibly easing the feelings of the party.

Shame trips is same like the guilt trip but the difference is, guilt trips focus on the unacceptability of a deed or action while shame trips presents to the unacceptability of the person doing the deed or action.

The discussion presented above sheds the light on influencing factors of buyer supplier relationship and this influence vary country to country. Since globalization brings cultural strangers closer together both physically and virtually, it is critical for companies to encourage the understanding of intercultural and cross-cultural sensitivity when resolving the conflicts. Therefore, it is important to discuss the impact of cultural issues on these factors.

3.6. Influence of Culture

Culture is regarded as a complex phenomenon and the effects of culture on business have been researched extensively. The word "culture" has been defined by many researchers and practitioners. According to De Mooij (2005) that culture includes the things that have worked in the past like shared beliefs, attitudes, norms, roles and values found among speakers of a particular language who lived during the same historical period in specific geographic region. Further more, culture does not exist by generation to generation and it happens when individual grows up inside the society and learns its culture and it vary country to country.

Hofstede and Hofstede (2005) define to culture in layers such as; symbols, rituals, heroes and values. Symbols includes words, gestures or objects which have a special meaning in the certain culture and which is recognizable only between the members in that particular culture. Rituals consist on everyday activities which are considered in the culture as socially essentials such as; greeting and discourse. Heroes are those people who are priced in the certain culture, alive or dead. They can be role model because they are respected or admired in the culture. Finally, values, which is very complicated part of culture and very important too, because values are often subconscious and there for difficult to discussed or observed because values are the deepest level of culture and they are the first thing what children learn. Values distinguish in human mind what is the desirable and the desired, how people think world ought to be versus what people want from them. Values are the base of everything and it determine what we really think and feel and where we base our decisions in everyday life. It is necessary for the organizations, to understand the cultural differences before enter the new market or maintain the relationship with international customers. Culture is very broad filed itself and dimension of the culture like national culture, subculture and organization culture are difficult to mention every thing about them in this study. The aim of current study is to explain the relationship factors and its impact on customers' loyalty.

According to Conway and Swift (2000), international business transactions include several forms of perceived distances between the buyer and the seller firm such as, social distance, cultural distance and psychic distance. These differences or distances manifest the scope to which interaction and relationship development can take place between the parties. Relationship development process will be more resource intensive if differences or distances are larger. Cultural distance, social distance and psychic distance directly associated to relationship factors, supplier competence, commitment, communication and conflict handling (see figure 10).
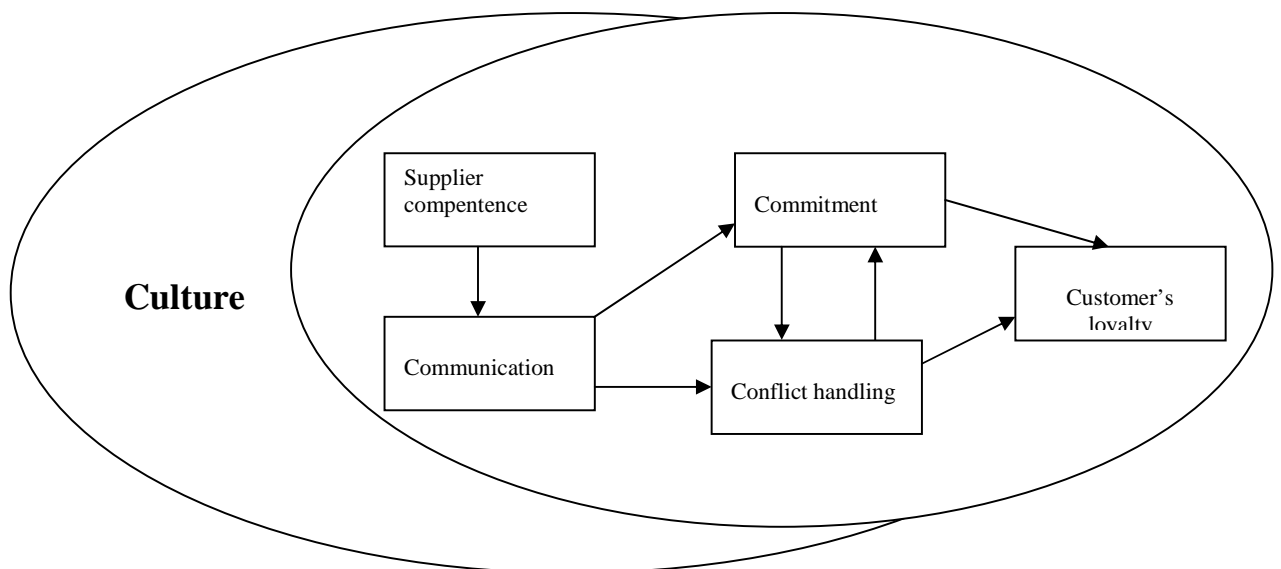
Figure10. Influence of culture on factors (Conway & Swift 2007)

Cultural distance describes the difference of values and norms between two companies because of different region. Social distance is the gap between two groups and is mainly an outcome of cultural distance. Psychic distance put the light on language difference, political system which conduces of disturbance in order to exchange the information between the firm and the market. Furthermore, Hofstede and Hofstede (2005) emphasizes that human capital in the firm are part of the societies and to understand their behavior, understand their societies. It will be more beneficial in negotiation and other business transactions. He proposed well known dimensions, Individualism (IDV), Masculinity

(MAS), Power Distance (PDI), and Uncertainty Avoidance (UAI), which can be used for distinguishing cultures. Scores and ranks between countries are relative, indicating differences between countries and therefore allowing for comparisons. This study would take empirical evidence of research phenomenon from in the light of one Finnish firm and its Russian buyer. Table 3 will show cultural difference between Finnish and Russian culture (Hofstede, 1994).

Table 3. Cultural differences (Hofstede, 1994).

Finnish culture	Russian culture
Low power distance, every one has almost equal opportunity in private or government.	Large power distance comparatively Finnish culture. They have class distance and favour to centralization.
Finnish has more individualistic culture they believe on act as individuals rather then as members of cohesive groups.	Russians are more collectivistic than Finnish.
Finnish society is feminine, they believe on quality of life is more important than winning.	While Russian society is more masculinity than Finnish. They believe on achievements and winning.
Low Uncertainty avoidance in Finnish culture. People use on common sense more in believed. Conflicts and competition are not considered threat and feelings are not showed that easily.	In the contrast, Russian culture has high Uncertainty avoidance. They think that the life is easier when there are rules and formals because they find the confusion as an uncomfortable feeling. Feelings are expressed through nervous stress and a need for predictability.
Finnish people are more formal and not be open in first meeting.	While Russian people comparatively open than Finnish people, it is because of collectivistic culture and live in group of people.

3.6.1 Relationship variables through dimensions

In the context of relationship marketing, loyalty is considered very important to maintain the long term relationship, and loyal customers are considered assets of the firm. It has been mentioned above that relationship variables, supplier competence, communication, commitment and conflict handling affect to customers' loyalty positively or negatively. The nature of these variables can vary by culture to culture. It might be understand through Hofstede (1994) dimensions. Competence shows the firm's ability and skills, in the individualistic culture and beside feminine culture, people believe more on act as individual and keep improving the quality of the product and services. Accordingly, it can be said that those firms are competent which are more feminine and individualistic.

Communication can be associated with masculinity, femininity and low/high power distance. In the communication high tone, rough and tough style shows the more masculinity and high power distance culture. Commitment shows that fulfill the promises and agreements under the certain time period and it might be linked with power distance dimension. In high power distance cultures commitments might be more important comparatively low power distance culture. Conflict handling associated with low and high uncertainty avoidance. In the high uncertainty avoidance people feel uncomfortable and try to avoid the problems and conflicts. On the other hand, in low uncertainty culture conflicts and problems are not considered threats. Cultural differences can obstruct firm's expansion to foreign markets, due to the fact that most firms start their internationalization process by going those markets which they can easily understand. It makes easier for them to recognize opportunities and their perceived market uncertainty is low. It is important for successful development of a relationship and to maintain them to understand the values, expectations, and motivations of all executives involved. Thus, it is all dependent on understanding cultural backgrounds (Conway & Swift 2000).

3.7. Summary of theoretical framework

The relationship marketing has been interested for researchers and practitioners since 1990s and the focus of relationship marketing to attract the customers and develop long relationship with customers. In the current environment organizations invest in relationship marketing to gain the suitable information about customer and grasp the loyal customers for sustain profit. However, some factors influence to customers loyalty and they can move for another product or supplier such as supplier competence, communication, commitment and conflict handling. In figure 11, I have tried to summarize the theoretical framework by covering relationship variables and its role between buyer and seller relationship.

Supplier competence	Communication	Commitment	Conflict handling

| Product quality, order fulfillment, on time delivery good will and skilled employees | Two way communication minimize the conflicts | Effective commitment increceas customer's loyalty | Solve the problems on time, makes strong relations |

Culture

Customer's loyalty

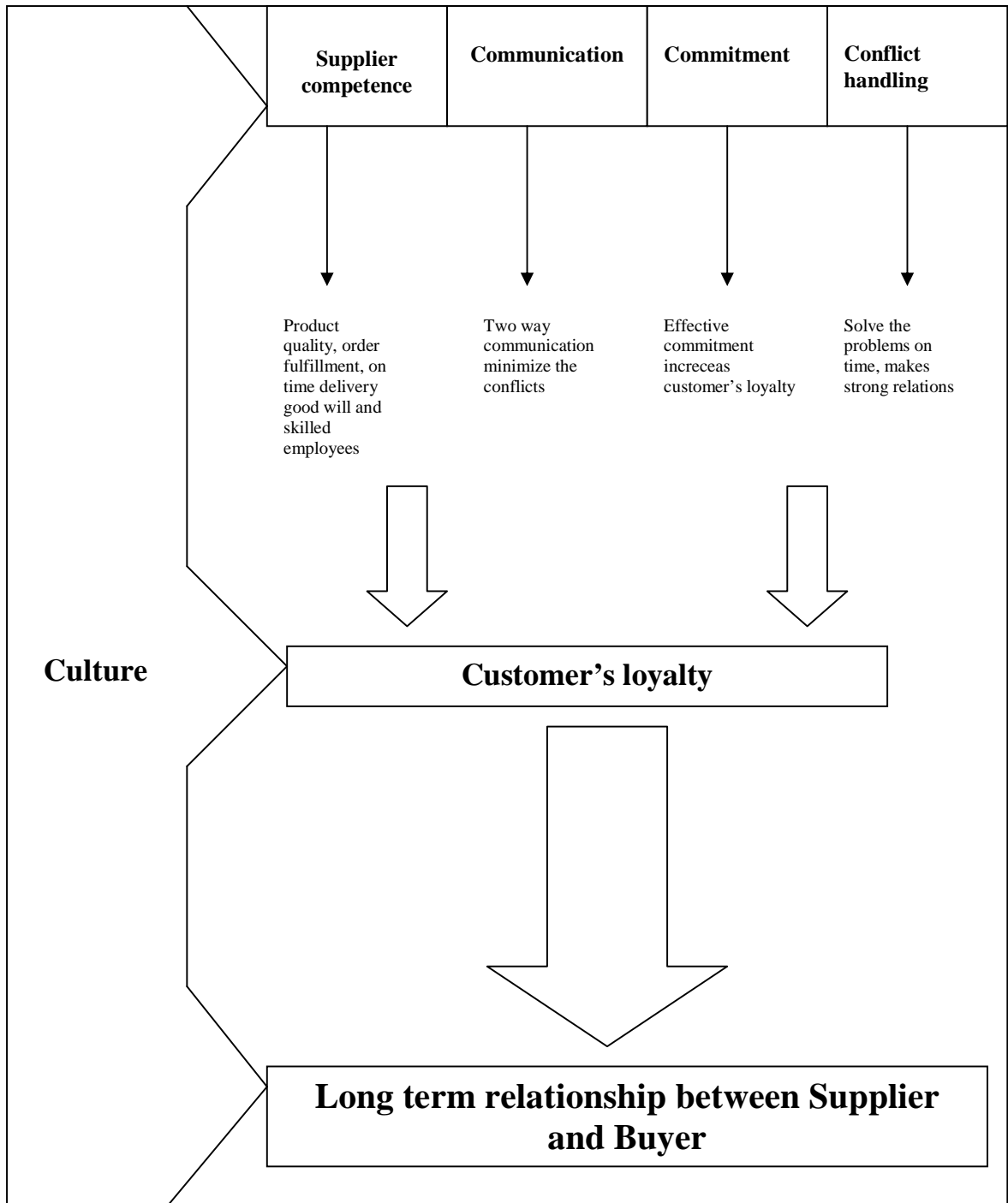**Long term relationship between Supplier and Buyer**

Figure 11. Summary of theoretical framework

Supplier competence consists on supplier's skills, knowledge about product, quality, and skilled people. Communication is the way to exchange the information flow between supplier and buyer. Communication is very important factor whereby buyer and supplier can evaluate sincerity of each other. Parties have to care about communication style, tone, and so on, otherwise problem can raise and power of vitality can lose. Commitment represents the promises from the supplier or buyer. If supplier is committed to fulfill his promises with buyer, then the loyalty chances will increase. Conflict handling is considered very important among relationship factors. Conflicts can arise during communication or before commitment and after commitment and relationship base on right solution of these conflicts. Regardless of relationship factors, there is another factor "culture" which influence to relationship factors. Because different countries have different culture, values, norms. So, the understanding of cultural difference is important for long relationship.

4. RESEARCH METHODOLOGY

This study is focused on the field of marketing with a purpose of investigating the buyer-seller relationship. Method of the study will describe in this chapter along the collection and analysis of empirical data. Moreover, reliability and validity will be described, which is very important for any study. Previous researcher and authors have been used two methods for the research purpose, Qualitative and Quantitative both methods are common and useful. Choice of any method depends on the research topic, research's questions and the researcher's mindset.

4.1. Quantitative vs Qualitative

Quantitative method is determined by its high use of numbers and is not often exploratory in nature. Quantitative research aims at broad data collection and generalizability. It has little flexibility and it mainly aims at replicability because this method is a systematic research method with a structured approach. Quantitative method is used to explain and measure the previous data or results through statistical analysis of the data collection. It is a method commonly used, when an ambition of the researcher is to provide answers to the questions like how much, how many and how often (Saunders, Lewis & Thornhill 2007).

Qualitative method focuses not on numbers but on words and the information is investigated to see which characteristics are associated with the object being studied. Qualitative method, is used when the purpose of the study is to understand and describe a phenomenon, as it provided answers to the questions like what , why and how. When qualitative method is used whereby purpose at deep insight to the research subject. It is also refers to several methods of data collection and represents higher flexibility than quantitative research and this flexibility allows the researcher to pursue new areas of interest. When qualitative method is used it should be well planned to omitting the risk of not producing anything useless. Researcher is closely involved with the respondents in qualitative method and fined chance new things in the topic (Saunders, et al. 2007).

According to study's topic and objectives, qualitative is appropriate method for the current study.

Reason and choice of method

The aim of current study to know the role of relationship variables or factors on international customers' loyalty, case study will be best for this research and one Finnish company UPC PRINT became choice of the study. The choice of this method is, it is a contemporary phenomenon which is studied in its real context. Other reason to choose this company is, I am working in this company and it is easy to get information. Moreover, UPC PRINT has been working with foreigner costumers for long time. The qualitative data was collected via interviews with concern people, company's broachers and company's site. According to Ghauri, Kjell and Ivar (1995) and Lindgreen, (2001) mention about qualitative study that it would be suitable when study is exploratory in nature and when emphasis is on understanding and observing a phenomenon in natural setting as opposed to quantitative method that focus on hypothesis testing and verification, and where the investigator has control over the phenomenon. In the previous studies, qualitative method has been used frequently to explore the complex perceptions. Lindgreen (2001) also mentioned about relationship marketing that it has been suggested that no guidelines exist that guarantee an effective design, implementation, monitoring and measurement of a relationship marketing program. Furthermore, relationship marketing is contemporary, preparadigmatic and on-going phenomenon; it must be investigated within its real-life context.

Advantages and disadvantages

This method is used that's time when it is believed that the context related elements can have a significant influence on the case object. Case study is fruitful to understand that why certain decisions are made and how they are fulfilled in a specific context. Case study can be either single or multiple case studies. The advantage of single case study is that the theoretical framework is easier to be tested by a single important case. Moreover,

single case study represents new insights into the subject under investigation. The weakness of this method is that it is not statistically representative as quantitative. The consequences are not easily generalized in this method and suspect of accuracy. Researcher can make mistake and which can wrong impact on the results. Regardless of mistakes, if researcher knows about these problems he can increase the reliability and validity of the case study (Yin 1994).

4.2. Case study design

According to Yin (1994) every empirical research needs to have an implicit or minimum explicit research design, where empirical data is connected to the initial research questions and then to the conclusions of the study. There are different steps in design, which need to be taken into consideration while defining study questions and the conclusion phase. Furthermore, he mentions that case study should include; study question and units of analysis, data collection and analysis of case study evidence. Following research design is mentioned.

.4.2.1 Study questions and units of analysis

The focus of current study to analyze the relationship factors and it impact on buyer-seller relationship. Therefore, main analysis will be on marketing unit and customer relations unit of UPC PRINT. Yin (1994) mention in his study that concentration should be on the main unit of analysis, in spite, other units also impact on analysis.

4.2.2 Data collection

To achieve the goal of this study, different sources will be used. The primarily data will be taken by interviews with the concerned people who are working with Russian customers and have good knowledge about their customers. In the context of case company UPC and its Russian buyer is "Zaruljom". This customer is working with UPC

for last 8 to 10 years and I conducted five 5 interviews to collect the data. The interviewees are working in (UPC PRINT) Finland, managing director of UPC (interview date was 28/09/2009), export manager (25/09/2009), production manager (28/09/2009) and two interviews from production supervisors (21/09/2009 & 24/09/2009) and they have background knowledge about company and its customers. Moreover, interviews were recorded as well as for the basic knowledge about the company and their customers' relationship, company website, company's broachers were used.

According to Saunders et al. (2007) There are three ways for Interviews; structured or unstructured and semi structured. A totally structured interview gives the respondent a limited space to answer and data gathered will lack the richness because the number of possible responses is often limited and participants may be forced into giving responses which do not reflect their true feelings about an issue. On the other hand unstructured interviews provide more chance to respondent to talk freely. Finally the semi structured which come between structured and unstructured, where interviewer conduct interview with help of some questions which can be vary and try to cover the area.

For this study face to face interviews were conducted with semi structured interview questionnaire because such kind of questions give the chance to interviewee to talk freely and can take up a direction in the response. The response may then be followed up with more specific questions from the interviewer. According to Saunders et al. (2007) that during the interview, interviewer should be open minded for new questions and approaches in order not to lock the interviewer and the respondent to a specific line of argument. Furthermore, there is any other study will be used called "judgment" selection, which is a common method in qualitative research. Judgment selection takes place when the interviewer observes to respondents gesture postures, which can be very important for the subject that is being studied.

4.3. Data interpretation

There is always an interpretation of data, both in the literature study and in the conversation with the respondents. The interpretation is about making sense out of text and imaged data. In qualitative research, critical themes emerge out of the data and researcher require some creativity to place the raw data into logical, meaningful categories; to examine them in a holistic fashion; and to find a way to communicate this interpretation to other. The goal of data interpretation comprehends and managing data, integrating the related data and identifying key patterns or themes emerging out from them (Saunders et al. 2007).

In the current study will be tried that eliminate unnecessary material such as deviations and repetitions and to distinguish between essential and unessential depending on the purpose of the study and theoretical framework which will be used as lens. The existing knowledge about the study will be used as pattern when data will be collected. By using existing knowledge one can separate what is important for the investigation and it is preferred to use the existing knowledge when analyzing the collected data (Yin 1994).

4.4. Validity and reliability

Validity is very important in any study. In the qualitative is perceived to be or recognizes the existence or nonexistence of something. Researchers try to measure how exact their findings or results are and tend to generalize issues based on their data collection. According to Yin (1994) Validity is connected with data collection as well as shows that all parts of the study are linked to each other. Validity in qualitative study is not related to data collection but also fact that all parts of the study are coherent. According to (Saunders et al. 2007) validity is concerned with whether the findings are really about what they appear to be about. There is one of most widely used method of analyzing the quality of the case studies is construct validity. It is a technique that is mainly related to the data collection. In this case, it is important that objectives should be clear enough and

do research plan carefully to obtain validity. Moreover, if later investigator followed the same procedures and his results are same as earlier investigator.

So, validity in a qualitative study is connected to the ability of the author to argue for their interpretations of their study and how it is communicated to the reader. Therefore, I tried to make this study clear throughout the process. The second useful and factor to measuring the quality of a study is reliability, which refers some how to which data collection techniques or analysis procedures yield consistent findings. According to Yin (1994) that the aim of this factor to minimize the amount of errors and bias of the study. Moreover, increase reliability includes the use of sample, unambiguous questions in the study. In the qualitative study, reliability should be seen in the light of the unique situation at the time for the study. I choose the UPC PRINT where I work and due to this study can be suspected. To increase the reliability of this study I conducted the five interviews and all were recorded and each interview consists on 25 to 35 minutes. Moreover, I tried to write anything without any discrimination in the current study.

It is an important aspect with a qualitative study is to capture and interpret the uniqueness of the studied situation. Accordingly, asking a person the same question repeated times and then get different answers is seen as low reliability in a quantitative study, but does not have to be in a qualitative study if the question captures the unique in the studied situation. It is more important to identify and get an understanding of the distinctiveness of the studied object.

According to Saunders et al. (2007) that Qualitative study based on interviews and it is important that how the questions are formulated and how the interviews are conducted. In this study semi- structured interviews had been taken. This study is related to relationship variables and its impact on cross border buyers' loyalty. Accordingly, respondent required some flexibility to add the point which s/he deem important. So, the use of semi-structured interviews and questionnaires are quite justified.

5. EMPIRICAL FINDINGS

This chapter presents empirical findings of the current study. First, the case company will be introduced briefly. Then the selection of qualified customer process of the case company UPC Print is explained. Later on the role of relationship variables between buyer seller relationships are presented.

5.1. Introduction to the case company

UPC Print is the small size company. It has six different departs; UPC PRINT, UPC CONSULTING LTD. UPC PEPER, UPC MEDIA, UPC INVEST, and UPCODE LTD. In the current study focused will be on UPC Print. The company has been founded in 1989. UPC PRINT has almost 80 employees on regular bases. UPC Print is responsible for high quality heat set printed publications: direct marketing leaflets, supplements, retail and product catalogues as well as periodicals and niche magazines.

UPC Print allows to customers who are looking for a personal and proactive approach to customer service, appropriate capacity for larger editions and cost effective. Moreover, company provides the solutions that extend the power of customers advertising message. A wide selection of special effects helps the customers to create extraordinary visuals for a truly competitive price. (UPC website). The company is considered one of the best company in Scandinavian due to its big and machines with new technology. (See company's website for capacity and machinery). The company has international buyers from Russia, Sweden and Norway. The finding is based on five interviews with the Managing Director of UPC, export manager, production manager, and two production supervisors.

5.2 Customers searching process in UPC

The searching process of customers in UPC is explained in generally. UPC Print is the well known company in Scandinavian countries. According to the interviewee, company doesn't search the customers; mostly customers contact us with the reference of old customers. Furthermore, some small companies contact us whose don't have resources and capacity to complete the order they refer the customers to UPC. Usually company is doing business on personal contacts. On the other hand, some time company sends the information through internet, exhibitions and seminars. When customers realize that the company can fulfill their requirements they contact with concern person through e-mail or by phone. The language is used Finnish, Swedish, if customer belongs to out of Finland or out of Scandinavian countries like Russia than English is used. On the demand of the customer company send them quotation through e-mail. Some time customer visits the company and checks the company's atmosphere. When customer feel that the quotation is affordable they give the order to company. During the negotiation company deal the other term and condition such as quality of the product, quantity of the product, delivery time and payment schedule.

Payment process

There are many payments transaction every year from Sweden, Norway and Russia. These payments are transferred through bank to bank. All the shipments are done though tracks sometime customers use their own transport. On the delivery time customer send the invoice whereby company match with the own invoice and delivery taker sign the invoice and leave in the company. When customer collect the product and check it according to the order than customer inform to company. UPC Print sends the bill to customer for payment. The currency and conversion rate are agreed in advance in order to avoid any problems later on. According to the interviewee that if there is any default or damage product customer deducts the money if it was agreed before the printing. On the one question he told that sometime company collect the partial amount before the printing, if customers are very new and company doesn't about them. That amount might

be 20% or 40%. The partial amount is collected due to any catastrophe and the partial amount depends on the situation and varies customer to customer.

5.3 Customer's loyalty program in UPC PRINT

In the context of relationship marketing, long term relations consist on loyal customers. According to the interviewee, the loyal customers believe on organization and do business on continue basis. According to Ndubisi (2007) that companies should sacrifices and worthwhile investments in building the relationships with loyal and sincere customers or at least potentially loyal customers. Because customer relationship creates mutual rewards which benefit both the firm and the customers. It has proved through previous studies and through empirical finding that loyal customers are assets for the company for future profit. UPC PRINT considered that loyal customers who are working with them for long time they are more beneficial rather than acquiring new one. The example of one Russian customer "Zaruljom" is working with UPC for last 8 to 10 years on regular basis. The continuity of business shows the loyalty on firm even Zaruljom can get same product from other companies. According to Nordman (2004) that loyalty has four types such as true loyalty, latent loyalty, spurious loyalty and no loyalty. True loyalty has been defined in two dimensions, behavioral and attitudinal and the combination of behavioral and attitudinal dimensions presents the true loyalty. In the context of Zaruljom, types of loyalty and loyalty's dimensions are compared (see table 4).

Table 4. Loyalty comparison

Dimensions	True loyalty	Latent loyalty	Spurious loyalty	No loyalty
Behavioral	Yes	Yes	Yes	No
Attitudinal	Yes	No	No	No

The boxes with YES show that dimension has given quality and with NO boxes show without quality. This table shows if customers have behavioral attitude then there is possibility to continue business with firm but this loyalty can be due to some pressure or may be fake. On the other hand, attitudinal customers keep strong believe on firm and

they don't like to switch frequently. That's way combination of behavioral and attitudinal are considered more important for loyalty. Now if we keep in mind loyalty dimensions and types of loyalty then "Zaruljom" is attitudinal customer and loyal customer. Because this customer is working with UPC for last 8 to 10 years even they could get same product from Russia. Moreover, they don't have any pressure and they have enough information about product as well as company's information.

Interviewee also mentioned that we believe to provide unique products and service than other companies. In the printing industry colour profile is important, and UPC keep checking and updating that system as well as increase new machinery in order to provide more options for customer. Recently UPC upgraded their machinery and brought some more and big machinery such as MAMOOT and new ROTUMAN. These have more capacity to print with accuracy and high quality. UPC believes that loyal customers are more beneficial and less costly while new customers need more attention and efforts. Furthermore, he said that UPC deals in same way with both old and new customers but initially we have to pay more attention on new customers in the term of energy, time, and money some extent. UPC considers that if company gives importance to new customers and wins customers' loyalty than the vitality of relationship will long lasting. That's way they mentioned one sentence in side the company which is in Finnish (ASIAKAS ON TYÖN ANTAJA) that customers are paying us.

According to the interviewee, our loyal customers who are working with us they are cause to get new business for the company. Usually, our new business comes through existing clients. UPC follows to cost per order (CPO). This is explained to customers how much customer will invest and how many order they will get. Therefore, our sales people work on the customers' business and try to understand their gaps and then UPC give some better ideas for the product. After the shipment or deliver the order UPC keep in touch with customers and take the feedback about product to know customers are satisfy with the product and service. Also, they ask their suggestions and opinions which increase the customer's loyalty and trust level on firm.

5.4 Relationship variables and its role between international buyer supplier relationships

Supplier competence: According to the interviewee, in any organization competence is considered important. Competence does not mean that company has resources, technology and skilled people but also they should have capability to understand the customers need and want and provide the product and service above the customer's expectations. According to interviewee, firm should think proactively rather than reactively. UPC PRINT knows about their customer's needs and wants, when our customers can give the order and how much. He said about firm's competence is,

- good image of the firm
- technology
- innovation
- skilled employees
- word of mouth

New business or customers contact to UPC PRINT due to existing customer due to good image in market, technology, good services before and after the shipment, and fulfill the promises. On the one questions interviewee said that if we do not update our technology system, our colour profile system than probably we will lose our customers and market share. He said that we are working with International customers for long time whose belong from Norway, Sweden, and Russia. He said that we are working with Russian customers for almost 8 to 10 years. In the past, our almost 40 to 50% business was from Russia but with the passage of time it decreased and now almost 15 to 20% business from Russia and those Russian customers still working with us. Although, Russian customers can contact with other Printing firms in Russia and here in Finland, but they prefer to do business with UPC PRINT. They are working with us due to our machinery which other firms don't have and we try to provide unique ideas, products and service which other firms might not have. Previous literature and interviews it prove that supplier competence play major role in long term relationship and on customers' loyalty. In the context of

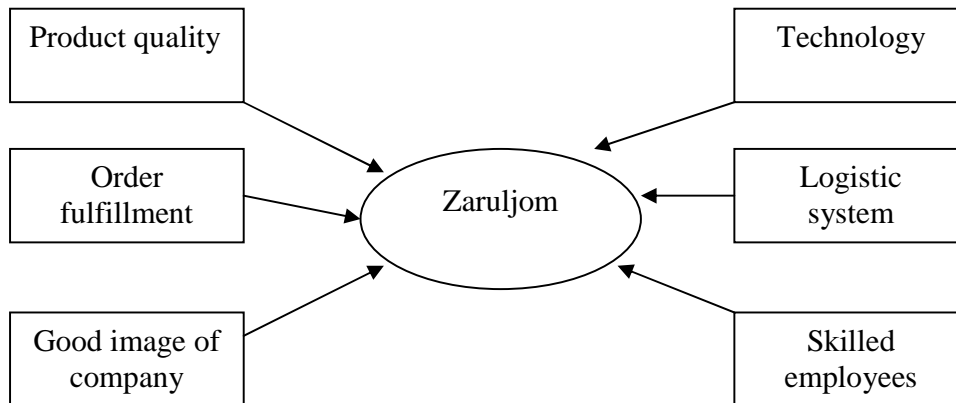Russian customer, "Zaruljom" those reasons which attracts to this customer, are depicted in figure 12.

Figure 12. Attraction for customers

Although Zaruljom is attitudinal customer and he is loyal with UPC, but supplier competence stimulate customers to continue the business. If UPC PRINT does not have technology but it has skilled people they can not provide and fulfill customers' requirements and even might be their existing customers also do not refer the new customers. Moreover, if UPC PRINT has technology and skilled people but their marker image is not good then might be customers prefer to do business with other printing company. So, supplier competence shows the internal and external stability of the firm.

Moreover, interviewee said in the term of competence, skilled employees are important because if firm has technology and resource but does not have trained and skilled employees than organization cannot perform. Therefore, from customer searching and till to delivery our managers and other concern people keep on eye and try to perform excellent. He also mentioned that recently we purchased new and big machinery which has more capacity to print more in one hour and with accurate colour matching. Now UPC can provide and complete the order in less time and send the order some time, "in time". Furthermore, in the current situation when the economical circumstances are very

crucial and companies don't have enough work and jobs, they are firing their employees. But still UPC is working with existing customers and UPC does not have plan to fire the employees because skilled employees increase the company's image in market.

Communication: According to interviewee, communication is the way whereby one person explains his/her purpose and it is depend upon the communicator that how he/she gets their objective thorough affective communication. Furthermore, that in the context of relationship marketing communication plays very important role to make long lasting relationship. Initially, UPC contact with customers via e-mail, by fax and phone but after that it is a bit difficult to communicate with international customers and when they belong to entirely different culture, style and traditions. He said that if firm has technology, resources and human capital but they can not explain and deliver their ideas to customers they can lose their business share from the market. So, when customers come to know about the company about product and service through internet, through personal contacts and through any other way, and they feel that UPC PRINT can fulfill their requirements they contact us.

Now, when customers approve the quotation, further business depend on communication from both sides. According to interviewee, the two way communication increases the confidence on each other. In the context of communication, interactive communication between firm and its customers which take place before purchase the product, consumption of the product and post purchase stage. When supplier competence stimulate the customer to contact the firm and that's time it is depend on the good communicator that how s/he satisfy the customers. According to interviewee that with the Swedish and Norwegians customer UPC deal very easily because they have almost same culture and same business and it is easy to explain our view point. On the other hand, when UPC PRINT started the business with Russian customer it was difficult to communicate with them because Russian culture, traditions, business way communication style is different then Finnish. But we are working with them for many years and we have understood to each other some extent. Nevertheless, sometime UPC face some difficulties and we need to understand Russian culture and develop the

communication skills. On the question about Russian customers, that their language and style is totally different than Finnish style, they replied that with the international buyers UPC communicate in English such as Russian buyers. English is not our native language neither Russians, and there are many difference in the term of gesture, posture, communication tone and face expressions. In the beginning stage it was difficult to communicate with Russian buyers. Because, during the communication they become hipper and screaming, whereby communicator can think that they are fighting but if communicator knows about their communication style s/he can deal easily with them. Furthermore, interviewee said that we are working with Russian customers for long time and now we have understood to each other.

UPC also has local agents in Russia and they use them in case of any ambiguity to minimize the communication gaps. In the UPC PRINT, we believe on two way communication where both parties have freedom to say anything and communicate clearly to avoid the future conflicts. In the context of Russian buyers, interviewee said that if firm wants to win the trust of Russian buyers and want to create win win situation, firm should deal them as a friend rest of life. In the current environment where use to internet and fax is important in business but these are not enough for long term relationships. If firm communicate with international customer through internet and through fax they might not get customers loyalty. But on the other hand, in verbal and face to face meetings communication should be two ways (see figure 13) where customer and firm agree to understand the each other point of view. Although, UPC PRINT is

working for long time with Russian customer but still there are some misperception.
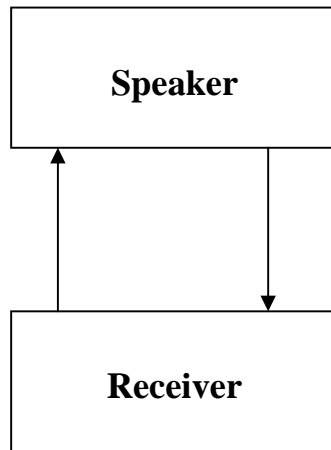

Figure 13. Two way communication

Two ways communication associates with communication's dimensions. According to Mohr and Nevin (1990) communication dimensions are Frequency, direction, modality and content which are mentioned in theoretical part. In the context of Zaruljom, proper negotiation and with authorize person can be beneficial for both parties in order to minimize the future problems. According to interviewee that Russian customers are very quality know people and to win their trust need to be friends through out the relationship, and communicator should know what he is talking about and what is being offered.

On the question that whether communication takes place formal or informal, he replied some time very formal with new customers and clearer because if there is any ambiguity can be horrible for future relationship. But on the other hand, UPC PRINT develop friendly atmosphere with the customers while it conduces to understand each other and can be negotiated about everything. During the communication, companies deal future business and commit with each other to fulfill the promises, because commitment is very important determinate in the term of long term relationship. according to(Morgan & Hunt 1994) that commitment is higher among individuals who believe that they gets more benefits from a relationship, highly committed customers are more loyal to firm because

of past benefits from the firm and highly committed firm will exploit of such loyalty. UPC PRINT deals with customers in same way whether old customers and new customers. But on the other hand they accept that new customers are more demanding, time consuming and costly then the old customers.

In the current scenario, when computer, internet, and phone play very important role in business, but in the term of long term relationship with customer it is not enough. So, personal contacts, face to face meetings increase the confidence on each other.

Commitment: According to interviewee, during the negotiation and when customers contact with us that time we and our customers deal about everything and make contract. Company is responsible to provide required products, services, quality of the product, delivery time and so on. On the other hand customers make sure the payment time, deliver the raw material in time, such as colors, chemicals and other necessary items. On the question that commitment can be false, and what is the affect on relationship, interviewee said, that it can happen because of that UPC PRINT usually business with the existing customers and with reference. With the new customers UPC PRINT collect partially payment to avoid any catastrophe. Furthermore, if both firm and customer are committed to each other and believe it, then power of relationship will be very strong and long lasting. Interviewee gave the example about some other countries that they are obliging people and they don't clear the things which become the cause of problems. And in successful business, it is necessary to fulfill the promises.

On the question about Russian buyers that if company does not fulfill the promises what is the reaction of Russian buyers, interviewee said that it is depend on the situation. If we talk about Russian buyers, we need to be always straightforward; we should to know what we are talking and what we are offering to them. They have knowledge and experience and they want good quality. In the context of commitment, effective commitment is considered more important then normative commitment and continues commitment. In UPC PRINT Russian customer "Zaruljom" associate for long time even they can get same product from Russia and from other companies. The reason to continue

business with UPC, they get their desired product, quality and new ideas from UPC, which helps to get more profit in the business. According to Ravald and Grönroos (1996) that it is not enough to provide the superior quality and supporting services to get the customers' loyalty. If supplier shows loyalty, and sincerity with customers in their business than customers feel secure and prefer to do business with the firm. According to interviewee, that UPC studies the customers' business and find out gaps and try to fill the gaps to provide the good advices and opinions. Moreover, if firm does not fulfill their promises with customers and does not provide product and services according to customers expectations then might be customer will move for any other firm. Some time during the print, machine can break and needs engineer, due to that reason shipment can delay. If our customers are working with us for long time and they know about UPC PRINT they will understand and believe us.

For example if customers gave the order for 10,000,00 copies and due to any catastrophe UPC PRINT does not complete the order on time, we inform to customers and communicate that if company deliver half of the order, will it fine. Because it is not necessary that customer wants all the products in one time. But it happens rarely, in our time schedule and printing program we care about any unusual events. On the other hand, with the new customer we communicate and try to explain the problem, but it takes time and there are fewer chances that this customer will continue business with us. Interviewee also said that if company is unable to fulfill their promises and it is the routine that customer complains all the time than company can lose customers loyalty for future business.

According to Malhotra and Mukherjee (2003) commitment has been defined in three types such as effective commitment, normative commitment and continues commitment. If we keep in mind the UPC and Zaruljom relationship then their commitment level reflect to effective and normative commitment. Continues commitment could be, if Zaruljom does not business on continues basis. In the current environment customers have various options and they have knowledge and awareness. If supplier is fulfilling their promises then customer is also responsible to respect the commitments and keep

loyal with the supplier. in the long term relationships, usually buyer-supplier understand to each other and problem or conflict does not accrue but in the case of any conflict and problem it should be solve in time at least on time.

Conflict Handling: Handling conflict is the tricky determinant in the relationship marketing. Because in the case of any conflict both parties perceive that they are on right and other part is wrong. This situation can be due to cultural difference, or may be communicator's personal nature. According to interviewee, the ability to resolve the problem without to make anyone angry is important in relationship marketing. In the printing business, conflict or problems can be; Product's quality, late delivery, color mismatching, size and unclear text, quantity, and late payment or price conflict. When UPC starts business with new customers, to avoid the future problems company try to clear everything. Interviewee said that, in printing business we gave the best ideas on the behalf of our experience and after the study of customer's business. We try to find out gaps in customer's business and try to find out the solution not according to customer's expectation but over the expectations. In our company before printing we send one sample to customer and when they pass and approve that sample then we proceed. For the printing, customers send us all the raw material like, color, chemicals, plates and other necessary things regarding print. If there is any problem in color or chemicals we immediately inform to customers because customer does not have enough information about the machinery and color, chemicals. We explain them if they will use these low quality chemicals and color then you will not get desired result with your products. Some time we send back the material and don't print because due to that we can lose company's image.

Furthermore, interviewee said that we deal to customers individually but in same way, whether old customers or new customers. In the case of any conflicts previous authors and researchers suggest negotiation, communicate to each other. If company avoid the problems and don't pay attention then company will lose customers' trust and loyalty. On the other hand if customers don't compromise with company might be customer will lose

better product, quality and services. Moreover, interviewee said that we know better then our customers about printing and even which kind of product will be beneficial for our customers. Its not mean that we insult the customers but we point out their mistakes in friendly atmosphere while they do not feel guilty. According to Johnston and Gao (2009) they mention tactics of handling the conflict such as ingratiation, guilt trip and shame trips, and these tactics can be use if communicator has all information about conflict and he able to understand that particular problem (see figure 14).
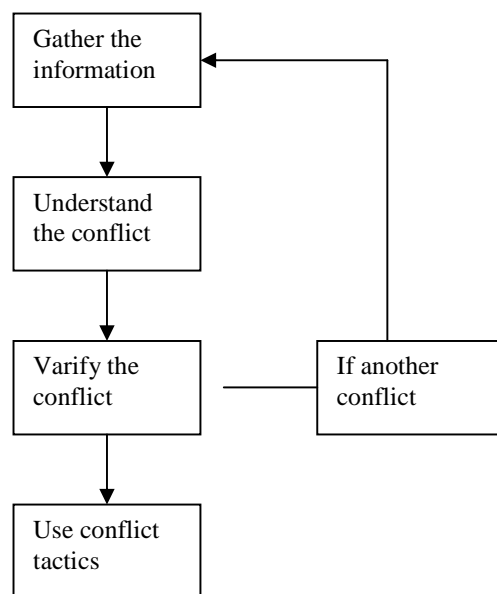

Figure 14. Conflict handling modle

This figure shows that in case of any conflict or problem, first need to know about main problem and make sure that both parties are talking about that particular problem then try to solve according to situation. In case if communicator does not understand the main problem then again s/he should collect the right information. I am not sure whether UPC knows about these tactics or not but unconsciously they follow these tactics. On the other hand if delivery is late and not on time UPC informs to their customers before time and takes permission that company will deliver half of the product according to the schedule and half of delivery needs some more time. During the interviews I found that conflicts

can be before business in the term of expected customers' business. For instance, Interviewee said that before business we study the customers' business and try to find out gaps and problems in customers' business. If we provide unique solution to customers above his expectations then defiantly they prefer to do business with us. Its mean if firm has knowledge about his customers and their business then firm can win the customers' trust and loyalty.

Interviewee said that, with the Swedish and Norwegian customers because they have almost same culture and same way of working. They can easily understand the problem and try to resolve the problem. On the other hand, with Russian customers some time we have some difficulties due to cultural difference and different way of working. That is true, because Russians have high Uncertainty avoidance comparatively Finnish culture. They feel uncomfortable due to problems and conflicts, and they lose their temperament. While Finnish people don't feel that conflicts and problems are threats and their expression are not easy to judge. During the meetings if Finnish people are serious and reserved then might be Russian people perceive something wrong because Russians are more open minded and like to friendly atmosphere even in formal meetings. They are from collectivistic culture and large power distance, so during the negotiation they become hipper. Interviewee said that, normally our customers provide us all the raw material and majority problem occurs due to bad quality material and we point out customer's mistake gently and explain them the printing requirements. Also, interviewee mentioned that in the current situation we don't have any big conflicts with our customers because our customers are working with us for long time. But anyhow if there is any problem we don't neglect it and try to resolve on time due to this customers trust us and remain loyal with the company.

6. SUMMARY AND CONCLUSION

This chapter sums up the study and gives a conclusion based on the theoretical framework and the empirical findings. The aim of the present study was to know about the relationship variables and its role on international buyer's loyalty in the case company UPC PRINT and its one Russian buyer Zaruljom, and the impact of relationship variables between buyer-supplier relationships, later on discovered the limitations of the study and recommendation for the further research.

6.1 Summary

In the proposed study I have tried to build up appropriate theoretical framework for the analysis of the research questions. Theoretical work comprises on two parts, first part consist on the chapter one and two whereby reader can know about the basic thinking of the thesis. In these chapters has been mentioned about the purpose of study followed up the importance of the customers' loyalty. After that, it describes the relationships background, relationship roots and building process. According to Möller and Halinen (2000) that the roots of relationship marketing can be found in four areas such as supply chain and marketing channels, organizational marketing, services marketing and direct marketing. In the current environment conventional style of marketing was not enough to retain the customer that's way new thinking revealed with the name of relationship marketing. Cann (1998) define the relationship process in eight steps while Ravald and Grönroos mention in two episodes. In the current study Conway and Swift's model has been used, they define the relationship process in four stages. In the second part it is discussed about relationship variables, its impact on international customer's loyalty and influence on buyer-supplier relationship. On the behalf of earlier discussion, this chapter presents the theoretical framework through a model at the end. Methodological part of the study presents the method which is qualitative method as well as it explain the way to gets the information from interviews and secondary data. It also explains the validity and reliability of the research.

The relationship marketing aims to creating value for both parties (Buyer-Supplier). In the current study is presented relationship variables and its role between international buyer supplier relationship and along on customers' loyalty. The findings comparative study between Russian buyer and Finnish firm confirm previous research that supplier competence, communication, commitment and conflict handling are vital factors in relationship marketing. The findings show that all of these variables need to be considered during the entire relationship process between supplier and buyer, without any discrimination whether new customers and old one.

Supplier competence has been confirmed that buyers are likely to have expectations towards the supplier regarding their competence. Competence is considered the major determinant in relationship marketing which can affect the initial communication between buyer and supplier. According to Sramek, et.al. (2007) that competence is complex concept that includes both technical expertise regarding products and production methods, and knowledge of the customers' organizations, markets, competitors, and industry. In the context of new customers, it is necessary to understand the customers' expectations and evaluate the available resource because competence reduces the uncertainty and leads to more trust within the relationship. On the other hand, firm needs to update their competence to sustain the long term relationship with the customers for future profit. Accroding to Panyne and Holt (2001), competition doesn't mean that what companies are manufacturing, the matter is that what they are adding and providing extra values to their customers. UPC does not excel their internal skills, technology, and human capital but also they keep in touch with customers' business, and competitors. Knowledge of customers' business and market does not mean that find out the weakness of customers, it's mean to provide unique ideas and solution according to the customers need and wants. Supplier competence enhances the customer's courage and stimulates the customer to continue the business with the firm, because perceived competence of supplier definitely increase the buyer's loyalty on supplier. Customers' loyalty level increase when customers negotiate with supplier and communicate about future business.

Communication is considered the tool for the relationship to be established and excel. In the current study, findings show that language barriers as part of communication exist in especially in initial stage of relationship and with international buyers who have geographical distance. Communication in the succeeding stage is essential to develop and secure cooperation between the parties and can contribute to a positive and well working business atmosphere. In the organization, communication is one of the very important instruments for creating sustainable competitive advantage of the organization within a dynamic environment of modern corporate world. According to Conway and Swift (2000) that language plays important role in communication in both internal and external communication, particularly in international business. If customers are from distance and from different language and culture then communication become crucial for both supplier and buyer. The way to minimize the communication barriers if product offer is appealing for the customers but to gain customers' loyalty and effective way to deal with cross cultural misunderstanding is training for cross cultural sensitivity. In the context of international customers, it is necessary to understand the emotional sentences and communication style of international customers to gain the customers loyalty. According to the interviewee, if firms want to gain more customers' loyalty then they should improve their communication skills and try to understand cultural difference, which will be easier to understand customers' need and wants. Two way commutations conduce of trust and both parties free to express their views in friendly atmosphere, and it creates the chances to commit for future business.

Commitment shows that both parties are agree to each other demands or policies, but if one wouldn't fulfill the promises it does not mean that he did deliberately or want to break the business terms. It is depending on the situation or circumstances; if one party continually misbehaving or unable to fulfill commitment then might be other one's motivation level or loyalty level will decrease. In UPC customers are dealt equally whether old customer or new one, here I repeat that Finnish sentence "ASIAKAS ON TYÖN ANTAJA". According to Malhotra and Mukherjee (2003) Combination of normative and effective commitment conduces of long lasting relationship, but normative and effective commitment should be from both sides (buyer and supplier). Commitment

will increase when loyalty exist and that loyalty can be created through fulfill the promises in the initial stage and through out the relationship. In the case of miscommitment from both sides need to negotiate and resolve the problem. According to Sramek et.al. (2007) that loyalty can decrease when problems are not solved or avoid deliberately but most likely to increase of maintain loyalty whenever the problem is deemed to have been resolved successfully. Suspension in resolve the problem can be horrible for the relationship, and future benefits can be vanished of both buyer and supplier. In the context of handling conflicts, it is necessary to be cool mind and awareness of other party's culture and way to working. Conflicts can occur anytime, before commitment or after commitment, and easy way to minimize the problem that should be discusses about every thing and matter during the communication. In the case of other problem the better way that listen to other's problem and try to understand then try to solve that problem according to situation.

6.2 Conclusions

The findings are almost same like previous studies except some contradictions which I realized during this report. The relationship marketing has been attracted for researchers and practitioners for last two decades. In the current environment organizations invest in relationship marketing to gain the suitable information about customers and grasp the loyal customers for sustain profit. In the business world long term relationship consist on profit regardless of international business or domestic business, without profit buyer-seller relationship cannot proceed. The concept of relationship marketing emerged due to complexity and increasingly competition; in current environment customers have more options and choices. Many researchers (Ravald & Grönroos 1996, Sheth 1994, Lindgreen 2001, Grönroos 1994) have defined the relationship marketing in term of establishing, maintaining relationship with customers for profit. The reason is establishing and maintaining the relationship with customers to get their loyalty. According to Nordman (2004) that loyal customers are assets of firm but there is no surety that these loyal customers will not switch. Loyalty will exist unless buyer and seller are getting profit although with the passage of time some emotional attachment will emerge, but if both

parties don't have any benefit or profit from each other then relationship will break. Moreover, some factors have been discussed in this report which can influence to customers' loyalty such as supplier competence, communication, commitment and conflict handling.

According to Ndubisi (2004, 2007) that companies should make sacrifices and worthwhile investments to develop the relationship with loyal customers. It does not mean that companies provide product and services without cost or profit; its mean companies should excel the competence, skills and provide more options to customers. During the study I realized that the most important factors are supplier competence and conflict handling. While communication should be include in competence but it has been explained individually because communication varies culture to culture and which is very broad subject. So, two ways communication is the way to minimize the cultural sensitivity. If these three factors are well organized then commitment automatically fulfills. According to Sheth and Sisodia (2002) that supplier competence is product quality, order fulfillment, delivery, goodwill and skilled employees. In the first and second stage of relationship, supplier competence play important role when because in the current environment customers are more sophisticated and aware. In these stages, firm send the information about their product and services and stimulate the customers for future business. On the third and fourth stage of relationship marketing effective communication make sure future business. Commitment depends on conflict handling, because problem can rise if promises are not fulfilled. Current study confirm the previous literature that it is important to understand the foreign customers' business culture and national culture in order to avoid the most obvious mistakes that can be made with respect to new and foreign customers. With existing foreign customers, it is important to improve cultural understanding in order to get more customers' loyalty.

6.3 Limitations of the study

In the context of limitations in this study, I would say that relationship marketing is very broad field and it can be effected because, lack of loyalty, and trust, while loyalty can be effected through many factors. But in this study four variables or factors were discussed through supplier perspective because I could not contact with buyer. Hence, the case company has been taken one, it should be 4 or 5 companies but due to time limit and lack of resources I selected one case company. Therefore, another study might obtain other findings and different conclusion.

6.4 Managerial applications

The results from this thesis indicated that loyal customers are more beneficial for the firm and level of loyalty can decrease if promises do not fulfill and avoid the problems. So, promises and conflicts can be fulfilled through firm's available resources and two ways communication. Firms should enhance their capability, skills and pay attention on research and development and keep in touch with market. Moreover, customers' database should be update in order to understand customers' need and want. In the context of foreign customers, firm should train the employees who directly concern with customers and keep in touch with foreign customer to understand cultural difference. Finally, it is very important in current environment to gain the customers' loyalty that firm should not have knowledge about their business but also customers' business. Because, if firm understands the customers' business then they can easily understand customers' requirements and can give appropriate advises and opinions.
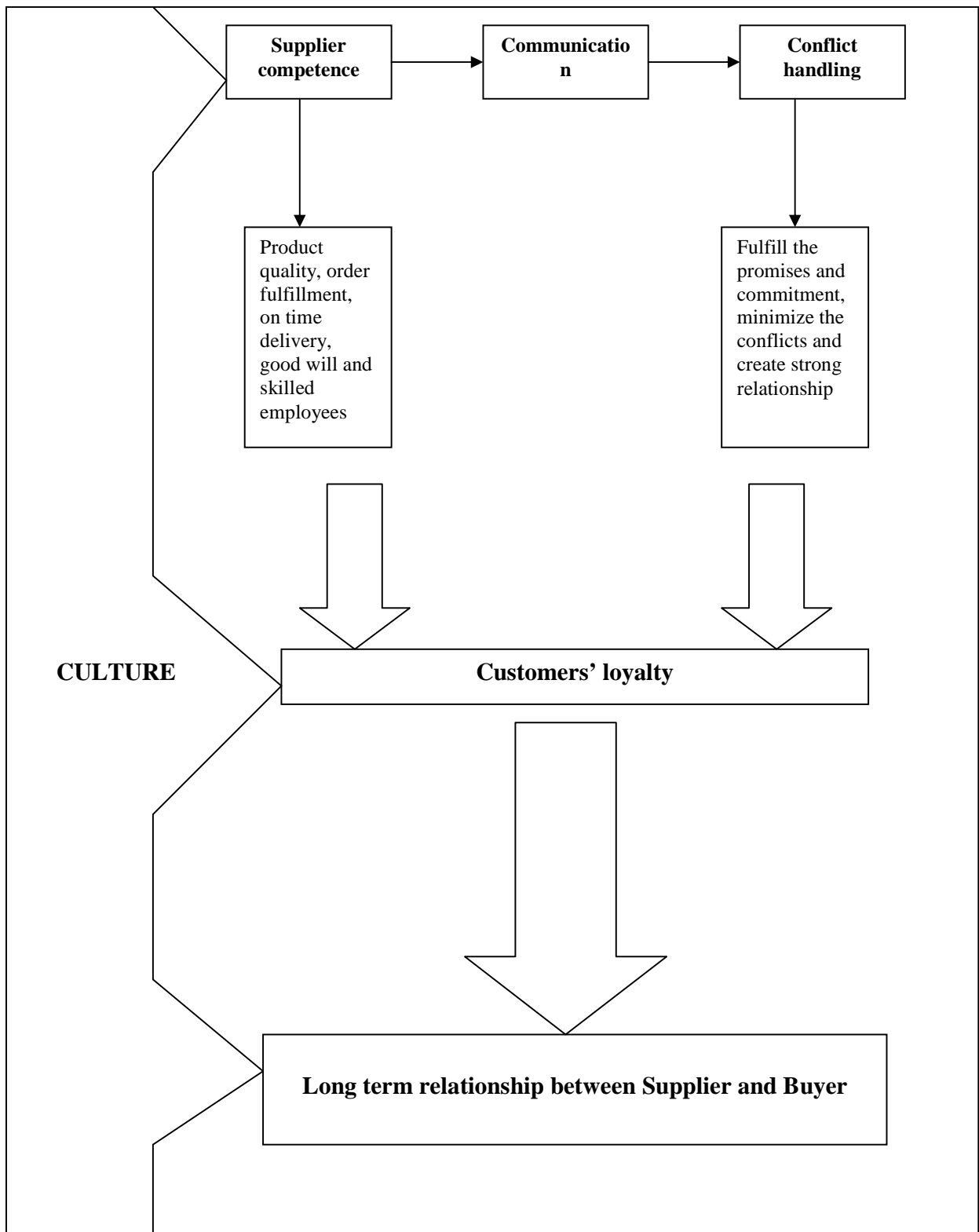
Figure 15. Conclusions of the study

6.5 Recommendation for further research

The current study shows that loyal customers are valuable assets for organization and significantly, loyalty influence on buyer supplier relationship. The relationship variables, supplier competence, communication, and conflict handling influence the customers' loyalty negatively or positively. Further research should be from perspective, buyer perspective and supplier perspective. Furthermore, comparative study should be comprises on four or five companies, and it is better if both methods, qualitative and quantitative will be used, then might be reveal new results and changed the nature of buyer supplier relationship.

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Interview questions to UPC Managers

1. Introduction

- Name
- Designation
- Responsibilities
- How long have you been working in this company and how long have you been working with international buyers?

2. Kindly explain the process of initiation of contact with international buyer?

3. What role does communication play in your buyer relationship management?

4. Where does relationship marketing lie in your strategic plan to win buyer loyalty and satisfaction?

5. In the context of relationship marketing, how do you manage old and new buyers?

6. Do you see any difference in your firms' approach to deal with new and old buyers?

7. What special features regarding buyers' loyalty emerge in your firms' dealings with Russian buyers due to culture difference?

8. How cultural difference impact to relationship marketing efforts with Russian buyers?

9. How affective is your feedback system, when you deal with Russian buyers?

10. Finally, which area you feel needs attention to improve your firms' relationship marketing efforts in general as well as with Russian buyers?