Author Details

*Benoit Bourguignon
Professor of Marketing
Université du Québec en Abitibi-Témiscamingue
445, boul. de l'Université
Rouyn-Noranda
Quebec Canada J9X 5E4
benoit.bourguignon@uqat.ca
https://orcid.org/0000-0002-9727-4387
https://www.linkedin.com/in/benoitbourguignon/

Harold Boeck
Professor of Marketing
Université du Québec à Montréal
Département marketing
C.P. 8888 succursale Centre-ville
Montréal (Québec)
H3C 3P8 Canada
Boeck.Harold@uqam.ca
https://orcid.org/0000-0003-3365-7511
https://ca.linkedin.com/in/haroldboeck

Theresa B. Clarke, Ph.D.
Academic Unit Head and Professor of Marketing
James Madison University, Department of Marketing
421 Bluestone Drive
MSC 0205
Harrisonburg, VA 22807
clarketb@jmu.edu
540-568-3238 (office phone)
https://orcid.org/0000-0002-4582-753
https://twitter.com/TheresaBClarke
https://www.linkedin.com/in/theresabclarke/

An Exploration of Supplier Decision-Making under Threat

Abstract

Purpose: The use of threats to force supplier compliance is a common practice in current business affairs. Unfortunately, little is known regarding the supplier's decision process to comply to or resist such a coercive strategy. The paper aims to develop a more comprehensive view of the decision process used by suppliers when threatened by their customers, as well as discover new phenomena regarding supplier Decision-Making Under Threat (DUT). More specifically, it aims at (1) gaining a better understanding of threats by looking at their patterns and commonalities and (2) identifying which consideration factors are relevant when suppliers evaluate threats.

Method: To identify which consideration factors are relevant to suppliers when deciding how to react to threats, the study employed an exploratory approach by interviewing 17 marketing practitioners with experiences in DUT. The in-depth interviews lasted between thirty-five and sixty-five minutes and were transcribed. Descriptive coding and template analysis generated thirty-nine descriptors and nine categories that are deemed important when considering DUT. The authors also evaluated the intensity of each of the consideration factors present in the decision process.

Findings: The results reveal that it is possible to categorize threats into three components: Objectives, Penalties and Manifestations. Objectives are what the customer is trying to achieve by using the threat, namely demanding price reductions, appropriating intellectual property, procuring financial statements, receiving a bribe, increasing technical requirements, accessing a cost breakdown, modifying delivery terms, and modifying payment terms. The penalty is what the supplier can expect to happen when refusing to comply, such as losing the customer's sales. Finally, manifestations describe how the threat is presented by the customer. Study results show that these manifestations may be categorized according to their level of ambiguity, predictability, and candor. The results also reveal that at least five cognitive decision criteria are typically considered during the decision process although at different intensity levels from each participant. These criteria include: Dependence, Cost-Benefit Analysis, Relationship Quality, Relational Norm Violations, and Mimetic Isomorphism. Several interesting discoveries were made. For example, Dependence is both the consideration factor for which most people emphasized its influence on their decision and for which most people said that it had no influence at all. Relational norm violations is unique by being the only criterion for which no participant mentioned that it does not influence their decision. The overwhelming majority of study participants considered more than three criteria during the DUT process. Finally, participants said that they experienced negative emotions such as anger and frustration when exposed to threats albeit most did not recognize that it played a role in their decision. These emotions are however believed to be a factor in reducing the supplier's willingness to comply. Overall, the study finds that DUT is a complex decision process regarding supplier adaptation, and can be a highly emotional experience with long-lasting effects.

Originality/value/contribution: By merging the influence strategy research stream and the supplier adaptation research stream together, the study generates a few original and noteworthy contributions. A better understanding of threats is garnered by breaking them down into three components, which consequently extends our understanding of influence strategies. The study also contributes to a deeper understanding of the supplier's DUT, a new concept described in the paper, by identifying how decision makers include multiple criteria in their decision process.

Very few academic papers have specifically looked into threats as a coercive strategy despite its prevalent use in business environments. Those that did focused on a limited set of criteria when analyzing the decision to adapt. The article expands on these previous studies by proposing five decision criteria, which are often considered collectively by participants when examining adaptation under threat, and emphasizes a factor neglected in previous research, namely the role of emotions.

Keywords: threats, influence strategies, decision process, emotions, buyer-seller relationships

Introduction

There exist numerous examples of large customers attempting to motivate their suppliers by threatening them. They ask suppliers to reduce their prices or to face the consequences of "punitive actions" (Sables, 2019). Very recently, an overall price increase due to the trade war between China and the U.S. created a favorable ground for a "warfare" between retailers and suppliers (Gray, 2019). A large mining company implemented a program under which suppliers could "take a pay cut of up to 2 per cent in exchange for timely payment" (Fernyhough, 2020). In Mexico, one retailer required a price reduction from food suppliers whose products could be found at a lower price on another retailer's website (Solomon, 2019). Threats against suppliers to accept stringent conditions, like unreasonable 120 day payment terms or arbitrary and unilateral price reductions, keep making headlines using terms such as "bullying" ("UK Reveals Late Payments Law Loophole", 2019; Balch, 2015; Buckner, 2014; Ruddick, 2014), "strong-arming" (Poulter, 2016), and "ratcheting up pressure" (Ziobro and Ng, 2015)

Threats in certain business settings are very common practice and as such merit attention. However, B2B research on threats as an influence strategy is astonishingly rare, we assume, because the academic community considers that threats should only be used scarcely as they are not conducive to solid long-term relationships (Frazier and Rody, 1991; Lai, 2007; Yu and Pysarchik, 2018). Although previous studies have filled part of the knowledge gap, several deficiencies in our core understanding of threats are still present, especially in terms of the decision process that the supplier goes through while under threat. When a customer threatens a supplier, they can choose either to comply or to resist. Why do some suppliers resist while others comply? One explanation could be that suppliers are prepared to comply with their customers' threats as long as those threats do not go beyond a tipping point where the actual business model of the dyadic relationship is inadequate (Murfield and Esper, 2016). Or perhaps some suppliers consider different cognitive criteria when making their decision? Much remains unknown about this decision process so this paper aims to provide a more comprehensive view of the cognitive criteria suppliers use when faced with threats. An additional purpose is to explore new phenomena about supplier Decision-Making Under Threat (hereafter known as DUT) through the following research questions:

RQ1: Which patterns and commonalities emerge from threats in a B2B setting?

RQ2: Do the same decision criteria that pertain to general buyer-seller adaptation also apply when evaluating adaptation under threat?

RQ3: What additional factors have a role in DUT?

To answer these questions, the exploration begins in the next section through an extensive literature review to provide guidance. Then the research methodology depicts how interview data from 17 decision makers in various organizations was collected and analyzed. Results reveal that (1) it is possible to categorize threats into objectives, penalties, and manifestations; (2) numerous cognitive criteria are considered collectively, and (3) negative emotions reduce the supplier's willingness to comply. The discussion proposes a framework of Decision-Making Under Threat that includes as influence factors five cognitive criteria and negative emotions.

The research is timely and important because using threats against suppliers, which can go as far as "supplier exploitation", "resulted in a higher public awareness for multinational corporations accused of misusing power over suppliers." (Schleper, Blome, & Wuttke, 2017, p.97). A deeper understanding of influence strategies and buyer-seller adaptation may improve a decision-making ability in B2B organizations.

Literature Review

The first section of the literature review is anchored to the stream of research on threats as coercive influence strategies and provides support for the need to document and categorize threats. The second section reviews influence strategies in the context of buyer-supplier adaptation for the most likely cognitive criteria that come into play when evaluating a threat.

Threats as coercive influence strategies

Influence strategies can be grouped into *non-coercive* strategies such as recommendations, requests, and information exchanges and also into *coercive* categories which take the form of threats, promises, and legalistic pleas (Frazier and Summers, 1986). Threats are thus a subset of coercive influence strategy (Hausman and Johnston, 2010) which occur when “The source communicates to the target that it will apply negative sanctions should the target fail to perform the desired action” (Frazier and Summers, 1986, p.172).

Coercive strategies can be categorized in different ways. Venkatesh, Kohli, and Zaltman, (1995) proposed that a promise is moderately coercive while a threat is strongly coercive. The type of language that is used can also influence the perception of the threat’s intensity (Hausman and Johnston, 2010). Yet another gradation method to differentiate coercive strategies is through their impact. For example, an organization will perceive a coercive strategy to be more impactful if it has fewer alternatives (Bacharach and Lawler, 1980).

Various use of threats has been observed in buyer-seller relationships. For example, Plouffe, Bolander, & Cote (2014) demonstrated that threats can be used to enhance salespeople’s performance in specific situations. Dominant suppliers in the Dutch natural gas industry consider threat as a very effective strategy since it generally increases customer’s compliance (Gelderman, Semeijn, & De Zoete, 2008). Threats have also been found to decrease supplier satisfaction in the relationship (Lai, 2007) and even have a negative effect on compliance (Payan & Nevin, 2006).

Various categories of coercive strategies exist. Aside from Baldwin's (1971) two categories, clear threats and vague threats in an international politics context, the literature lacks a categorization of threats present in buyer-seller relationships. Some threats have objectives that have already been identified, such as a direct price reduction (Henke Jr, Parameswaran, and Pisharodi, 2008), a price reduction through a reverse auction (Giampietro and Emiliani, 2007), or an e-commerce adoption (Boeck, Bendavid, and Lefebvre, 2009). Threats containing penalties can take many forms such as reducing the share-of-wallet of the supplier and even changing a supplier (Gundlach and Cadotte, 1994). Categorizing threats can benefit both researchers and practitioners. The former can develop a common reference framework and practitioners can better prepare strategies and fine-tune reactions to threats.

Cognitive criteria that influence (coerced) adaptation

Generally speaking, adapting to a customer's request has been found to be at the core of marketing itself (Brennan, Turnbull, and Wilson, 2003). Research on dyadic adaptation has identified cognitive criteria that influence the supplier's decision to adapt. From this stream of research, we present five adaptation criteria that were deemed the most likely to be considered in a DUT setting: dependence, cost-benefit analysis, relationship quality, relational norm violation and mimetic isomorphism. These criteria also happen to be the most commonly researched constructs in research on buyer-seller adaptation.

Dependence is strongly influenced by the proportion of the customer's sales in the overall sales of the supplier (Hallen, Johanson, & Seyed-Mohamed, 1991), the total number of customers (Kohtamäki, Partanen, Parida, & Wincent, 2013), and by specific investments made in the relationship (Scheer, Miao, & Garrett, 2010). Not every decision to adapt is the result of dependence, but the more a supplier relies on its customer, the more likely they will adapt to maintain the relationship (Mukherji & Francis, 2008), and the quicker they will adapt (Keith, Jackson, & Crosby, 1990). A coercive strategy has a less adverse effect on a dependent supplier than on an independent supplier because it has fewer alternatives and therefore fewer incentives to retaliate in the short term (Hoppner, Griffith, and Yeo, 2014). Supplier dependency is not reflected upon until the customer makes a request for a major change in the relationship (Johnsen and Lacoste, 2016). The dependence construct could include customer attractiveness and potential (La Rocca, Caruana, and Snehota, 2012) which would expand the scope of the construct to capture the richness of this cognitive criterion.

The second cognitive criterion deemed likely to be considered in a DUT setting is the adaptation's cost-benefit analysis. The cost includes sunk costs and opportunity costs toward other customer relationships (Brennan and Turnbull, 1999) and asset investments that cannot be used to serve other customers (Heide and John, 1988; Williamson, 1985). Likewise, benefits are carefully considered before deciding to adapt or not (Murfield and Esper, 2016). For example, an adaptation could help the supplier differentiate itself from its competitors (Hallen et al., 1991), grow its revenues, diminish its costs or acquire new competencies (Schmidt, Tyler, and Brennan, 2007). Even if suppliers do not carry out a formal cost-benefit analysis of the adaptation, they consider it before making a decision and give great importance to how much more vulnerable they might be to a lock-in effect (Schmidt et al., 2007). Suppliers expect to be able to recuperate those costs (Weitz and Jap, 1995) and a faster return on investment reduces internal resistance to the adaptation (Walter and Ritter, 2003).

The third cognitive criterion identified in the extant literature is relationship quality of the relationship, a higher-level construct that contains several elements such as trust, commitment and satisfaction (Akrout, 2014; Dorsch, Swanson, and Kelley, 1998; Liu, Li, and Zhang, 2010; Walter, Müller, Helfert, and Ritter, 2003) as well as cooperation, past adaptation, and atmosphere (Woo and Ennew, 2004). Relationship quality has a positive effect on adaptive behavior (Nyaga, Lynch, Marshall, and Ambrose, 2013) and vice-versa (Woo and Ennew, 2004). Although relationship quality can influence adaptation, it is recommended that managers do not trap themselves in the historical relationship but think beyond it as situational factors could eventually motivate customers to use threats (Kiyak, Roath, and Schatzel, 2001). Thereby relationship quality might have a more moderate influence.

A fourth criterion is relational norm violation where a threat could disrupt the relational norms between the two organizations. Relational norms govern the behavior of each party in their relationship with the other (Heide and John, 1992) and define "appropriate behavior" (Cannon, Achrol, and Gundlach, 2000) and "shared values" (Morgan and Hunt, 1994). A party in a relationship expects that the other will do what it takes to maintain the relationship to meet both parties' objectives (Cannon et al., 2000). Coercive strategies can impair these norms (Palmatier, Dant, Grewal, and Evans, 2006; Simpson and Mayo, 1997) notably through relational disconfirmation (Harmeling, Palmatier, Houston, Arnold, and Samaha, 2015). For example, coercive strategies have a negative influence on solidarity (Kim, 2000), one of the ten relational norms proposed by Macneil (1983). Norm violations can spoil the customer-supplier relationship (Marcos and Prior, 2017). Relational norms are still prominent today in studying buyer-seller relationships. For example, Paswan, Hirunyawipada, & Iyer (2017) found that the relational norm of role integrity can help reduce opportunism when combined with formalization, a dimension of bureaucratic structure. Opportunism can also be reduced when relational norms are combined with contractual obligatoriness (Yang, Qian, &

Zheng, 2017). In another recent study, researchers observed that buyer's demands can increase when a supplier conforms to relational norms unless it becomes one of the most important suppliers because the relationship becomes a close partnership which limits the buyer's requests (Hammerschmidt, Wetzel, & Arnold, 2018). These papers demonstrate that the effects of relational norms on the relationship are various and complex.

The fifth cognitive criterion is imitation of the competitor's behavior or mimetic isomorphism (DiMaggio and Powell, 1983). Imitating others is a simple heuristic strategy that enables fast decision making without too much effort (Goldstein et al., 2001). When considering whether to adopt green initiatives, organizations respond to competitive pressure more than to any other green supply chain driver (Hsu, Choon Tan, Hanim Mohamad Zailani, and Jayaraman, 2013). In new technology adoption, decision makers will also imitate their competitors' choices (Tingling and Parent, 2002).

To verify the presence of these criteria in the DUT, we employed an exploratory approach by interviewing multiple decision makers from various industries.

Methodology

Sampling Plan: The study employed a theoretical sampling process (Eisenhardt, Graebner, and Sonenshein, 2016) to recruit, screen, and select participants with deep knowledge and experiences regarding DUT. Decision makers from different company sizes and sectors were included in the sample to increase "participant variance" (Prior, 2013) across different business contexts. A snowballing technique (Gabor, 2007), an acceptable method for reaching hard-to-identify B2B populations (Georges and Eggert, 2003), generated additional qualified participants. As shown in Table 1, the final sample included 17 subjects from 15 different companies, three sectors, and ten industries. Using Malterud, Siersma, and Guassora's (2016) notion of "information power" the sample size generated a satisfactory volume of information based on the study purpose, the degree of specificity of the sample's characteristics and representativeness, and the overall quality of in-depth inquiry and discussion.

Table 1: Participants' Key Characteristics

Pseudo	**Role**	**Sector**	**Industry**	**Number of employees**
Carol	Assistant general manager	Manufacturing	Packaging	250
Claudia	Vice-president	Service	Service	1200
Donald	Sales representative	Distributing	Construction	900
Frank	Sales vice-president	Manufacturing	Water treatment	135
James	President	Manufacturing	Construction	60
Jeremy	President and associate	Service	Construction	50
Julie	President	Service	Business consulting	1
Linda	President	Manufacturing	Fashion	2
Mark	Vice-president	Distributing	Fashion	50
Martin	Estimator	Manufacturing	Construction	60
Mary	President	Service	Recruitment	2
Oscar	Owner	Service	Pharma	25
Patricia	Owner	Service	Recruitment	1
Phil	Owner	Service	Pharma	25
Richard	Director	Manufacturing	Aerospace	150
Solange	President	Distributing	Water treatment	4
William	Owner	Manufacturing	Industrial	60

Interview Process: Data collection consisted of in-depth, face-to-face interviews to allow the capture of any non-verbal signs requiring clarification. Audio recordings lasted between 35-65 minutes and were transcribed. Following the recommendations of Granot, Brashear, and Motta, (2012) the semi-structured interview approach explored DUT by using open-ended questions, creating a flow of conversation from more general to specific ideas from the interview guide, and carefully listening to the participants in order to generate discussion. Efforts were made to put the participants at ease before asking them: "Can you tell me what happened when a customer wanted to force you, through a threat, into adopting a new process or a new technology?" After recounting their reaction, the researchers considered the dynamic qualities within each situation and invited subjects to pinpoint which cognitive criteria played a role in their decision by asking: "Which criteria did you consider in your decision to comply or not with the customer's demand?" Some participants would spend much more time on one criterion than on others. As the data collection progressed, subsequent interviews were influenced by the results of the previous interviews where the researchers attempted to highlight similarities and differences between participants, as well as uncover the role of any new information emerging (Wimpenny and Gass, 2000). Interviews stopped at theoretical saturation, a point where no additional data can contribute to the development of a category (Glaser and Strauss, 1967).

Coding: Using ATLAS.ti, the first order of codes was created by using descriptive coding (Saldaña, 2013) which consists of summarizing a passage of the interview with a descriptor. Template analysis, a flexible coding procedure (Brooks, McCluskey, Turley, and King, 2015; Wang and Brennan, 2014), also was used because some codes were defined a priori while others emerge from repeated readings of the interview transcripts (Corsaro and Snehota, 2010). Fifty-three descriptors constituted the code book and the second order of codes involved the creation of thirteen categories from which thirty-nine descriptors and nine categories were relevant to this study and subsequently used for this article (three threat components and six consideration factors presented in Appendix A). Focused coding (Charmaz, 2006) consisted of assembling the descriptive codes by returning to the literature. Categories emerged from several careful readings of the transcripts and established links between codes. This data structuring procedure (Gioia, Corley, and Hamilton, 2012), developed confidence and trust in the analytical process.

To further categorize data emerging from the interview transcript, the study employed a three-step process which included rules that were tested, adjusted, and validated, through face validity, in an effort to prudently analyze the data without extrapolating the participant's meaning. The first step assessed whether or not a specific DUT criterion was present during the conversation. If the criterion was absent it was coded as a "x". As the second step, each identified criterion was coded as a plus (+) when subjects conveyed its positive influence in decision making and as a minus (-) when they explicitly conveyed the criterion was not a factor. For instance, Mark's statement of *"No, we don't really look at our competition"* was coded as a minus (-) for Mimetic Isomorphism. The third step characterized strong participant emphasis of the criteria as a consideration factor either with a double plus (+ +) or double minus (- -) using pre-defined rules including the observation of strong physical reactions like banging a fist on the table, using expletives or shocking mental imagery to describe situations, and repeating points to emphasize its importance (or lack thereof). An example of a double plus (+ +) is William's assertion *"What is important is how much remains in your pocket. Nothing else!"*.

Special precautions were taken during data analysis as one of the researchers was a Vice President who experienced DUT during his career. This "shared experience position" offers the benefits of "understanding implied content" (Berger, 2015, p.223) which gives more depth to the interpretation of the data. However, this position also creates the risk of making assumptions (Drake, 2010). To avoid the pitfall of this methodological stance, another researcher acted as a devil's advocate and practiced "intentional skepticism" (Schouten and McAlexander, 1995) during each stage of the research process to ensure the quality of the data collection and analysis.

The methodology was employed to answer the three research questions whose results are presented in the following section.

Findings

In this section, we present how the participants perceive the threat objectives and the threat manifestations. Then we present the cognitive criteria used by the suppliers when deciding whether or not to comply when exposed to threats. Finally, we unveil the role of emotions in this decision process.

Patterns and commonalities that emerge from B2B threats: components and categories

The first research question analyzed threats to discover commonalities and identify patterns. One observed pattern is that most threats can be considered conditional "if-then" statements. For instance, IF you don't lower your prices, THEN we'll take our business elsewhere. It also became apparent that each threat could be broken into three separate components: objectives, penalties, and manifestations. The threat's *objective* represents what the customer wishes to obtain. The threat's *penalty* represents the consequence that the supplier will incur if the threat were executed. Threat *manifestation* taints the manner in which the threat is formulated and communicated.

Threat Objectives

Aside from the common price reduction objective, numerous other threat objectives emerged from the interviews, as shown in Table 2. The customer can demand confidential information, such as the total disclosure of breakdown costs or financial reports from private corporations. The customer can try to appropriate the supplier's intellectual property that was used during the contract or demand confidential information, such as the total disclosure of breakdown costs or financial reports from private corporations. Interviews also revealed that the customer can go as far as to breach a contract, and even request a personal advantage from the supplier, such as a bribe. Lastly, the customer can increase the technical norms or modify the delivery terms or the payment terms.

Table 2: Selected Examples of Threat Objectives

Objectives	Illustrative Quote
Demanding Price Reductions	*Listen. We've been working together for two years, but the other supplier has come to me with a proposal that's 50% less.* -Patricia (quoting the customer)
Appropriating Intellectual Property	*Every client tells you that everything that we produce becomes their intellectual property and that it cannot be used for another customer. Intellectual Property! I will never give it up. Never, ever, ever!* -Jeremy
Procuring Financial Statements	*- Give us your financial statements for the last three years. (Customer).* *- Just a moment. This is not public information. We are a private company. It is not our policy [to provide our financial statements to customers].* - Phil (re-enacting a conversation with a customer)
Receiving a Bribe	*I need winter tires for my car or you are not getting the order.* - Mark (quoting a customer)
Increasing Technical Requirements	*Because, by increasing the requirements, they force us to increase the norms (…) but sometimes, it can be ridiculous what they are asking for… not ridiculous but useless. But, they still ask to raise the bar.* - Oscar
Accessing a Cost Breakdown	*They prepared a spreadsheet and on that spreadsheet what they are asking us to do is to itemize each nail, each screw each piece of wood. This means that the spreadsheet is more detailed than what we currently do for our daily operations.* - Martin
Modifying Delivery Terms	*"Either you ship these goods to me by air or I'm not repeating my order of these goods with you anymore".* - Mark (quoting the customer)
Modifying Payment Terms	*This customer knew from the start what he wanted: to do the contract under bartering terms. So not long after we started, he says: "I have financial problems and I cannot do the second payment. Can we barter?"* - Julie

Threat Penalties

In all observed cases, the penalty was always harmful and took the form of the supplier losing the customer's business as illustrated by the following quotes:

"*They ask us to open our books and if we don't open them, we lose (the customer's business)*." Martin

"Can you achieve these savings or do we give these parts to someone else?" Richard quoting the customer.

"Well, I don't care, either you ship these goods to me by air or I'm not rebuying these goods with you anymore". Mark quoting the customer.

Threats' Manifestations

Through analysis of supplier comments about their decision-making process, threats were not described uniformly and can actually manifest in various ways. Table 3 presents a matrix of how threats may be categorized according to their level of ambiguity, predictability, and candor based on the analysis of interview data. As a by-product of the initial categorization, a corresponding dichotomy emerged to sub-categorize each of the three levels.

Ambiguous threat manifestations are identified within an explicit or implicit dichotomy. An Explicit Manifestation is when the customer makes sure that the supplier understands the consequences of non-compliance to the threat. An Implicit Manifestation is when the supplier is supposed to recognize the hidden cues of the consequences of not complying to the threat. In an illustrative quote, Jeremy presents an explicit request where the customer stated the threat in no uncertain terms in comparison to Oscar who felt threatened even though the customer did not voice the threat specifically.

Predictability is the second threat manifestation category. When the relationship climate deteriorates, the supplier can anticipate that the customer will use its power to obtain the desired gain, or in other words, will use a threat. An Expected Threat manifestation is when the supplier has received previous warning signals that the customer will be forcing compliance. However, some threats are not so predictable and can appear without forewarning even if the relationship quality is perceived as good. Unexpected Threat Manifestations are presented suddenly to the supplier as shown by Martin's surprised reaction in Table 3.

The last category involves the degree of Candor used in delivering a threat. Forthright Threat Manifestations occur when a customer is direct, and outspoken about their demand, such as was the case with Richard's customer. As the other end of the spectrum is the Surreptitious Manifestation which is not necessarily verbalized and differs from what can be called a regular threat, per se, because the customer implements the threat's objective without first discussing it. The customer takes for granted that the supplier has no choice in the matter and takes the decision for the supplier, perhaps in a secretive or dishonest manner.

Table 3. Exploratory Inventory of Threat Manifestations

Category of Threat Manifestations	**Dichotomy of Supplier Perceptions to Customer Threats**	
Ambiguity	**Explicit Threat Manifestation** *If you do not add the services that I am asking for; you will not get the job.* Jeremy quoting a customer	**Implicit Threat Manifestation** *It wasn't said in a constrained form "You have to put it in place or we won't do business with you" but there was still this little pressure. We could feel it*. Oscar
Predictability	**Expected Threat Manifestation** *It is almost a repeat story. We could do a cut and paste of my previous email and that would do the job. This is not destabilizing*. Carol	**Unexpected Threat Manifestation** *Why they changed that <u>overnight</u> and attempted to control our costs, I just don't get it.* Martin
Candor	**Forthright Threat Manifestation** *Are you able to meet these savings or do we give the parts (to manufacture) to someone else?* Richard quoting a customer	**Surreptitious Threat Manifestation** *We just didn't have a choice. We didn't even speak about it. It was just slowly introduced.* Martin

Decision criteria that apply when evaluating adaptation under threat

The second research question explores how cognitive criteria are considered when a threatened supplier is deciding whether to comply with a customer demand. We examine and present each isolated cognitive criterion in this section.

Dependence

Dependence was an important criterion for the majority of participants. They evaluated dependence based on the amount of sales a specific customer contributed to the supplier's overall annual revenues. Even though each participant had varying thresholds, generally speaking the higher the percentage, the higher the dependence.

> *"When a customer represents 30 or 40% of annual revenue, it now exerts a right of life or death (...). You know, the power is extraordinary. People don't realize that."* William

When a supplier has fewer alternatives, it increases dependence. Conversely, having more customers or prospects, means that suppliers are less willing to comply.

> *"When you are busy, and you have contracts coming in, and you know that you have money coming in, you are maybe a little bit less flexible than when you have fewer contracts."* Mary

Using actual sales or alternatives as a measure of dependence is too restrictive to include all the subtleties with which participants evaluated their position. In his long description of events, James talked about a customer's "nationwide" coverage and the huge additional sales potential it represents for his company. Potential sales is also a method to evaluate a supplier's dependence as is the fit between the customer and the supplier's target segment. Oscar explained that gauging the value of an account signifies to simultaneously decide whether to continue to pursue a market segment.

> *"We get to the point where we ask ourselves: "Is it worth it to continue in (the) primary packaging (market segment) [...] if it represents less than 1% of our sales?"*

Cost-benefit analysis

For some participants cost-benefit analysis is prioritized over dependence. Richard adamantly refused to comply with a customer's threat about a price decrease. He indicated that he would have made the same decision even if that customer represented a quarter of his annual sales. Likewise, Jeremy also rejected a threat to provide a $80,000 product replacement to his largest customer who represented 20% of his sales volume because the transaction did not make financial sense. As such, the study's findings lend support to previous research that cost-benefit analysis is an important consideration during adaptation. For example, the proportion of a supplier's total profit that a customer represents is taken into account by Mark, who was very adamant about how profit will determine his reaction when exposed to a threat.

> *"If you are not making any money you are not going to take the abuse. If you are making a lot of money you will take more abuse."*

Benefits can include gaining a superior strategic positioning that could eventually lead to additional sales with other customers, as William explained:

> *"It is always the same question. What will it cost you for the modification and what will you gain? Is it a plus or a minus? If it is a minus (...), well you are better off flushing him away. (...) If this modification allows me to position myself ahead of my competitors with my other customers, this is something that I will look into very carefully."*

While this is not a surprising finding, participants revealed that cost-benefit analysis extends beyond traditional monetary perspectives of revenues and expenses. For example, decision makers may consider intangible costs such as a change going against the company's purpose. Claudia was adamantly opposed to comply with a threat she received because changing the company's purpose would put her members' satisfaction at jeopardy and would eventually represent a financial risk for her organization.

> *"So, I told him "Stop coming back with that item. It's non-negotiable". I told him "Stop. We can't do that". We told him straight up "No". It was non-negotiable. It was already part of our agreement and goes against our DNA."*

To further illustrate the role of intangibles, Jeremy's company's reputation represents an asset that has to be protected from harm and is worth more than profits:

> *"My reputation is more important than the benefit that it will bring back. After 23 years, your reputation, you value it. It has been so complex to build (...) that I will not destroy my reputation for $20,000 or $30,000 worth of profit. No way. It isn't worth it."*

Relationship Quality

Sometimes relationship quality was found to counterbalance cost-benefit analysis. If she had a good relationship with a customer, Mary was ready to compromise on price when that customer threatened to give the contract to someone else.

> *"With a customer with whom it is a pleasure to work, it is not just a question of rates. I can be more flexible with that customer than with a more transactional customer."*

William tended to agree as he eagerly dismissed irritating customers who used threats on a regular basis: *"There are customers that give you $100,000, $200,000 and (the deal) ends up being s*** every time. You have to ask yourself: Should I continue?"*

Relationship quality is perceived as a criterion of secondary importance because participants know it to be temporary and subject to various internal or external events. Phil explained that relationship quality is less important today than it was in the past.

> *"The notion that the past is an indication of the future is less and less true because everything can change really fast. People change. Market conditions change. Situations change. We see it with our large customers, you know, mergers, acquisitions, ownership changes. Personnel change that brings a new dynamic. I have a customer with whom it was always clear sailing, it was always: "We will support you. You will support us for certain things", and then: "Listen. I would like to, but our policies have changed. My boss has changed. The structure has changed. Internal policies have changed.""*

Richard further explained that relationship quality can change on a whim. He related a story of when a customer, while under the pressure from upper management, used threats to get him to comply:

> *"It could be a customer with whom you regularly meet, with whom you have a good relationship, with whom you believe that these kinds of things could not happen, but if his management tells him:*
>
> *- "You have a mandate. You need to get 10% savings."*
>
> *- "But I just signed" (says the buyer to its manager)*

> *"I did not ask you when you signed. You have to get it. It is your mandate"." (replies the manager to the buyer)*

Analysis of relationship quality demonstrates a moderate influence in the supplier's decision process. Although important for some participants, the temporary nature of relationship quality diminishes its impact for others.

Relational Norms Violation

When a customer requires financial statements from a private company or when they want to appropriate intellectual property, the supplier can consider that it violates relational norms. The supplier generally won't comply, as exhibited by several participants:

> *"We will keep the rights on our ideas, on our potential. That was the last straw that broke the camel's back in this case." James*

> *"We have a customer that gives us maybe a million and a half, two million of sales per year and he asked us to open our books or we would lose the entire volume. So, we took a chance. We said: "No, we are not going into this pattern." We just hope that they will continue to buy from us." Martin*

> *"And then I said: "Just a moment. This is not public information. We are a private company. (...) It is not a matter of confidentiality. I am not worried. I know that you will not communicate it to anyone. It's just that we do not share (that information)." Phil*

Mimetic Isomorphism

The majority of participants alluded to mimetic isomorphism as an important factor in the decision to comply to a threat, as explained by James: "*(We didn't do it because) We thought that the other (competitors) would do a bit like us (and) would wait a while"*.

In certain industries, the customer knows how important a role mimetic isomorphism can play and will use the competitor's willingness to adapt as a reason to pressure the supplier. Martin explained that he has no choice when the customer says: *"If you don't want to do it, someone else will, at the same price"*.

Other customers will lie to get suppliers to adapt. Phil reported that one of his customers stated: *"All my suppliers have accepted that."* When Phil confronted those suppliers, some responded that it wasn't true.

The decision to imitate a competitor can sometimes be a consequence of the dependence or cost-benefit analysis criteria. Oscar felt forced to imitate a competitor because of dependence: *"When competitors accept the requirements, we don't have much wiggle room. We have to accept it or disappear."* In comparison, Mark's decision didn't consider competition as much as cost-benefit analysis:

> *"At the end of the day, if it's just not profitable for us, we just won't do it. Whatever request that the buyers or the retailers have, it's strictly based on our decision and not on what the competition is going to do."*

Additional factors that have a role in DUT: emotions

The third research question explores if other factors have a role in the DUT process. Through the observation of participant reactions during the interviews, emotions elicited by threats were prominent in almost every threat narrative. The presence of emotions in the decision-making process is multifaceted, as the participants chose many different words to identify negative emotions under threat: angry, disappointed, infuriated, insulted, irritated, disgusted, stressed, surprised, frustrated, sad, scared, worked up and worried. Emotions surfaced when the supplier was confronted with the possibility of losing the customer. Patricia candidly admitted that she can lose sleep over similar situations:

> *"Am I angry sometimes? Well, yes! Does it keep me up at night sometimes? Absolutely! (...) So, yes it infuriates me. Yes, yes, yes, I get worked up (...) If there were no emotions, I think we would be robots (...). We are happy when we gain a customer. We are sad when we lose one. We are disappointed. We are angry."*

Phil explained that when the decision maker is surprised by the threat, the emotion is at its peak and it declines progressively the next time a similar threat is made:

> *"The emotion... the first time...oops! It throws you off. You find a solution; you find an approach. The second time, you refine your approach. But the 150th time that you have to face a customer who sends you an extreme request, you are not surprised. You know it before you receive the threat."*

Some decision makers admitted right away that emotions played a role in their decision process but emphasized the importance of emotional control. If emotions take over, several participants indicated that the decision would be biased and that the outcome could be worse.

> *"When I make a decision, it is often when I'm able to come out of the emotional context and look mostly at the facts. When an emotionally-filled decision has taken place, the results are not really good for me, nor for my firm."* Mary

> *"For us, it is always super-important to defuse and to accept the requests even if they can be perceived as aggressive. When a customer happens to become a little bit more demanding or harsher, we call that a "well-well." For us, the reflex that we are trying to develop, instead of feeling attacked, is to say to ourselves internally: "Well-well, a new request"."* Richard

> *"When we become emotional as a team we say: "Oh boy! We are emotional here. We are angry because of that customer.", and the first thing to avoid is emotions. So, we work very hard on this, but it is not always easy."* Carol

Although some participants believed that they must control the intensity of their emotions before making a decision, others recognized that emotions can be helpful.

> *"I believe that (emotions) are useful. They allow me to understand. They help me to organize facts and to make a decision."* Mary

During the interviews, the researchers observed emotions through non-verbal signs that the participants physically demonstrated. These included, participants banging their fists on the table; the tone of their voice (close to shouting); or their choice of words, as in the three interview extracts below which show how emotions can subsist long after the actual threat.

> *"When a "necktie" from Chicago landed here and said: "Your transportation costs are too expensive. I will send you a consultant and we will solve it and then it is going to reduce my costs." It is a lack of respect! This means that you do not trust my abilities! If you do not trust my abilities well… pffft!!!"* James (while shouting)

When William was asked how he felt when the customer told him that he had to repair a mistake or else it would be the last contract that he would get he answered: "*You feel like slugging him! You feel like killing him! You feel like calling him an a**hole!"* When Patricia was asked if emotions subsided at some point after the customer used a threat she *answered*: *"We end up putting them (emotions) out of the way, but we never forget them."*

Not everybody experienced emotions the same way as some of the participants' personality moderated emotions during the decision-making process. According to many participants as observed during the interviews, some personalities are more prone to negative emotions than others.

> *"The emotion is always conditional to who you are in reality (…) because emotions fit with your education and your values. Therefore, you react in accordance with who you are."* Donald

> *"It is often emotions that originate from your personal style, your values. When I talk about emotions, it is your education, your career path, flashbacks from the past. There are a lot of things that contribute to being emotional."* Carol

Interestingly, even though emotions were clearly present and resurfaced during the narratives, when asked about them, almost half the participants mentioned the importance of containing their negative emotions in order to make the best decision for all involved. This was the case even for participants that recognized that emotions could sometimes help in interpreting events.

Collective presence of consideration factors: cognitive criteria and emotions

Table 4 indicates the presence and strength of factors, as well as the additional influence of emotions as identified through the interviews, in each participant's decision to comply. The data confirms that DUT criteria are similar to the ones that pertain to general buyer-seller adaptation, although they vary greatly in valence between participants. The data in Table 4 also demonstrates that criteria can be considered collectively.

Table 4: Consideration Factors During Decision-Making Under Threat

	Cognitive criteria					
	Dependence	**Cost-Benefit Analysis**	**Relationship Quality**	**Relational Norm Violations**	**Mimetic Isomorphism**	**Negative Emotions**
Donald	+ +	+ +	+ +	+ +	+	+
Martin	+ +	+	+ +	+	+ +	x
Mary	+	+	+	+	+ +	-
James	+	+ +	+	+	+	-
Linda	+ +	+	+	+	+	x
Mark	+ +	+ +	+ +	+ +	-	+ +
William	+ +	+ +	+ +	+	-	x
Patricia	-	+ +	+ +	+ +	+	-
Julie	-	+	+	+	+	x
Oscar	+ +	+ +	+	x	+ +	x
Carol	+	+	+	x	+	-
Jeremy	-	+ +	+	+ +	-	+ +
Phil	+ +	+ +	-	x	+	-
Richard	-	+	+ +	x	+ +	-
Claudia	+ +	+	x	+ +	x	-
Solange	+ +	+	x	x	+	-
Frank	x	-	x	x	+	x
SUM - -	0	0	0	0	0	0
SUM -	4	1	1	0	3	8
SUM x	1	0	3	6	1	6
SUM +	3	8	7	6	9	1
SUM + +	9	8	6	5	4	2

\- - Adamant there was no influence
\- No influence
X Unobserved
\+ Influence
\+ + Emphasized the influence

Table 4 presents the ranked criterion that have attained the most plusses (+ +) from left to right. Dependence is the criterion for which most people emphasized its influence, followed by cost-benefit analysis, relationship quality, relational norms violation, and finally mimetic isomorphism. However, if the criteria were listed by how many people believe that a criterion has an influence regardless of how much they emphasized it (having either a + or a + +), then the ranking would be quite different. Cost-benefit analysis would now be the most important criteria, followed by relationship quality, mimetic isomorphism, dependence (ranked first in the previous ranking), and lastly relational norms violation. No matter how the rankings are ordered, all five criteria appear to have some level of presence in DUT situations.

It is interesting to note that dependence would actually be ranked last among cognitive criteria if the ranking were based on the number of people who stated that the criterion does not influence their decision. Dependence plays a peculiar role. It is the criterion for which most people emphasized its influence while simultaneously being the one for which most people said that it has no influence on their decision. The relational norm violations criterion is also unique by being the only one where no participant mentioned that it does not have an influence. Lastly, no participant was adamant about the lack of influence for any given criterion (double minus). Although several participants expressed strong emotions when recalling their DUT process, very few admitted that they played a factor in their decision to comply. As such, emotion is the least influential criterion based on our findings.

Table 4 is also vertically ranked from the participant (Donald) that expressed the most criteria down to the participant (Frank) that expressed the fewest. In fact, when entering a new market, Frank's only criterion was based on what his competitors were doing - whatever the short-term cost. Depending on the participant, a criterion can be seen to either have or not to have an influence. For example, Phil expressed that relationship quality does not play a role in his DUT whereas Patricia emphasized its influential role.

Discussion and Conclusion

The overall objective of this research was to gain an improved understanding of a supplier's Decision-Making Under Threat. Threats appear as three components: objectives, penalties, and manifestations. Some of the eight threat objectives identified have been discussed in the influence strategy literature. For example, (Giampietro and Emiliani, 2007) found that the primary objective of reverse auctions, a coercive strategy, was to obtain reduced prices. Bribery has also been discussed in the literature as a promise of receiving a gift to obtain a benefit (Frazier and Summers, 1984; Tähtinen and Vaaland, 2006) instead of a threat. To our knowledge, the other threat objectives discussed in the findings section have not been discussed before in the literature. Regarding the penalty, our participants' answers are in line with Leonidou's (2005) research on coercive influence that states that "the most common strategy was the threat to deal with another supplier if the existing supplier did not comply with the customer's requests" (p. 38). Finally threat manifestations provide a new perspective into understanding the supplier's perception of the threat.

DUT Cognitive Criteria

The results confirm that the same cognitive criteria that apply to general buyer-seller adaptation, namely dependence, cost-benefit analysis, relationship quality, relational norm violation, and mimetic isomorphism are present collectively during Decision-Making Under Threat. Interestingly, they exist at different levels depending on the participant.

The first two cognitive criteria, dependence and cost-benefit analysis, were given stronger valence than the three others. When examining their customer relationships, the participants did not only consider sales and alternatives but also the customer's future strategic value which broadens the traditional view of dependence.

Similarly, the participants expressed views in accordance with previous research in which some authors believe that cost-benefit is not only monetary but should include intangible factors. An intangible cost could be a critical cultural or mindset change, which affects the essence of what managers often characterize as their company DNA (Ulaga and Reinartz, 2011; Wiersema, 2013).

Suppliers reflected naturally upon the quality of the relationship as this criterion has been identified as a contributing factor to adaptation. If it had been good, the threat could be interpreted simply as a bump in the road, and the supplier will forget the coercive strategy and focus more on the nature of the demand. Participants, however, caution against the quality of the relationship "mirage" as B2B relationships can transform very quickly, due, for example, to change in personnel or ownership. Indeed, Kiyak et al. (2001) observed that a firm could use threats even if it desires to maintain close relationships with its partners.

Interviews revealed how threats could violate relational norms and endanger the relationship. Relational norms help each party to anticipate the behavior of their partners by governing them (Heide and John, 1992). The participants can end a relationship when the customer acts against the standard business norms or the existing relational norms by wanting to appropriate intellectual property or to obtain confidential financial statements.

If all of the supplier's competitors adapt to the buyer's request, then the supplier will feel more pressure to comply as the customer could switch its business to the competitors that have complied (Hsu et al., 2013; Tingling and Parent, 2002). Some decision makers refuse to have their behavior dictated by competitors and instead chose their own path. As the findings demonstrate, mimetic isomorphism does not suit every situation, nor every decision maker.

Previous research that studied the decision process involved in determining whether or not to adapt to a customer's demand focused on a maximum of three criteria. For example, Hausman and Stock (2003) examined the influence of dependence and two components of relationship quality, namely trust and commitment. In another study, Mukherji and Francis (2008) identified dependence and joint action as positive influencers of adaptation. Managerial orientation, company size and the age of the relationship were analyzed by Brennan and Turnbull (1997) as possible antecedents of adaptation. One study on the acceptance of power included cost/benefit analysis, dependence and trust (Low and Lee, 2016). Building on this body of work focusing on a few select criteria, this study demonstrates that a majority of participants consider more than three cognitive criteria when evaluating a threat, which is a prerequisite step towards adaptation. This study contributes to previous research by considering the complexity of the adaptation decision process.

The role of emotions

The participants provided great insight on the less researched role of emotions in decision-making. Emotions were extremely varied and differed from one participant to the other. Decision makers generally deemed important to control emotions even if they found them useful in enabling them to understand the situation, organize facts, and to make a final decision. Based on how some participants viscerally reacted when recalling the threats they received, it was obvious that negative emotions can subsist for years and suddenly resurface. According to our participants, emotions can be experienced very differently depending on the decision makers' personality. Relationships are important and an integral component of successful B2B marketing (Ashnai, Smirnova, Henneberg, and Naudé, 2019; Hughes and Vafeas, 2019; Yu and Pysarchik, 2018) and can become challenging to maintain in a dynamic environment (Gesell, Glas and Essig, 2018). There is very little research on the influence of emotions in business relationships in general (Tähtinen & Blois, 2011) even if emotions do indeed have an essential role to play in decision-making (Lerner, Li, Valdesolo, & Kassam, 2015). Affective factors, such as emotions, ought to be included with cognitive factors in a decision-making framework "to truly understand organizational buying decisions" (Eggert and Ulaga, 2002, p.115) and selling decisions. Our research identifies emotions as a contributing factor during DUT.

Even though some authors advise against contaminating the decision process with emotions (Elaydi, 2006; Howard, 2012; Simon, 1987), others observed that positive and negative emotions can play a valuable role in the process, depending on the nature of the decision task (George, 2000; Li, Ashkanasy, and Ahlstrom, 2014). Emotions are context-dependent and are felt differently from one individual to the other (Elfenbein, 2007). More empirical research is needed to establish relationships between emotion and the use of a coercive strategy in buyer-seller relationships. Some research has looked into adjoining constructs such as unfairness and opportunism. For example, a supplier confronted with a threat can perceive this as unfair and will elicit negative emotions (Samaha, Palmatier, and Dant, 2011). The same emotional reaction is observed if the threat is being perceived as opportunism (Kang and Jindal, 2015) or as a significant event (Tähtinen and Blois, 2011). In a systematic literature review, Bourguignon and Boeck (2017) had underlined the lack of research on the role of emotions in organizational decision-making, despite the growing popularity of research on the role of emotions in decision-making in general (Lerner et al., 2015).

The data provides ground for the necessity to integrate threat and adaptation into a framework to facilitate the understanding of decision making as illustrated in Figure 1.

Figure 1: Proposed Framework of Decision-Making Under Threat

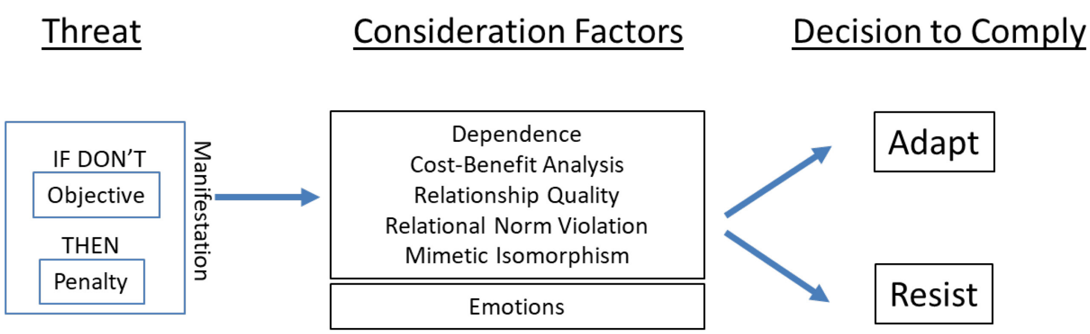

Figure 1 represents an illustration of DUT as we understand it based on the findings from this research. It shows that the decision-maker confronted with a threat will consider a mix of five different cognitive criteria. We posit that negative emotions are not a criterion, per se, but an influencing factor, as a moderating variable perhaps, as to how the supplier will accept or reject the threat. The proposed framework is a major step forward to assemble the disjointed, however important, research that was done so far on influence strategies and adaptation.

Theoretical Contributions

This study provides many theoretical contributions by merging two streams of research in relational marketing. The first stream of research concerns influence strategies (Boyle, Dwyer, Robicheaux, and Simpson, 1992; Chu, Chang, and Huang, 2012; Frazier and Rody, 1991; Frazier and Summers, 1984, 1986; Payan and McFarland, 2005), where the use of threat is utilized to gain compliance. This research contributes to this body of knowledge, by identifying the three components of a threat, and then by filling a gap as no prior research provided a categorization of threats in a buyer-seller relationship. Manifestations represent how threats are expressed and categorized under the three dimensions of predictability, ambiguity, and candor. Objectives represent the purpose of the threat, such as when the customer aims to breach a contract, to appropriate intellectual property, to obtain financial information/data, to receive a price reduction, or even to propose a bribe. In this study, the penalty was represented by the supplier losing the customer.

The second stream of research in which our paper contributes is the decision process prior to adaptation (Boeck, Bendavid, Lefebvre, and Lefebvre, 2006; Brennan et al., 2003; Canning and Hanmer-Lloyd, 2002; Hagberg-Andersson, 2006; Nyaga et al., 2013). In its simplest form, formalized decision making necessary for strategic adaptations (Brennan and Turnbull, 1999) is choosing amongst alternatives after collecting and evaluating as much information as possible centered around cognitive criteria. A decision-maker will seldom choose an alternative while considering only one criterion. Therefore, decision making under the presence of threat is a multi-criteria analysis process. By focusing only on one or two cognitive criteria, past research has presented an incomplete picture of the decision process under the influence of threats.

Threats trigger a perception of unfairness that can anger a supplier (Ganesan, 1994). Excluding emotions from the decision process would be contrary to what has been learned from neuroscience (Bechara, Damasio, and Damasio, 2000). Emotions generally influence decision-making (Lerner et al., 2015) and are central to “marketing exchanges and relationships” (Bagozzi, Gopinath, and Nyer, 1999). Because research on the role of emotions in a buyer-supplier relationship is just at its emerging phase (Locander, Mulki, and Weinberg, 2014) our study contributes to understanding the role of emotions in decision making under threat.

The research confirms three important findings regarding emotions. First, threat elicit negative emotions (Kang & Jindal, 2015; Samaha et al., 2011; Tähtinen & Blois, 2011). Second, our findings supports others that emotions play an important role in decision-making (Eggert & Ulaga, 2002; Lerner et al., 2015). We also confirm (Elfenbein findings (2007) that individuals experience emotions differently and that they are context dependent.

Managerial Implications

Despite academic research recommending not to use threats, customers continue to use this coercive strategy to force their suppliers to, for example, reduce their prices or to improve their delivery schedule. But threats elicit emotions and should rarely be used and if so, done with care.

Suppliers should avoid placing themselves in a dependence situation which could invite customers to use coercive strategies such as threat. Also, when performing a cost-benefit analysis, only focusing on the financial impact of the adaptation might be short-sighted. A supplier should consider the intangible aspects, for example, reputation damages or organizational culture change. Furthermore, decision makers can systematize their decision process by taking into account every criterion identified in this research study before making a decision. Using the proposed framework will equip decision makers to avoid decision shortcuts. Finally, despite years of research on the topic, the role of emotions in organizational decision-making is not always recognized openly by managers; most will admit to their presence but not their influence. One of our participants mentioned how his team was trained in emotional regulation to avoid being overpowered by negative emotions when being confronted with a threat from a customer. We suggest as Siadou-Martin, Vidal, Poujol, and Tanner, (2017) that managers consider training their front-end employees in emotional regulation.

Limitations and Future Research

The research revealed that DUT was complex because multiple criteria are considered. Future research could explore which criteria are stronger and if they are considered in a certain order. The results show that participants differ in the importance they give to each criterion but the research does not explain why. It would also be important to understand if the context, the industry or the personality of the decision maker has an influence on the importance of each criterion. All are possible interesting avenues to explore that would be required to advance understanding of the topic.

The results of this research must be considered from the narrow perspective of the decision to comply under threat. Therefore, it cannot be generalized to supplier’s decision process under non-coercive influence strategies, such as requests or recommendations (Frazier and Summers, 1984).

Because coercive strategies do not occur often in specific dyads, our research relies on retrospective accounts of buyer/seller interactions. Retrospective accounts are prone to biases and can present a distorted portrait of what really happened. Although collecting real-time decision-process data would be quite a challenge, it would be useful to capture the immediate reactions from participant or non-participant observations, as the decision-making process unfolds. This method would help to capture more elements of the phenomenon. However, the strength of the coercive strategy cannot always be assessed in the moment and sometimes needs time and distance to be clearly identified as a threat.

Qualitative studies with samples varying between 15 to 30 subjects are considered to be acceptable (B. Marshall, Cardon, Poddar, and Fontenot, 2013; M. N. Marshall, 1996) since sample size may have negligible relevance on principles of validity (Crouch and McKenzie, 2006). Even though the sampling method provided industry diversity, a larger sample could identify differences and similarities between economic sectors and cultures.

When recruiting participants for this research, it was noticed that not every company reported receiving threats from their customers. One decision maker declined to participate because of his claim that proprietary technology made his company immune to customer threats “for now”. Other decision makers who declined our invitation mentioned that they believed they were immune to coercive pressures for unknown reasons. Based on our interviews, our intuition would lead us to believe that the industry might play a role and should be explored among other variables to understand why a company becomes an “ideal” target for threats.

As compared to the other criteria explored in this study, relational norm violations were peculiar as it received the least endorsements as a cognitive criterion and was by far the most ignored criterion during the interviews while simultaneously being the only criterion where no participant confirmed that it was not a cognitive criterion. We propose that future research explores why relational norm violations received such little attention from the participants despite being a significant criterion. Additionally, a quantitative study could also measure the importance of each factor. It would also be interesting to measure a possible moderating effect of emotions on the five cognitive criteria.

This study has not considered the interacting effects between cognitive criteria. For example, Hibbard, Kumar, and Stern (2001) found that dependence had a positive effect on relationship quality. These interactions should be looked at in more detail in future research.

Our findings represent a one-sided view from the organization that is targeted by the threat. The customer’s perspective has been ignored and would surely have provided a different light on coercive strategies. The customer’s reaction to a noncompliant supplier could provide much needed comprehension of the whole process from both sides of the equation. The research has not explored if one type of threat was better than another or whether different threat manifestations elicited fewer or different emotional responses. We encourage other researchers to look into this.

Finally, a longitudinal study would provide more insight into the decision process and how the effect of a coercive strategy evolves through time. This future research proposition originates from the narrative of a participant who lost a customer after deciding not to adapt, but who five years later engaged in negotiations to explore how the relationship could be mended.

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Appendix A: Occurrences of Descriptors

Descriptors	Number of Participants	Occurrences (Descriptor)	Categories	Occurrences (Category)
Demanding Price Reductions	9	16	Threat Objectives	41
Appropriating Intellectual Property	2	4		
Procuring Financial Statements	2	2		
Receiving a Bribe	4	6		
Increasing Technical Requirements	4	6		
Accessing a Cost Breakdown	2	4		
Delivery Conditions	1	1		
Payment Terms	2	2		
Losing the Customer's Business	11	21	Threat Penalties	21
Explicit	9	15	Threat Manifestations	52
Implicit	11	17		
Expected	2	2		
Unexpected	2	2		
Forthright	5	10		
Surreptitious	4	6		
Supplier's Dependence	8	13	Dependence	140
Power	8	22		
Customer's Size	9	44		
Relative Importance of the Customer's Sales	10	27		
Idiosyncratic Investments	4	11		
Supplier's Alternatives	7	23		

Resources Availability	5	11	Cost-Benefit Analysis	74
Future Idiosyncratic Investments	2	3		
Cost-Benefit	15	60		
Relationship Antecedents	8	23	Relationship Quality	115
Actual Relationship Quality	13	42		
Evolution of the Relationship	3	8		
Client Expectation	4	17		
Buyer's Personality	9	19		
Customer's Company Culture	2	6		
Brand	6	15	Relational Norms Violations	36
Ethic Violations	3	9		
Supplier's Values	2	12		
Competitor's Behavior	6	16	Mimetic Isomorphism	28
Isomorphism	8	12		
Emotions	7	29	Negative Emotions	108
Emotional Control	8	36		
Sudden Emotion	12	35		
Subsiding Emotions	5	8		

Implications for Business Marketing Practice

Once salespeople establish a good relationship with a customer, they expect this collaborative climate to persist for a very long time. However, market conditions change quickly and customers can find themselves in a position where the contractual obligations with suppliers are no longer adequate for the new reality. To illustrate, if a customer undergoes pressure to reduce prices or improve delivery lead-times it will begin to expect similar adjustments from its suppliers. When customers face resistance during renegotiations, they can resort to hard coercive strategies in the form of a threat.

Receiving a threat from a customer occurs more often than commonly believed. Since so little is known about the decision-making process under threat (DUT) of the targeted supplier, a common phenomenon, it is important to better understand it. Our findings provide new insights about decision-making and we suggest recommendations for marketing managers to consider for these tricky situations.

How can managers prepare for these demands?

By setting up a monitoring system of the customer's environment, managers could anticipate future customer needs and potentially predict a customer's potential use of a threat. These systems provide a mechanism for training employees to recognize a threat because they can sometimes be hard to detect due to their ambiguous and/or surreptitious nature. If an employee or a salesperson does not recognize that the customer is about to change suppliers if its company does not respond favorably to a demand, the supplier risks losing this customer. Salespeople must learn to be extraordinarily attentive listeners and astute observers in order to sense changes and then share that information with their peers and with management.

Other employees at the salesperson's organization, such as customer service representatives, accountants, and engineers, need to be cognizant about changes in customer dynamics, within their own specialty, and relay that information back to the salesperson and managers. For instance, assume that the credit rating of a customer has been downgraded, which is important information likely to be noticed first by an accountant. The employee with financial responsibility should be trained to recognize these “red flags” and alert other managers within the organization. In this scenario, a decrease in credit might imply that the the customer is a target for a merger or acquisition, which clearly impacts the mid-or long-term relationship with the supplier. With these major changes in the relationship dynamics, the new team in place, without a stable relationship, might feel tempted to use threats to motivate the supplier.

With the appropriate information systems, managers could also identify the existence of industry patterns. For example, large customers often include in their terms that they will own any intellectual property from the collaboration with the supplier. In many industries, large customers also require a cost breakdown along with a price list. The adoption of these processes in an industry might have started with a threat. Therefore a threat might be a signal that an industry is about to standardize terms for the entire supplier base.

First time experiences with decision-making under threat (DUT)

Our research uncovered the undermining effect of a threat on most participants especially when exposed to it for the first time. When threats start appearing more often, suppliers become almost immune to the strategy or, at the least, they consider it as a negotiation tactic. When a customer uses a threat for the first time, some marketers can see this influence strategy as only a minor incident in a good relationship and might show lenience. One participant remarked that the past is not always a guarantee for the future, especially in an era of mergers and acquisitions or of rapid technological changes. What could prevent a customer from using a threat again, especially if the tactic was successful? What should the supplier consider the next time around when a customer uses a threat?

Before accepting or rejecting any customer's threat, a supplier must evaluate many criteria at once and not only the past quality of the relationship. Managers should consider how dependent they are; if the costs of complying exceed the benefits and if its competitors have agreed to the customer's demand. Findings show that study participants did not give the same importance to every criterion but most did consider more than one during decision-making. This led to several important recommendations for strategically managing situations of decision-making under threat.

Avoid vulnerability

To begin, suppliers should not place themselves in a vulnerable position. If the customer has more power or if the supplier is more dependent, threats can succeed in obtaining the supplier's compliance at least in the short term. Managers should be wary of spreading sales as evenly as possible across a large group of customers; it is more difficult for one customer to obtain supplier compliance through threats when the supplier has more alternatives. Another possible strategy to avoid being cornered in a vulnerable position would be to invest constantly in improving products, services, and processes that benefit customers.

After receiving resistance from a supplier, a customer will sometimes resort to mentioning how other suppliers have already complied. This attempt to influence the supplier, by playing with the concept of peer pressure, can feel like a threat even if not explicitly verbalised as such. A vulnerable supplier would comply more easily if its competitors have already agreed to comply. A supplier with a solid competitive advantage will not let others dictate its own decision.

To comply or not to comply

Many times, when a customer makes a request through a threat, it might represent additional costs to the supplier, in particular, if it increases technical requirements. Managers analyze costs and benefits before making a decision. Some costs are easy to compute such as when a product will cost significantly more to manufacture if the supplier complies with the customer's demand. Other times, costs are more difficult to evaluate. The demand might create a negative impact on the brand image or on the company's culture, and these damages can be hard to overcome. If there were direct benefits for the supplier, the customer would not resort to a strong coercive strategy such as a threat. However, complying has potential to reap unforeseen benefits. For instance, a specific adaptation might become the norm in an industry and the supplier will then enjoy a short-time lead over the competition. Agreeing to a customer demand, even expressed in the form of a threat, could motivate the customer to offer additional opportunities to the supplier. The supplier would then have to consider if expanding the relationship with this customer would paradoxically increase its dependence and therefore its vulnerability to future threats.

Implicit rules of conduct and the role of emotions in DUT situations

Relational norms help to define appropriate behaviors between the customer and the supplier. Threats would not qualify as an appropriate behavior on the receiving end, in our case, the supplier. Instead, suppliers would perceive such a tactic as a relational norm violation, which could elicit emotions like anger. We found a surprising disconnect between managers' thoughts and behaviors about the role of emotions. Some managers do not always recognize that their emotions influence decisions. In our observation of physical expressions when recounting stories about customer threats, some managers indicated that emotions did not play a role, yet their outward expression of physical expressions, such as clenched fists, indeed revealed they were feeling anger.

On the other hand, participants recognized that some personalities are more sensitive to threats than others. Some reported that they had lost sleep after a conflict with a customer that originated from a threat. Even if emotional stress does not often go as far as losing sleep, fear of losing an account for a salesperson is a real emotional consequence of a customer threatening to change suppliers. Anger can also overpower not only the salesperson but also of other employees who have been trying to please the customer for a long-time. These employees are disappointed or mad because the customer does not recognize their past efforts in satisfying them.

Strategies for effective management of emotions in the DUT

Managers should identify and analyze the various personalities on their team to prevent an out-of-control situation that could damage a relationship permanently. One suggestion is for managers to create opportunities for employees to share feelings and experiences at team meetings or informal social events, because talking about the customer's threat helped participants in our study to defuse emotions. Managers should listen to the emotional exchanges and direct employees toward a more factual analysis of the decision. Managers should also control their own emotions during these situations because employees can identify with their leaders. If managers share their emotions too emphatically, it could lead to emotional contagion.

Managers can organize training sessions about emotional control to help team members learn how to recognize emotions and cope with them in a professional and productive manner. Addressing employees’ emotions after a customer’s threat should be taken very seriously as emotions can subside long after the event. Employees’ resentment toward a customer could reduce their efforts in ensuring customer’s satisfaction.

Summary

Not every company will be threatened by their customers. For those who have been or who are in a position to become the target of a DUT in the future, managers must establish conditions to recognize and anticipate threats. Because our participants gave different weights to the many criteria examined before making a decision, managers would benefit from considering all of the criteria when analyzing the consequences of complying or not. Finally, emotions influence the decision process of many and managers should harness the wide range of emotions that could surface in the team after a threat.