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"Hi, it's me again! Listen..."

How perceived supplier proactive customer orientation influences long-term relationship with the customer

Marketing
Master's thesis

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The purpose of this thesis is to explore how customers experience the supplier proactive customer orientation facilitated by value-based selling effort, and how it affects the long-term business relationship with the customer. Research on long-term business relationships is important since there is tough competition for front-line positions in business-to-business markets. To explore connections between value-based selling, perceived supplier proactive customer orientation and commitment to relationship, the conceptual thinking of value-based selling (Terho et al. 2012; 2015) and the examination of proactive customer orientation and its role for creating customer value by Blocker et al. (2011) are applied. The phenomenon is investigated through concepts of value-based selling, proactive customer orientation, perceived supplier value, customer adaptiveness, satisfaction, trust, and loyalty.

The study was conducted as an explanatory survey research among technology industry. The data consists of 42 returned questionnaires collected from the customer contacts of two global technology conglomerates operating in service business. The data was collected electronically in a cross-sectional survey among business-to-business customer contacts in Finland and in US. The research model is based on the concepts, and hypotheses set are empirically tested with quantitative research methods. The data was analysed by using PLS-SEM technique and SmartPLS 3.0 software.

According to the results perceived supplier proactive customer orientation has a positive effect on the level of customer's perception on value and customer's willingness to adapt. Customers are more satisfied and trusting when they are willing to adapt their processes and daily routines. The customer level of trust and satisfaction is significantly increased when the perception on value is high. When customers experience trust towards the supplier, they also are more loyal. Increased loyalty together with trust and satisfaction enables the building of the long-term business relationships.

Keywords: business-to-business marketing, customer loyalty, customer relationship management, proactive customer orientation, sales management, value creation.

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Tutkimuksen tarkoituksena on selvittää, miten asiakkaat kokevat arvomyynnin kautta ilmentyvän toimittajan ennakoivan asiakaslähtöisyyden ja miten se vaikuttaa pitkäikäiseen liikesuhteeseen asiakkaan kanssa. Pitkäikäisten liikesuhteiden tutkimus on tärkeää, sillä b2b-markkinoilla vallitsee kova kilpailu etulinjan asemista. Arvomyynnin, asiakkaan kokeman toimittajan ennakoivan asiakaslähtöisyyden ja suhteeseen sitoutumisen välisten yhteyksien selvittämiseen sovelletaan arvomyynnin käsitteellistä ajattelua (Terho ym. 2012; 2015) sekä Blockerin ym. (2011) tutkimusta ennakoivan asiakaslähtöisyyden vaikutuksista asiakkaan arvon luontiin. Ilmiötä tutkitaan arvomyynnin, ennakoivan asiakaslähtöisyyden, koetun toimittaja-arvon, asiakkaiden sopeutumishalukkuuden, tyytyväisyyden, luottamuksen ja asiakasuskollisuuden käsitteiden avulla.

Tutkimus suoritettiin selittävänä kyselytutkimuksena teknologiateollisuuden alalla. Aineisto koostuu 42 palautetusta kyselylomakkeesta, jotka on kerätty kahden globaalissa palveluliiketoiminnassa operoivan teknologiakonsernin asiakaskontaktien keskuudesta. Poikkileikkaustutkimuksen aineisto kerättiin sähköisesti b2b-asiakaskontakteilta Suomessa ja Yhdysvalloissa. Tutkimusmalli perustuu käsitteisiin ja hypoteesien empiirinen testaus suoritetaan kvantitatiivisilla tutkimusmenetelmillä. Aineisto analysoitiin PLS-SEM-tekniikalla käyttäen SmartPLS 3.0 -ohjelmistoa.

Tulosten mukaan ennakoivalla asiakaslähtöisyydellä on positiivinen vaikutus asiakkaan arvokemukseen ja asiakkaan sopeutumishalukkuuteen. Asiakkaat ovat tyytyväisempiä ja luottavampia, kun he ovat valmiita mukauttamaan prosessejaan ja päivittäisiä rutiinejaan. Asiakkaan luottamuksen ja tyytyväisyyden taso kasvaa merkittävästi, kun käsitys arvosta on korkea. Kun asiakkaat tuntevat luottamusta toimittajaa kohtaan, he ovat myös uskollisempia. Lisääntynyt uskollisuus yhdessä luottamuksen ja tyytyväisyyden kanssa mahdollistaa pitkäikäisten liikesuhteiden rakentumisen.

Avainsanat: asiakasuskollisuus, asiakkuudenhallinta, arvonluonti, b2b-markkinointi, ennakoiva asiakaslähtöisyys, myynninjohtaminen.

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1 Introduction

Competition is fierce in business-to-business (B2B) markets. It is not enough having a brilliant product or cheap price, customers ask more (Ulaga & Eggert 2006, 119). Over the past decades it is recognized that maintaining existing customers is much more profitable than winning new ones (Lindgreen & Wynstra 2005, 735). Globalization, new nature of competition, and demand for improving profitability have also established the need for strategy review for companies to survive since the early 1980's. One way to handle this constantly changing business market environment is to improve company's value competitiveness and build long-term relationships with the customers. By engaging with processes customers consider critical, it is possible for a company to achieve highly profitable and deep customer relationships. (e.g. Anderson & Narus 1999; Michel et al. 2003, 2, 6; Tuli et al. 2007, 13.) To succeed, the company must one way or another find ways to concretize the value created and the potential business impact for the specific customer (Storbacka et al. 1999, 15; Terho et al. 2012, 181). This results in a compelling need for companies to address more customer value -focused selling techniques to differentiate themselves from the market and gain a competitive advantage through long-term relationships (Töytäri & Rajala 2015, 101).

It is generally accepted that customer value is the heart of the B2B marketing discipline. Several studies show that value-based selling is an effective way of gaining competitive advantage in B2B markets. For example, Terho et al. (2015, 17) suggest in their study that "value-based selling is an important driver of salesperson performance in business markets". Salesperson performance can be derived further as actions of purchase. Another study made by Töytäri et al. (2011, 501) propose that "value-based sales is characterized by a customer-centric explorative process, characterized by value quantification and customer validation in each step, aiming at creating value for both parties". Third example is a study by Ulaga and Eggert (2006, 131) where they argue that "offering superior benefits to the customer is essential for winning a substantial share of a customer's business". In other words, creating and demonstrating value is a key differentiator in building long-term business relationships.

As demonstrated above, value is an important antecedent of customer's commitment to relationship. Patterson and Spreng (1997, 417), Lam et al. (2004, 296) and Yang and Peterson (2004, 815) report perceived value as one of the key drivers of customer satis-

faction and loyalty. Various studies show, that in global B2B markets the creation and perception of value emerges from the supplier's customer orientation (Blocker et al. 2011, 217, 229; Homburg et al. 2011, 795; Singh & Koshy 2011, 82). Studies also show that strong business relationships are directly influenced by trust, commitment, and customer loyalty (Morgan & Hunt 1994, 25; Lusch et al. 2003, 250; Ruiz-Martínez et al. 2019, 1869). Similarly, several authors report supplier's co-creation capability, customer adaptiveness, perceived value, satisfaction, and trust as the main antecedents and factors of loyalty and strengthening the relationship (Venetis & Ghauri 2004, 1578; Yang & Peterson 2004, 814; Zablah et al. 2004, 480; Powers & Reagan 2007, 1240–1241; Čater & Čater 2009, 593; Haghkhan et al. 2020, 39; Sharma 2021).

Despite the importance of the phenomenon, empirical research on value-based selling and proactive customer orientation from a customer perspective is scarce. From a supplier point of view, value-based selling is a rather researched area, for example it is known which features in a salesperson predict the performance in value-based selling or for what type of customers it is feasible to apply value-based selling approach (Kaario et al. 2008, 28, 37; Töytäri et al. 2011, 499; Terho et al. 2012; 2015, 18). However, what is not well known yet is how customers perceive the value-based selling effort in customer-supplier dyad, and what is the impact on the business relationship. Therefore, dyadic research is needed to investigate how successful value-based selling act as enabler of a long-term business relationship. In this study, the issue is approached through the concept of perceived supplier proactive customer orientation. It is implied that value-based selling might be the force behind the customer's experience on proactive customer orientation.

The purpose of this thesis is to explore how customers experience the supplier proactive customer orientation facilitated by value-based selling effort, and how it affects the long-term business relationship with the customer in the context of the global technology industry operating in service business. The aim is to identify the factors that improve the strength of business relationship and lead to long-term relationship with the customer or on the other hand the uncertainty factors that interfere the deepening of the business relationship. This thesis applies the conceptual thinking of value-based selling presented by Terho et al. (2012; 2015) and builds on the findings of detailed examination of proactive customer orientation and its role for creating customer value by Blocker et al. (2011) to explore connections between value-based selling effort, perceived supplier proactive customer orientation and commitment to relationship. These connections are expected to re-

veal possible factors that enhance the long-term business relationship. The following research objectives will guide the study:

1. Is there a connection between value-based selling and perceived supplier proactive customer orientation?
2. How perceived supplier proactive customer orientation affects perceived supplier value and customer adaptiveness?
3. How perceived supplier proactive customer orientation affects relationship performance?

Quantitative research is conducted as an explanatory survey study, and the research framework is based on the literature review. Collected data will serve as a basis for testing hypotheses with PLS-SEM modeling. The study contributes to the sales management literature, and to the field of B2B relationship marketing. Thesis is limited to concern global corporate giants operating in B2B-context.

In this study, the focal point of analysis is in exploring the effects of perceived supplier proactive customer orientation to customers' commitment to relationship. The analysis is conducted by absorbing into the mechanisms of the formation of long-term relationships. Study explores how perceived supplier proactive customer orientation affects to the customer's perception on supplier value, and customer's willingness to adapt their processes and routines to accommodate supplier's solutions. Then, the mediating roles of perceived supplier value and customer adaptiveness between trust towards the supplier and customer satisfaction are observed. Last, the effects between trust towards the supplier, customer satisfaction and loyalty are investigated.

The structure of this thesis is organized as follows; First, the paper starts with introducing the concept of customer value in chapter 2. Based on previous literature, in chapter 3 the development of long-term relationships with the suggested hypotheses for the empirical part of the thesis are described. Next, the research model and the methodology is presented in chapter 4, following the results of the empirical study in chapter 5. Finally, the study is drawn together, and theoretical and managerial implications are presented in chapter 6. Last part of the thesis, chapter 7, summarizes the content of the paper.

2 Value in business markets

2.1 Customer value in B2B markets

Value is a subjective perception and dependent on the individual's preferences and experiences (Grönroos & Voima 2013, 146; Neghina et al. 2015, 234), and differs depending upon the time, the place, the usage situation (Lindgreen & Wynstra 2005, 734), and the business specific characteristics (Anderson & Wynstra 2010, 34). Zeithaml (1988, 13) defines value in four different but overlapping ways: "(1) value is low price, (2) value is whatever I want in a product, (3) value is the quality I get for the price I pay, and (4) value is what I get for what I give". Following the last and the most meaningful definition in sense of value-based selling, Lindgreen and Wynstra (2005, 735–736) suggests in their seminal research that customer value is a trade-off between benefits and sacrifices perceived by the customer. This view is supported by Buttle (2009, 187) who proposes "value being the customer's perception of the balance between benefits received from a product or service and sacrifices made to experience those benefits". Anderson et al. (1999, 5) offers a definition, where "value in business markets is the worth in monetary terms of the economic, technical, service, and social benefits a customer firm receives in exchange for the price it pays for a market offering", the price representing the sacrifice made. The most encompassing definition for customer value particularly in business relationships is set by Ulaga and Eggert (2005, 81) where they define the former "as the trade-off between product, service, know how, time-to-market and social benefits, as well as price and process costs in a supplier relationship, as perceived by key decision-makers in the customer's organization, and taking into consideration the available alternative supplier relationships". Vargo and Lusch (2004, 7) add that value is specifically "perceived and determined by the customer on the basis of value-in-use".

Example of this benefit-sacrifice dyad could be increased productivity through purchase of a new equipment versus purchase price paid by the customer. On the other hand, it has been noted that conclusions about value and benefit-sacrifice -ratio being equal cannot be drawn. Customers, for instance, also create value themselves by using the product. Therefore, solely buying the product does not create value for the customer. Value is truly created through interaction between supplier and customer, which supports the efficient use of the product. (Grönroos 2008; 2011, 240; Jokiniemi 2014, 156.) Knowledge on customer value drivers is crucial to obtain the potential value available (Kaario et al. 2008,

19), hence value assessment and quantification cannot be conducted without customer-supplier interaction (Töytäri et al. 2011, 500). However, despite the level of interaction, value assessment can be complex due to difficulties in recognizing and measuring financial and perceptual outcomes at the same time. In addition, customer's perception on benefits and sacrifices varies depending on culture and customer, but also within existing customer relationship. (Möller & Törrönen 2003, 110.)

Other research stream exists in parallel with the value of the object of exchange. There, customer value can also be created through value of the process of exchange, or the customer-supplier relationship (Walter et al. 2001, 366). Relationship value divides further in two, where value of customer-supplier relationships can emerge either through relationship or be a result of relationship. (Lindgreen & Wynstra 2005, 737– 738.) Despite an increasing attention towards the concept of relationship value, no generally accepted conceptualization exists. Ulaga and Eggert (2005, 88–89) tackle this gap and suggest a conceptualization of relationship value. They found that relationship value consists of two layers of core dimensions, and these dimensions depending on business context.

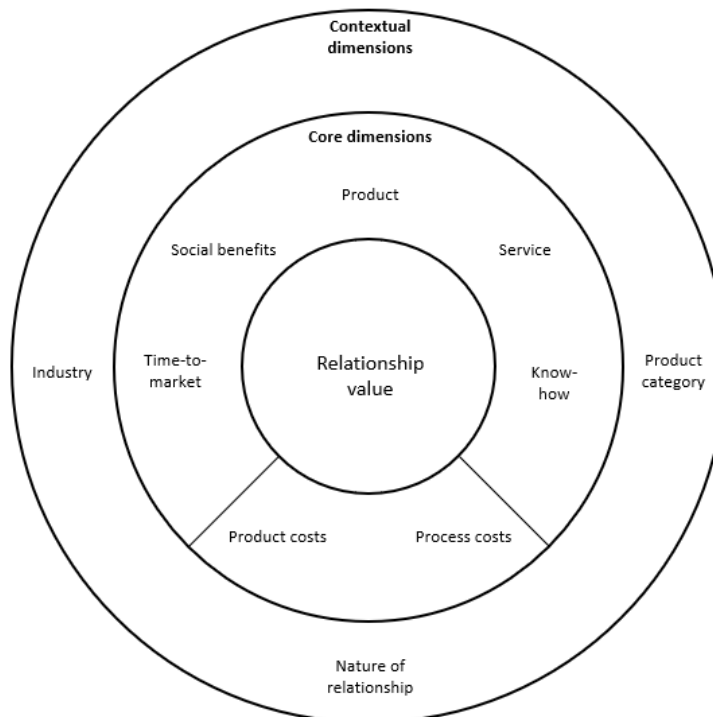


Figure 1. Core and contextual dimensions of relationship value (Ulaga & Eggert 2005, 90)

Core dimensions consist of five benefit dimensions and two sacrifice dimensions. The benefit dimensions are: (1) product-related benefits, (2) service-related benefits, (3) benefits related to the supplier's know-how, (4) benefits related to the supplier's capacity to improve time-to-market for its customer, and (5) social benefits. The sacrifice dimensions are product price and process cost. In addition to these underlying core dimensions, which can be found in most customer-supplier relationships, Ulaga and Eggert (2005) suggest that it may be necessary to also identify market-specific dimensions to complement the core dimensions to capture value perceptions in particular business market setting. These specific dimensions are named as contextual dimensions and they vary depending on the type of industry, the nature of the relationship, and the category of product or service under consideration. As a result of their study and also consistent with past research they present in their literature review it is noted that relationship benefits have stronger correlation with relationship value than does relationship sacrifices. Further, it seems that value in relationships emerges from superior performance on the relationship benefits, rather than relationship cost reductions (Ulaga & Eggert 2006, 131).

For business relationship becoming high-performing for the supplier as well, Walter et al. (2001, 369, 374) suggests that it should fulfill direct (profit, volume, safeguard) and indirect (innovation, market, scout, access) value functions. These functions also represent dimensions of supplier's value creation potential for the customer (Möller & Törrönen 2003, 112). Key differentiators in customer-supplier relationships are product quality, delivery performance, direct product costs, service support, personal interaction, acquisition costs, supplier know-how, time to market, and operation costs. Two most important of these nine are service support and personal interaction offering strongest potential for differentiation. (Ulaga & Eggert 2006, 131.) Supplier firms in long-term relationships achieve also higher profitability levels by differentially reducing discretionary expenses to a greater extent than their counterparts who employ a transactional approach to servicing customers, and through better understanding and servicing of customer needs. (Kalwani & Narayandas 1995, 2, 14.)

In parallel to previously presented traditional view on customer value, contemporary view exists. It has been recognized that customer relationships can be an important contributor for corporate success (Walter et al. 2001, 366). Suppliers therefore need to understand how they can create and deliver value in business relationships (Walter et al. 2001, 372;

Uлага 2003, 677), emphasis being on creating relationship experience that is interactive, longitudinal, individual, and contextual (Payne et al. 2008, 93).

It has been argued that in addition to determination of value, also value creation is controlled by the customer (Grönroos 2008, 305). Therefore, to describe value creation more accurately, value might not be something that is literally created. It rather emerges in customers' everyday activities and processes, which often are more or less unconscious. (Payne et al. 2008, 86; Grönroos & Voima 2013, 133–134.) This means that value realizes in customer's specific usage situations (Aarikka-Stenroos & Jaakkola 2012, 20) and therefore value creation can be perceived as value-in-use for the customer (Grönroos 2008, 304; Payne et al. 2008, 86; Grönroos & Voima 2013, 135). Creating value-in-use is an ongoing process that emphasizes the customer's experiences, logic, and ability to extract value out of products and other resources used (Grönroos & Voima 2013, 135). Supplier's role in value creation can be considered as a value facilitator and generator of potential value (Grönroos 2008, 305). Hence, customer creates value independently outside direct interaction by using the product or service (Grönroos & Voima 2013, 141; Payne et al. 2008, 83). Usage situations can be referred as indirect interaction with resources, or process outcomes provided by the supplier (Grönroos & Voima 2013, 142). It must be noted that value-in-use does not exist as a singular entity at any given point in time, but emerges through past, present, and future experiences. Also, the experience of value and the value creation process accumulates as a dynamic process with both creative and destructive phases (Grönroos & Voima 2013, 146). Nevertheless, provided that the supplier can engage with its customer's value-creating processes during direct interactions, it has opportunities to co-create value jointly with them as well (Grönroos & Voima 2013, 145).

While customers are creating value for themselves by using the product, suppliers should get something in return from facilitating customer's value creation (Walter et al. 2001, 373). Value co-creation is considered as dyadic, collaborative process (Grönroos 2011, 245; Aarikka-Stenroos & Jaakkola 2012, 19) where value is created for both customer and supplier through a dialogical process of direct interactions (Payne et al. 2008, 86; Anderson & Wynstra 2010, 48; Töytäri et al. 2011, 501; Grönroos & Voima 2013, 138). Consequently, joint activities and interaction between supplier and customer are necessary for value co-creation to establish (Grönroos & Voima 2013, 139, 141). Further on, instead of focusing on how customers can be engaged in co-creating with the firm, service

providers should rather focus on becoming involved in the customers' lives (Grönroos & Voima 2013, 134).

Because value is created in customer usage situations, direct interactions make the value creation process potentially accessible to the supplier. Supplier may influence the customer's experiences during usage and in that way, take part in the customer's value creation process as a co-creator. (Payne et al. 2008, 86; Grönroos & Voima 2013, 140.) Moreover, it is all about recognizing the potential for co-creating relationship experiences, not so much about designing relevant products (Payne et al. 2008, 86). Value creation through interaction can also be described as joint problem-solving process where both supplier and customer resources and roles are rearranged into collaborative activities. This applies especially to knowledge intensive businesses. Process of value co-creation occurs during and after the problem-solving process resulting in value-in-use. (Aarikka-Stenroos & Jaakkola 2012, 15, 19–22.) For instance, customers that interact closely with supplier are likely to appreciate the value delivered and the costs incurred by suppliers (Tuli et al. 2007, 14). On the other hand, Ulaga (2003, 686–688) found that there is strong diversity of opinions held about the potential of value creation through personal interaction. Nevertheless, for those who value personal relationships, number of benefits were identified. Most importantly, those benefits contribute to growing the relationship as a whole.

Suppliers are constantly struggling with the fact that in the markets they operate in, the competition exists. One important way to keep the business alive is find the competitive advantage against other parties operating in the field. Studies have recognized a few methods to implement. It has been suggested, that instead of focusing on the prices, the main interest should be in differentiation in terms of value elements, and in comparison, of what could be done better or why the supplier is already performing better than the others (Ulaga 2003, 691). Also, an effort to improve the customer's perception of value, continuum of value assessment from operative activities towards strategic, social, and symbolic measures (Töytäri & Rajala 2015, 109), and the ability to achieve desired change through knowledge or operant resources is essential to gain competitive advantage (Vargo & Lusch 2008, 6–7). Overall, the supplier's ability to enhance value in the value chain can be a source of competitive advantage (Cannon & Homburg 2001, 39).

Developing long-term relationships with selected customers may be essential to the long-term survival of the supplier by providing a competitive advantage for the supplier firms

without sacrificing their profitability (Kalwani & Narayandas 1995, 14; Venetis & Ghauri 2004, 1579). If a supplier wants to improve its competitiveness, it must develop its capacity to either add to the customer's total pool of resources in terms of competence and capabilities, or to influence the customer's process in such a way that the customer is able to utilize available resources more efficiently and effectively (Payne et al. 2008, 86). Knowledge or its newer premise operant resources is also a fundamental source of competitive advantage (Payne et al. 2008, 93; Vargo & Lusch 2008, 6). Gaining knowledge through interaction in business relationships and implementing it to cause change, serve other customers as well. In this study, customer value is examined through the lens of customer's perception on value created through interaction in the customer-supplier relationship.

2.2 Value-based selling as a sales approach

In early days, selling has been considered as an activity, where tangible measures and transaction were central, and product played the main role. By the beginning of 2000's it had become evident that sales should be more of collaboration and relationship between the customer and supplier. (Vargo & Lusch 2004, 3.) Later, Kaario et al. (2008, 27–33) recognized three existing sales strategies, which can occur in an organization at the same time. These strategies are product-based selling, solution selling, and value-based selling. Product based selling merely offers a product for customer need, whereas solution selling attempts to solve a customer's problem on the behalf of the customer. Value-based selling aims at improving customer's business and plain product has a very little meaning in the sales process. In 2000's attention is captured by solution selling, where customer contacted supplier and asked for a solution to their problem at hand. Customer was able to recognize the problem but could not find the solution himself and needed assistance from the supplier. Recently, step has been taken further, and the modern way of selling in B2B markets is to recognize the customers' needs and problems, which the customer is not even aware yet. (Adamson et al. 2012, 63.) This modern selling practice has been named as value-based selling and has been under academic radar only in recent years (Töytäri et al. 2011; Terho et al. 2012; 2015, 2017; Töytäri & Rajala 2015). Value-based selling can be described as a sales approach that builds on identification, quantification, communication, and verification of customer value (Töytäri & Rajala 2015, 101).

Rather than waiting for the customer to contact supplier with a problem, the salespeople should engage with the customer before they have even pinpointed a problem. Hence, emphasis should be on a customer's potential to change than their potential to buy, and revealing the customer needs they did not even know they had. (Storbacka 2011, 705; Adamson et al. 2012, 63–64.) Therefore, salesperson needs to be highly knowledgeable about the customer and their business. A mismatch can be found between sales skills needed to conduct value-based sales and the traditional salesperson skill set. Value-based selling requires more consultative and calculative capabilities from the salesperson. Also, customer orientation is one of the key characteristics when assessing the suitability of the salesperson to perform value-based sales activity. Consequently, value-based sales force is more difficult to train and maintain than traditional. (Töytäri et al. 2011, 500; Terho et al. 2015, 18; Terho et al. 2017, 43.) Salesperson's main focus should be on recognizing the possibilities to renewal and development of customer's business. To succeed the support is needed from supplier's other departments and activities as well, not only the sales and marketing functions. Sales performance in value-based selling can be measured according how well supplier is able to impact on customer's revenue. (Kaario et al. 2008, 21, 32; Storbacka 2011, 699; Töytäri et al. 2011, 500.)

Studies also exist on value-based selling and its effects on sales performance. Terho et al. (2012, 178) present conceptualization of value-based selling which consists of three dimensions: understanding the customer's business model, crafting the value proposition, and communicating the value. Supplier's focus is on contributing to the customer's business and financial result, where the effort put in materializes in form of value-in-use for the customer and deepening of the business relationship between customer and supplier. Töytäri and Rajala (2015, 104) discuss about value-based selling and suggest it being an organizational capability and process, where three stages exist: planning, implementation, and leverage. These stages divide into 12 key capabilities, which are crucial for the implementation of a value-focused sales approach. Value-based selling can be described as an approach where key elements are finding the right customers, understanding what is valuable for the customer, salesperson-centricity, crafting value propositions that are meaningful for the customer, reciprocal quantification of value, credible referencing, making customer aware of the value potential, measuring the actual value realized, and verification of commitment (Töytäri et al. 2011, 500; Terho et al. 2012, 178).

The core of value-based selling is in understanding and improving the customer's business in a proactive manner. To be effective value-based selling requires clear prioritisation among supplier's customer portfolio due to its resource intensive nature. For customers who appreciate added value, are willing to partner and relationship value being high, value-based selling is appropriate strategy to choose. (Kaario et al. 2008, 37; Töytäri et al. 2011, 494–495; Terho et al. 2015, 18; Terho et al. 2017, 51.) This kind of customer keeps their focus on long-term financial effects rather than in purchase price, is ready to share information and rely on the supplier as a business partner (Kaario et al. 2008, 28). Value-based selling is not the best sales strategy for all the offering supplier has. Commonly, value-based selling is suitable for the more complex offering which have underestimated or even unknown real value. This holds for new, innovative offerings as well as solutions incorporating both products and services, where the value is difficult to perceive by the customer. (Töytäri et al. 2011, 499.) The supplier needs to put in a lot of effort long before the possible transaction is even close.

In this study, value-based selling process is analysed based on the conceptualization of Terho et al. (2012) due to its simple but encompassing way of describing the dimensions of value-based selling. The study builds around the proactive nature of value-based selling and customer orientation, which is a key characteristic of a value-based sales salesperson, by combining these two into the concept of proactive customer orientation.

2.3 Value-based selling sales process

2.3.1 Understanding customer's business

The process of value-based sales begins with understanding the customer's business logic and goals to go beyond customer expressed needs in selling. By identifying substantial drivers of value in the customer's business, in participation with the customer, companies could identify what customers want to achieve in their business.

An understanding of the customer's value-creating process is the beginning of the value creation for the customer. To develop a full understanding of where the supplier's offering fits within the customer's overall activities, it is necessary that customer processes are fully recognized. (Payne et al. 2008, 87–88.) Further, to become a co-creator of value instead of being mere value facilitator, supplier needs to understand the customer's practices and how the resources, processes, and outcomes are combined in interactions

(Grönroos & Voima 2013, 141). The level of understanding the customer's business should be so deep that it is possible for the salesperson to suggest changes and develop them further in co-operation with the customer. To fully understand the customer's business logic, salesperson is required to recognize the key drivers in customer's business, and the unique value elements in its area of business. To support the continuum of the business relationship, it is important to understand the challenges as well. (Kaario et al. 2008, 17, 54; Töytäri et al. 2011, 494; Terho et al. 2012, 180; Jokiniemi 2014, 155.)

Fine-tuning the business and exchange processes of the supplier and customer, resource efficiency can be increased which results in lower production and transaction costs (Möller & Törrönen 2003, 111) and supplier is able to support customer's value creation during usage (Storbacka 2011, 707). Customer can experience non-monetary benefits such as reliability, compatibility with future solutions, and time savings where outcome is "better or easier life for the customer" (Aarikka-Stenroos & Jaakkola 2012, 23). Understanding customer's business can be described as combining customer insight with the supplier resources and capabilities in order to make value creation possible for both parties resulting in creating more information about customer's value creating processes (Storbacka 2011, 703).

In the very essence of the understanding customer value is revealing the customer segment specific and individual value elements or value drivers (Töytäri et al. 2011, 501). Value drivers are those dimensions, which are important and add value to the specific customers' business. Value drivers can be related to the relationship and/or to the features of the offering, and to add superior value to the customer, it is necessary for the supplier to know what the most relevant value creating dimensions are. Also, a company can identify their own value profile and compare it to the competition. Different value drivers have different weights depending on the company and the environment they are operating in. By exploring these value drivers and the value profile created, the company can gain valuable insights about what is their position towards the competition. In addition, by comparing the value profiles of different companies, the customer can choose the supplier that has the best value creating capability for them. (Ulaga 2003, 691.)

2.3.2 Crafting customer value propositions

When customer's value drivers have been identified, the process of value-based selling continues with crafting customer specific value propositions. That means an active iden-

tification and crafting of offerings that have potential to impact the customer's business profits based on customer participation and accumulated knowledge. In a manner of speaking, products and services are value propositions before customer uses them. The ultimate purpose of the value proposition is to quantify the size of the offering's value opportunity to the customer.

The B2B marketing perspective has been changing since early 2000s from goods dominant to service dominant logic (Vargo & Lusch 2004, 12). Characteristic for somewhat dated goods dominant logic is that "value proposition is taken to mean the marketing offer or value promise formulated and communicated by a seller, with the intent that it be adapted by a buyer" (Ballantyne et al. 2011, 203). Service dominant logic in turn emphasises the reciprocal communication and interaction between customer and supplier (Vargo & Lusch 2004, 11).

Value proposition is a set of commercialization capabilities and practices employed to make suggestions about how the supplier's resources and capabilities, expressed as products and services, can enable customers to create value (Storbacka 2011, 703). The important questions are what elements of the offering are the most valuable to the customer (value drivers), how much those elements are worth to that specific customer, and what benefits the features/offering actually provide to the target customer (Anderson et al. 2006, 92). Value propositions set the base for superior business performance (Anderson et al. 2006, 99) and act as an important communication practice which bring together the exchange, relationship development, and updating knowledge and competencies (Ballantyne et al. 2011, 209). Value propositions also vary depending on the industry, the segment (Storbacka 2011, 705) and the customer (Anderson & Narus 1999, 45).

Crafting value propositions and their effective communication is based on deep understanding of customer's business and business processes (Kaario et al. 2008, 17, 54). However, it must be noted that also customers may exert a considerable influence on the formulation of the value proposition through negotiation and the contribution of their own resources (Aarikka-Stenroos & Jaakkola 2012, 23). Interaction successfully managed by the supplier paves the way to not only make value propositions but also actively and directly influence the customers' value creation (Grönroos & Voima 2013, 146).

To build believable value propositions and to quantify customer value, credible calculations of the value potential the supplier's offering hold for the customer are needed (Töytäri et al. 2011, 501). Data could be gathered from real cases to help producing calculations, for example what has been the benefit with previous customer or how the supplier have succeeded before. Also, to enhance the customer perception about the potential value, the price of the offering should reflect the value it creates to the customer (Töytäri et al. 2011, 500).

Consequently, value propositions could be considered as reciprocal promises of value. Value proposition crafted by a supplier, serves as a negotiation start point in process of working together. Propositions can be co-created, and value being realized in use over time. Additional benefits might be gained from an interactive learning approach to creating reciprocal value propositions. (Ballantyne et al. 2011, 205.)

2.3.3 Communicating the value

Last piece in the process of value-based selling is the effective communication of the value potential to the customer. Communicating customer value can be described as a process, where value-based sales tactics and practices are incorporated in the sales process to profit from customer value, as well as considering the human factor in communicating value creation (Töytäri et al. 2011, 501). Communicating the value means credible demonstration of how the offering can contribute to the customer's business and business profits (value propositions). Further, demonstration constructs of presentation of quantified evidence, openness, and explicit minimization of customer risk, especially through references and guarantees. Customer's purchase intentions in business markets comprise of two constructs, ambiguity about superior value and consequences of obtaining superior value. These constructs include several non-monetary means of countering those: value evidence (references, pilot cases), incentive to change, perceived risk (uncertainty, consequences), and performance review and review system (Anderson & Wynstra 2010, 48–50).

A customer-supplier relationship must allow value-based selling to identify and communicate value more extensively to improve customer-perceived value in the B2B exchange (Töytäri & Rajala 2015, 109). Main goal in presenting quantified evidence is to credibly concretize the existing value potential to make it easier for the customer to understand how the co-operation with the supplier effect on customer's business. The

credibility of the value proposition or the promise supplier provides to the customer rises from the supplier's reputation, their ability to document previous success, and the professionals who are engaged to the relationship (Løwendahl 2005, 46). Evidence can realize in form of different financial calculations, value research, references, guarantees (Anderson et al. 2006; Töytäri et al. 2011, 494; Terho et al. 2012, 180) or supplier could employ reference cases to display the monetary and other benefits that other customers have enjoyed (Aarikka-Stenroos & Jaakkola 2012, 24). Case repositories can be utilized for storing reference projects for the later use for salespeople to benchmark while crafting a value proposition for another customer. To build credible reference cases, supplier needs to verify and document the realized post-purchase value and define how the value is shared between supplier and customer. (Storbacka 2011, 706; Töytäri et al. 2011, 500.)

Reference cases show the commitment to the relationship through verifying and documenting the realized post-purchase value and mapping the customer's satisfaction. References can be indeed very valuable to both supplier and customer. (Töytäri et al. 2011, 500.) Customer managers' purchase intentions for the higher-value and higher-price offerings can be significantly increased by providing value evidence through references and pilot cases supporting the estimated value from the value analysis. References and pilot cases also reduces the monetary incentive to change that suppliers' need to offer. Whether the value evidence comes in the form of a reference list containing some respected competitors that the customers can contact to or confirming pilot case results from one of the customer's own plants, it appears to relieve customer managers' concerns about whether they will realize the stated value. (Anderson & Wynstra 2010, 48, 51.)

3 Building the long-term relationships

So far, empirical research does not exist on the consequences of value-based selling from a customer perspective. In this study it is argued that supplier efforts have effect on customer relationship perceptions. By engaging themselves into value-based selling the supplier demonstrates proactive customer orientation. As a result of this, customer's perceptions on supplier proactive customer orientation, supplier value, customer's willingness to adapt, and commitment to relationship with the supplier are enhanced. The research model variables to be presented in the next chapters represent the key consequences of value-based selling from a customer perspective.

3.1 Hypothesised outcome of value-based selling

As discussed in the previous chapter, value-based selling refers to a sales strategy where in the essence is the supplier's capability to understand the customer's business and proactively make offerings to the customer that fulfils their problems and/or latent needs (Terho et al. 2017, 43). Customer orientation has been recognized as a key antecedent to value-based selling, which in turn leads to selling performance (Terho et al. 2015, 18). Therefore, it can be assumed that successful value-based selling effort given by the salesperson might influence how the customer experiences the proactive customer orientation. Salesperson is required to perform an in-depth analysis about the customer's business logic and the most relevant customer value drivers long before closing the sale is even close (Ulaga 2003, 691; Töytäri et al. 2011, 501; Terho et al. 2012, 180). This resource consuming salesperson effort can be interpreted as a deep interest towards the customer's success and gives a clear signal about the supplier's role in improving the customer's bottom line (Terho et al. 2017, 43). Based on the above discussion it can be claimed that supplier value-based selling effort has positive effect in supplier proactive customer orientation experienced by the customer, and the following hypothesis is developed.

H1: Value-based selling has a positive relationship to perceived supplier proactive customer orientation.

3.2 Hypothesised outcomes of perceived supplier proactive customer orientation

Proactive customer orientation refers to a supplier's capability to discover customer's future and latent needs, and offer ideas before the customer realize they even had such a need. Blocker et al. (2011, 217, 229) found that specifically proactive customer orientation is a strategically important capability for value creation in global B2B markets. In their study they divide customer orientation into two, responsive and proactive customer orientation. Responsive customer orientation is more of reacting to customers' present and expressed needs, whilst proactive customer orientation is innovating and striving for satisfaction of latent needs. (Blocker et al. 2011, 217; Schweitzer et al. 2018, 537.) Previous studies have indicated that salesperson's customer orientation has a positive effect on value creation and perception, relationship development, and trust (Blocker et al. 2011, 229; Homburg et al. 2011, 795; Singh & Koshy 2011, 82). Also, it has been noted, that customer perceived value is sensitive to salesperson's behaviours (Singh & Koshy 2011, 80). Proactive customer orientation may lead to increased customer participation and perceived value, which enhances openness, collaboration, personal interaction, and unproblematic relationships (Čater & Čater 2009, 592; Mustak et al. 2016, 258). One of the salesperson's many roles may be to bring the supplier and the customer together (Ulaga & Kohli 2018, 167). Based on the above discussion the following hypotheses are developed.

H2a: Perceived supplier proactive customer orientation has a positive relationship to perceived supplier value.

H2b: Perceived supplier proactive customer orientation has a positive relationship to customer adaptiveness.

3.3 Hypothesised outcomes of perceived supplier value

Perceived supplier value refers to the trade-off between the multiple benefits and sacrifices of a supplier's offering, as perceived by key decision makers in the customer's organization and taking into consideration the available alternative suppliers' offerings in a specific usage situation (Ulaga & Chacour 2001, 528; Eggert & Ulaga 2002, 109; Ulaga & Eggert 2006, 130; Russo et al. 2016, 890). To succeed in anticipation of what are the customer specific needs, salesperson is required to proactively gain a deep understanding

of the customer's unique business (Zablah et al. 2004, 480). Proactive customer orientation demonstrates an interest in discovering characteristics considered as particularly important by the customer. Blocker et al. (2011, 220–221) report that offer quality, service support, and personal interaction are shown to be key value drivers for customer value perceptions. Further, perceived value is one of the key drivers of customer satisfaction and loyalty (Patterson & Spreng 1997, 417; Yang & Peterson 2004, 815), and therefore central to the formation of strong business relationships (Zablah et al. 2004, 480). Value can be either created by the supplier and afterwards experienced by the customer, or value can be co-created together. Both ways, value seems to be a vital antecedent of satisfaction and loyalty. (Eggert & Ulaga 2002, 115; Sharma 2021.) The baseline of relationship value is recognized to be a multidimensional construct, where both relational and technical aspects are equally important. It is suggested that sales force by giving information, solving problems, and providing feedback to name a few, can positively affect on customer's perception of value and trust towards the supplier. Empirical evidence shows that perceived supplier value is positively related to trust, satisfaction and loyalty. (Russo et al. 2016, 890; Yuen et al. 2018, 126; Ruiz-Martínez et al. 2019, 1874–1875; Gogoi 2021, 3.) Based on the above discussion the following hypotheses are developed.

H3a: Perceived supplier value mediates the link between perceived supplier proactive customer orientation and trust towards the supplier.

H3b: Perceived supplier value mediates the link between perceived supplier proactive customer orientation and customer satisfaction.

3.4 Hypothesised outcomes of customer adaptiveness

Customer adaptiveness refers to the extent to which a customer is willing to adjust its expectations, routines and processes to accommodate a supplier's solutions (Tuli et al. 2007, 11; Ulaga & Kohli 2018, 163). The previous research shows that high customer adaptiveness leads to increased customer satisfaction. High level of adaptiveness enables greater number of different solutions that salesperson can use to satisfy the customers' needs. Salesperson solution activities also generate improved value for the customers which has a positive effect on trust towards the supplier. (Panagopoulos et al. 2017, 149; Sharma 2021.) It seems that adaptation is the most significant factor in strengthening the relationship and therefore creating relationship value, and relationship maintenance may be enhanced by adaptation. To be more precise, in stage of creating relationship value,

adaptation is the most important factor and in stage of relationship maintenance, mutual goals and adaptation play the most important part. (Powers & Reagan 2007, 1240–1241.) Conversely, Panagopoulos et al. (2017) found in their study that customer adaptiveness does not affect sales performance. In their study it is argued, that actually social bonds and getting to know customer's business are more significant factors that influence customer–supplier relationships continuum. However, a study by Mustak et al. (2016, 261) describe positive outcomes of customer participation as customer's positive perception and increased loyalty, higher satisfaction, increased perceived value, and stronger relationship with the customer. One of the salesperson roles is to encourage adaptive behaviour within the parties involved (Ulaga & Kohli 2018, 162). Alternatively, insufficient customer adaptation may result in severe decline in solution performance and further on in perceived supplier value (Ulaga & Kohli 2018, 165).

H4a: Customer adaptiveness mediates the link between perceived supplier proactive customer orientation and trust towards the supplier.

H4b: Customer adaptiveness mediates the link between perceived supplier proactive customer orientation and customer satisfaction.

3.5 Commitment to relationship: Satisfaction, trust, and loyalty

Satisfaction and trust are considered as critical for inter-company relationships (Payan & McFarland 2005, 4). Satisfaction can be defined as a positive affective state resulting from the evaluation of all aspects of a firm's working relationship with another firm (Lam et al. 2004, 295; Russo et al. 2016, 890). Customer satisfaction specifically is a result from a business customer's cumulative appraisal of its supplier relationships (Blocker et al. 2011, 223). Further, it is a result of a customer's perception of the value received in a transaction or relationship (Lam et al. 2004, 296). Study conducted by Lam et al. (2004, 295) identifies two general concepts of customer satisfaction that exist in the literature: transaction-specific satisfaction and cumulative satisfaction. Transaction-specific satisfaction emerges from one-time transaction or exchange when cumulative satisfaction arises from a continuum of transactional and relational episodes. Since commitment to relationship is formed within a longer period, this study concentrates on investigating the effects of cumulative satisfaction. Eggert and Ulaga (2002, 109) argue that several conflicting survey results exists where high satisfaction scores correlate with declining market share, whilst Sharma (2021) presents that in previous marketing studies customer sat-

isfaction has been recognized as vital determinant of loyalty. Customer satisfaction can be improved by sharing supplier know-how and improving customers' existing products or present them with new ones (Čater & Čater 2009, 592). Also, satisfaction and perceived value of a product or service influence on customers' post-purchase decisions (Eggert & Ulaga 2002, 110; Lam et al. 2004, 308). Drawing on a range of sources, the authors set out the mediator role of satisfaction between perceived value and loyalty (Patterson & Spreng 1997, 429; Lam et al. 2004, 293; Ruiz-Martínez et al. 2019, 1874; Sharma 2021), as well as the mediator role of trust on satisfaction (Payan & McFarland 2005, 16).

Trust refers to an expectation or belief that a subject will perform future actions aimed at producing positive results for the trustor in situations of consistent perceived risk and vulnerability (Anderson & Narus 1999, 45; Hald et al. 2009, 964–965; Castaldo et al. 2010, 665–666). Similarly, Morgan and Hunt (1994, 23) state that trust is enabled by confidence in an exchange partner's reliability and integrity. Prior studies such as conducted by Witkowski and Thibodeau (1999, 323) have reported trust being an important variable of customer-supplier relationships. For business relationships established between companies' trust has been regarded as a critical, strategic, and valuable asset (Venetis & Ghauri 2004, 1582; Payan & McFarland 2005, 4; Andersen & Kumar 2006, 525). Commitment and trust are proposed to be the most important factors for a fruitful cooperation (Morgan & Hunt 1994, 25) and long-term relationships (Lusch et al. 2003, 250). Further, trust is found to be a vital antecedent to relationship commitment in business relationships (Venetis & Ghauri 2004, 1583). Trust is imperative since it reduces perceived uncertainties, risk, control, and safeguarding costs and therefore can be considered as a key variable in successful business relationships (Venetis & Ghauri 2004, 1583; Möller et al. 2006, 77). It has been recognized that trust is developed, and commitment is built through shared values and intensive communication (Lindgreen & Wynstra 2005, 738; Hald et al. 2009, 967). Trust supports sharing ideas and information, clarifies goals and problems, and decrease the perception of inequity. Also, satisfaction builds on strong relationships that trust facilitates (Gogoi 2021, 2). Moreover, evidence exists that trust is a mediator of satisfaction (Payan & McFarland 2005, 16). In addition, the mediator role of trust and satisfaction between perceived value and loyalty has been established (Patterson & Spreng 1997, 429; Yuen et al. 2018, 126; Ruiz-Martínez et al. 2019, 1874).

Loyalty and trust are the key determinants of any strong business relationship (Morgan & Hunt 1994, 25; Lusch et al. 2003, 250; Ruiz-Martínez et al. 2019, 1869). Although loyalty

and trust are interconnected, they are not the same. Loyalty refers to a positive belief in the value that a company provides (Khan 2013, 169), whereas trust is founded on the reliability and integrity (Morgan & Hunt 1994, 23). These two aspects are nevertheless interrelated since loyalty can be based on trust, and on the one hand trust is found to be positively and strongly related to commitment (Venetis & Ghauri 2004, 1592). Morgan and Hunt (1994, 23) have identified two-dimensional concept of loyalty which are separate, brand loyalty and relationship loyalty. Further, Khan (2013, 186) divides relationship loyalty into behavioural and attitudinal loyalty. Customer loyalty in this context can be defined as a behaviour, which is derived by the willingness to maintain the relationship and the actions performed by the supplier (Ruiz-Martínez et al. 2019, 1869). Previous research has established that the main antecedents of loyalty are service quality, perceived value (Venetis & Ghauri 2004, 1578), cost, supplier's co-creation capability (Sharma 2021), satisfaction and personal interaction with the supplier's personnel (Čater & Čater 2009, 593). In addition, the study by Haghkhah et al. (2020, 39) reveal that customer loyalty in specific, is positively and significantly affected by trust. An earlier study by Yang and Peterson (2004, 814) states that "customer loyalty can be generated through improving customer satisfaction and offering high product/service value". Based on the above discussion the following hypotheses are developed.

H5: Trust towards the supplier has a positive relationship to customer satisfaction.

H6: Trust towards the supplier has a positive relationship to customer loyalty.

H7: Customer satisfaction has a positive relationship to customer loyalty.

4 Methodology

4.1 The research model

Based on the theoretical framework the following research model is set. The research model and the empirical part of the study builds on the findings of detailed examination of proactive customer orientation and its role for creating customer value by Blocker et al. (2011) and the conceptualization of value-based selling presented by Terho et al. (2012). This study suggests that value-based selling as a precursor, perceived supplier proactive customer orientation explain the commitment to relationship consisting of trust, satisfaction, and loyalty through key variables of perceived customer value and customer adaptiveness. It is also implied that the commitment to relationship appears in the light of the customers subjective experience on proactive customer orientation. This study is interested on the mechanisms behind the formation of long-term business relationships, and the research model is established in Figure 2.

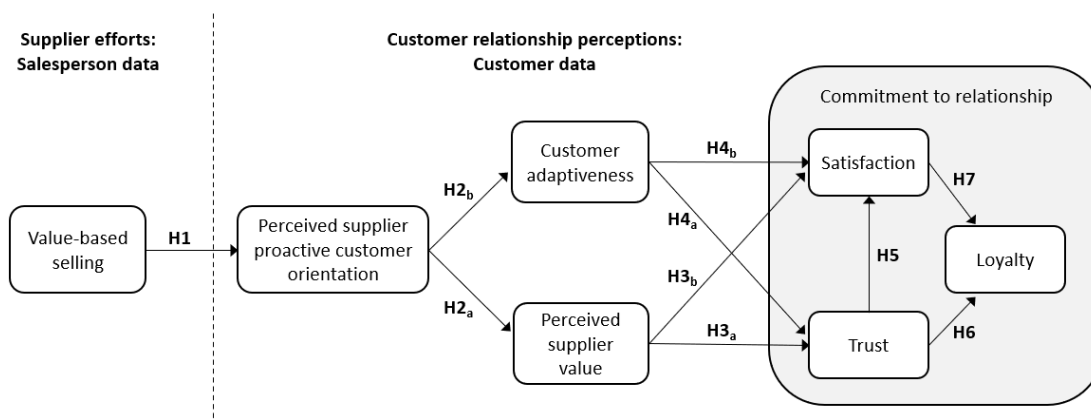


Figure 2. The empirical research model

The theory behind the hypotheses has been discussed in previous chapters. The theory is based on the marketing literature, and the results of previous relationship marketing studies. The hypotheses set for empirical testing are as follows:

H1: Value-based selling has a positive relationship to perceived supplier proactive customer orientation.

H2a: Perceived supplier proactive customer orientation has a positive relationship to perceived supplier value.

H2b: Perceived supplier proactive customer orientation has a positive relationship to customer adaptiveness.

H3a: Perceived supplier value mediates the link between perceived supplier proactive customer orientation and trust towards the supplier.

H3b: Perceived supplier value mediates the link between perceived supplier proactive customer orientation and customer satisfaction.

H4a: Customer adaptiveness mediates the link between perceived supplier proactive customer orientation and trust towards the supplier.

H4b: Customer adaptiveness mediates the link between perceived supplier proactive customer orientation and customer satisfaction.

H5: Trust towards the supplier has a positive relationship to customer satisfaction.

H6: Trust towards the supplier has a positive relationship to customer loyalty.

H7: Customer satisfaction has a positive relationship to customer loyalty.

4.2 Research strategy and design

The purpose of this thesis is to explore how customers experience the supplier proactive customer orientation facilitated by value-based selling effort, and how it affects the long-term business relationship with the customer in the B2B context. Because the aim of this study is to explain the phenomenon, a quantitative approach to the research problem was chosen. A quantitative research approach is one in which knowledge is developed by using assumptions and employ research strategies such as experiments and surveys to test the theory statistically through data collected. Typically, in quantitative approach the theory is tested through deductive reasoning with help of empirical data gathered, and that is the case in this study as well. The purpose is to analyse the reasons why certain phenomenon exists. In quantitative research approach theory-based hypotheses are drawn, and statistical analyses are used to test the hypotheses. A correlational research design investigates relationships between variables without the researcher controlling or manipulating any of them. A correlation reflects the strength and/or direction of the relationship between two (or more) variables. The direction of a correlation can be either positive or negative. (Creswell 2003, 18, 108, 125.)

The research was conducted as a cross-sectional study for the reason that the research questions established are not aiming at understanding how the phenomenon changes over time, but to examine the relationship between variables within the phenomenon. (Creswell 2003, 21–22, 155.) In addition, the research questions guide the research method selection. The research method needs to support the goal of the study to answer the objectives. Therefore, it is the research questions in particular that define which research method is chosen. (Hirsjärvi et al. 2004, 125; Eriksson & Kovalainen 2008, 27–28.)

In this study a survey research was chosen as the research method, and the structured online questionnaire was used to collect the data. It is a convenient way to reach the respondents since computer is used at daily work. The company involved in the study holds the email addresses for the population, thus distributing the questionnaire electronically is effortless. Also, the collection of answers is easy and reliable. The answers are uploaded to the statistical analysis programme so lost questionnaires and misspelling can be avoided. However, certain strengths and weaknesses are associated with the survey research. Survey research enables the collection of large data, which involves large number of assertions, and large sample size. With thorough planning the method is very effective. On the other hand, the data of survey research can also be seen as its weakness. Despite the large data, the information it is providing can be facile. Researcher has no influence on how well the respondents have understood the assertions, are they concentrating on answering, or how well they know the research subject. Also, the interaction between the researcher and the respondent, where clarifying questions and explanations can be made, is missing. (Hirsjärvi et al. 2004, 184.)

4.3 Data collection

Empirical data were gathered in a cross-sectional survey among B2B customer contacts in Finland and in US. Data was obtained from a two global technology conglomerates operating in both product and service business. Both companies report turnover above €5 billion. Data was collected through a personal contact by mail. All direct customer contacts of the companies' key account managers were selected as a population. Population is a group which the study examines. In most cases the population is huge, and the number of responses need to be reduced. Therefore, a sample is taken from the population. (Creswell 2003, 156–157; Bryman & Bell 2015, 187.) Several sampling methods exist.

In quantitative research typical sampling methods are simple random sampling, systematic sampling, stratified sampling, and cluster sampling. The selection of the method should aim for representativeness of the sample, and basic assumption is that each member of the population has equal probability to be chosen to the sample. (Bryman & Bell 2015, 190–192.)

In this study, the population was convenient in size, so the sample is represented by the whole population. Population was contacted by email and invited to participate in the study. Sampling was done by sending a link through email to a standardized online questionnaire in web-based survey tool along with a cover letter from the researcher. Anonymity was promised for all the respondents. Emails were sent by eight key account managers by a request of the researcher. The questionnaire was open for answers during 8.11.2018–11.12.2018, and it was reopened twice, for the times between 16.11.2020–29.11.2020 and 22.1.2021–5.2.2021. Questionnaire was conducted in English and in Finnish. The email was sent to 128 customer contacts. Despite the ease of the online data collection, non-response rate can be quite high (Bryman & Bell 2015, 242). In this study, after three rounds of reminders, the response rate was 32,8 % (N=42) although the questionnaire had been opened by 65 % of the respondents. Non-response bias consists of unanswered questionnaires. Questions can be raised is the final sample size statistically significant or not. (Hair et al. 2012, 429). This issue is covered in chapter 4.6.

Original ambitious and challenging goal was to gather dyadic empirical data through a cross-sectional survey among B2B salespeople-customer pairs in Finland and US and analyse both data side by side. Separate questionnaires were compiled for both parties. Unfortunately, this goal was not achieved since the number of salespeople respondents remained very low (N=17). It is not possible to analyse such a small sample size with quantitative methods. Therefore, analysis was performed on customer data only. Fortunately, there was a better situation with the other group of respondents (customers) and 42 filled questionnaires were obtained. Still, the sample size is on the small side, but it is enough to perform quantitative analysis. According to Hair et al. (2012, 429), the popular rule of thumb for robust PLS-SEM estimations is to use a minimum sample size of ten times the maximum number of paths aiming at any construct in the model. Therefore, due to the very small sample size partial least squares structural equation modeling (PLS-SEM) was chosen as an analysis method. Analysis method is discussed more detail in chapter 4.5.

4.4 Measures of the study

In this study, the questions, or assertions, were designed beforehand based on well tried measures adopted from previous marketing studies. The measures were chosen based on the research model displayed in chapter 4.1. The questionnaire was piloted by six people and time was taken to identify how long on average does it take to answer. This information was added to the cover letter. Also, the possible unclear assertions were reformulated. Since the purpose of this study is to measure customer opinions, attitudes, and feelings, ordinal data was used, and itemized rating scale, seven-point Likert to be precise, was chosen. The benefit of using itemized rating scale is that it provides a relatively easy way in which a respondent can assess the assertions by number that allows comparisons to be made between them. The negative side is that the subjective perception of options may differ from other respondents. (Brace 2018, 88, 130, 132; Bryman & Bell 2015, 247.) The constructs, indicators, and references to previous studies where measures have been used are presented in Table 1.

Table 1. Study measures

Constructs	Indicators
VALUE-BASED SELLING based on Terho et al. (2015)	*this construct not analysed due to lack of data*
	VBS1 I work with this customer to find out what is needed to improve their performance
	VBS2 I actively demonstrate to this customer the financial impact of working with us
	VBS3 I focus on proactively improving this customer's business performance
	VBS4 I use a value-based selling approach
	VBS5 Based on a profound knowledge of this customer's business, I show how our products/services will improve their company's performance
	VBS6 I work towards improving this customer's bottom line
	VBS7 I focus on identifying opportunities to improve this customer's business profits
PROACTIVE CUSTOMER ORIENTATION based on Blocker et al. (2011)	
	CO1 Excels in anticipating changes in what we need from them before we even ask
	CO2 Successfully anticipates changes in our needs
	CO3 Presents new solutions to us that we actually need but did not think to ask about
	CO4 Presents new ideas to us that help us keep pace with our changing environment
CUSTOMER ADAPTIVENESS based on Panagopoulos et al. (2017)	
	Adap1 We are willing to modify our processes in order to facilitate our relationship with Company A
	Adap2 We are open to adapt our processes in order to facilitate the implementation of a recommended solution from Company A
	Adap3 We can easily adjust to the requirements of a suggested solution from Company A
	Adap4 We are willing to modify our routines in order to facilitate our relationship with Company A
PERCEIVED SUPPLIER VALUE based on Blocker et al. (2011)	
	SuppVal2 Company A creates superior value for you when comparing all the relationship costs versus benefits
	SuppVal3 Considering the costs of doing business with Company A, you gain a lot in your overall relationship with them
	SuppVal4 The benefits you gain in your relationship with Company A far outweigh the costs
	SuppVal5 Your company gets significant customer value from the relationship with Company A
SATISFACTION based on Lam et al. (2004)	
	Sat1 In general, my company is very satisfied with the services offered by Company A
	Sat2 Overall, my company is very satisfied with its relationship with Company A
	Sat3 Overall, my company is very satisfied with Company A
TRUST based on Doney & Cannon (1997)	
	Tru1 Company A keeps promises it makes to our company
	Tru2 We believe the information that Company A provides us
	Tru3 Company A is genuinely concerned that our business succeeds
	Tru4 We trust Company A keeps our best interests in mind
LOYALTY based on Doney & Cannon (1997)	
	Loy1 We intend to continue to do business with Company A during the next year
	Loy2 We intend to continue to do business with Company A during the next 3 to 5 years
	Loy3 We intend to continue to do business with Company A for the foreseeable future (over 5 years)

For each construct, there are 3-4 indicators measuring the research subject. All the indicators were chosen from previous marketing studies and adopted to fit to the study in question. Question SuppVal1 measuring perceived supplier value was dropped out since

it was for unknown reason erased from the web-based questionnaire from the latter data collection set and the absence was not noticed until the data collection was already finished. Questions VBS1–7 measuring supplier's value-based selling effort were involved in the questionnaire but were not included in the analysis since the data received was not sufficient (N=17).

4.5 Data analysis procedures in PLS

A structural equation modeling is a method that allows estimation of complex cause-effect relationships and assessment of several variables simultaneously. Typically, structural equation modeling is used in explorative research. (Henseler et al. 2009, 283, 288; Hair et al. 2011, 140; Hair et al. 2012, 414.) In this study, a partial least squares structural equation modelling (PLS-SEM) was chosen as an analysis method, since PLS-SEM achieves high levels of statistical power even with relatively small sample sizes and is suitable for analysing complex models (Reinartz et al. 2009, 336, 341–342; Hair et al. 2011, 144). PLS-SEM estimates the parameters of a set of equations in a structural equation model by combining principal components analysis and regression-based path analysis. When using PLS-SEM as a research method, test for normality is not needed. (Hair et al. 2011, 141; Hair et al. 2012, 415, 420.) In this study, the model estimation was carried out using SmartPLS 3.0 software. The software default settings were not changed, except for subsampling, which was raised to 5000.

A structural equation model has two components: measurement model and structural model. The measurement model, also referred as the outer model, include latent construct and its associated indicators, which are related with only a single latent construct. The structural model, or typically the inner model, consist of latent constructs and paths (relationships) between them heading in a single direction. Reflective indicators are functions of the latent construct, and changes in the latent construct are reflected in changes in the indicator variables. Formative indicators work the other way around, and changes in the value of latent construct is determined by changes in the indicators. (Henseler et al. 2009, 284; Hair et al. 2011, 141.)

The first part of PLS analysis focuses on measurement model evaluation for ensuring the validity and reliability of measures. In this study, all the model indicators are reflective. First, the reflective measurement model is assessed with regard to its reliability. Each latent variable is required to have their own separate indicators (Hair et al. 2011, 141).

Indicator loadings are utilised to evaluate the reliability of each indicator. The correlation between the indicators and the latent construct must be high enough (>0.70). Indicators having small correlations (<0.40) with its construct must be removed from the model. However, the decision on discarding indicators should be considered carefully and it should reflect on the low reliability of an indicator in relation to the effect on other reliability and validity measures. (Henseler et al. 2009, 299; Hair et al. 2011, 145; Hair et al. 2012, 429.) Also, by choosing indicators with high loadings, low sample size can be compensated (Reinartz et al. 2009, 342). Internal consistency reliability is measured with composite reliability and Cronbach's alpha, which provides an estimate for the reliability based on the indicator intercorrelations. According to the existing studies, it is more appropriate to apply composite reliability measure as it takes into account differences in indicator loadings. Nevertheless, in this study both composite reliability and Cronbach's alpha are used to evaluate internal consistency reliability of the model. Both measures should have values over 0.70, or even 0.80–0.90 to be considered satisfactory. (Henseler et al. 2009, 298–299; Hair et al. 2011, 145–146; Hair et al. 2012, 423.) The results are discussed more in detail in chapter 5.2.

The measurement model validity assessment is based on evaluation of average variance extracted (AVE) and Fornell–Larcker criterion. Average variance extracted should exceed value of 0.50 to indicate a sufficient degree of convergent validity, meaning that the latent variable explains more than half of its indicators' variance. (Henseler et al. 2009, 299–300; Hair et al. 2011, 146.) For discriminant validity two measures have been put forward, the Fornell–Larcker criterion and the cross-loadings. The Fornell–Larcker criterion presumes that a latent construct shares more variance with its assigned indicators than with any other latent variable. The cross-loadings of indicators are checked to ensure that the loading of each indicator with its associated latent construct is higher than all of its cross-loadings. If the model fails to fulfil the criteria above, single indicators may be excluded from the measurement model and the assessment to be revisited. (Henseler et al. 2009, 299–300; Hair et al. 2011, 146.) In this study, both criteria were assessed to confirm the validity of the measurement model and are discussed more in detail in chapter 5.2.

The second part of PLS analysis focuses on structural model evaluation. When the measurement model is confirmed as reliable and valid, the structural model is assessed. The evaluation criteria for the structural model are the coefficient of determination, and

the level and significance of the path coefficients. The path coefficients can be interpreted as standardized beta coefficients of regression models. The confidence intervals and statistical significance are determined via bootstrapping technique, where significant paths provide empirical support for the proposed causal relationship. The bigger the path coefficient value is, the stronger the relation between variables. (Henseler et al. 2009, 303–304; Hair et al. 2011, 147.) Another criterion, the coefficient of determination of the endogenous latent variables, represents the proportion of the variation in the dependent variable that is predictable from the independent variable (Olkkonen & Saastamoinen 2005, 35). In marketing studies, values between 0.25–0.75 are considered as relevant (Henseler et al. 2009, 303; Hair et al. 2011, 147). In this study, both measures were utilised to evaluate the structural model and are discussed more in detail in chapter 5.3.

4.6 Research quality

It is important that the researcher critically evaluates the quality of the study. Every research has its limitations which should be observed while conducting the research. By using established research methods carefully and in a right way, the possible errors can be minimised. (Bryman & Bell 2005, 16; Heikkilä 2014.) The research quality is evaluated by examining the reliability and the validity of the study. Reliability evaluates the persistence of the results from one measurement to another. The study is reliable when repeated measurement produces exactly the same result regardless of the researcher. Reliability assessment is based primarily on model measurement issues and accuracy in the conduct of the study. Accuracy means that the study does not include random errors, and that the process is reported carefully. Objectivity (Bryman & Bell, 2005, 168; Vilkkä 2014, 149.) In this study, the research process has been reported in detail. The data was collected electronically, which enables the processing of the data in electronic form. No data was entered manually. Questionnaire was created based on existing measures and the results were analysed with proven method. The sample represents the population well, and sample size was originally big enough to conduct quantitative analysis. However, major source of uncertainty is in the response rate. Only 42 responses were obtained which equals 22 % response rate. It can be argued is it enough to ensure the reliability of the results of this study. This issue is discussed in more detail in chapter 6.2.

Validity of the study refers to the ability of a study to measure what it was intended to measure. That is, how well the researcher has succeeded in transferring the theoretical

concepts understandably into the questionnaire, or study measures. Also, the questions must be worded clearly, so that there is no room for interpretations. Piloting the questionnaire is highly recommended, and the use of existing measures has a positive effect on the validity of the study. (Bryman & Bell 2005, 170–172, 241; Vilkkä 2014, 150.) The measures used in this study were adopted from already established, peer reviewed studies. Totally new measures were not created for the research model. The questionnaire was piloted six times before releasing and after each time the unclear assertions were corrected.

In this study, the principles set for scientific research has been followed. The research subject has been precisely defined and the study is aiming at finding new connections. Information has been openly provided to the study participants in form of cover letter. The study is measuring what it is supposed to, and theories have been utilised. The researcher has not had any influence on the responses of the participants, and all the results have been reported with honesty. The results are accurate and repeatable, and the whole study process has been reported in detail. The study also follows the ethics, preserves the privacy, and gives insights for future research. However, small sample size poses a threat to otherwise reliable study and that fact cannot be ignored. (Vilkkä 2014, 154.)

5 Results

5.1 Data description

To test the hypotheses, the service business within technology industry was chosen for empirical analysis because it represents well the relationship-oriented and competition sensitive area of business. The group of respondents consisted of production managers, operations managers, maintenance managers and buyers. All the latent variables and their indicators' mean values, medians, minimum and maximum values, and standard deviations are demonstrated in Table 2. The table indicates that the whole 7-point Likert scale was used quite comprehensively by the respondents. The mean of the answers in the sample of 42 respondents was 4,641 points and the answers were scattered around the mean by an average of 1,382 points. An examination of the medians shows, that 50 % of the respondents chose an average of 5 or less in the 7-point Likert scale.

Table 2. Measurement details

Statistics					
Latent variables and indicators (N=42)	Mean	Median	Min	Max	Std. Dev.
PROACTIVE CUSTOMER ORIENTATION	4,078				1,551
CO1	3,786	4	0	7	1,489
CO2	4,238	5	0	7	1,509
CO3	4,119	4	0	7	1,531
CO4	4,167	4	0	7	1,675
CUSTOMER ADAPTIVENESS	4,167				1,482
Adap1	4,048	4	0	6	1,511
Adap2	4,524	4	0	7	1,384
Adap3	3,976	4	0	7	1,535
Adap4	4,119	4	0	6	1,499
PERCEIVED SUPPLIER VALUE	4,393				1,176
SuppVal2	4,548	5	0	6	1,199
SuppVal3	4,476	5	2	7	1,052
SuppVal4	4,214	4	2	7	1,225
SuppVal5	4,333	4	1	7	1,228
SATISFACTION	4,651				1,330
Sat1	4,595	5	2	7	1,292
Sat2	4,786	5	1	7	1,406
Sat3	4,571	5	2	7	1,294
TRUST	4,911				1,516
Tru1	4,786	5	1	7	1,440
Tru2	5,190	6	1	7	1,435
Tru3	4,905	5	0	7	1,601
Tru4	4,762	5	1	7	1,586
LOYALTY	5,643				1,234
Loy1	5,976	6	2	7	1,165
Loy2	5,619	6	2	7	1,253
Loy3	5,333	6	2	7	1,285

According to Table 2 the respondents somewhat agree that the supplier is taking the initiative to anticipate changes (Ini1, Ini2), and present new solutions and ideas (Ini3, Ini4) to its customers. The respondents also somewhat agree that the customers themselves are willing to adapt their processes (Adap1, Adap2) and routines (Adap4) to facilitate the relationship with the supplier and to adjust (Adap3) to the requirements of a suggested solutions. The perceived supplier value was experienced to be a little above average. The respondents somewhat agree that the supplier creates superior value considering relationship costs (SuppVal2, SuppVal3), and that the customers are getting significant value from the relationship with the supplier (SuppVal4, SuppVal5). The variables regarding

the commitment to relationship showed higher values in the data. The respondents agreed that the customers are very satisfied to the supplier (Sat1, Sat2, Sat3), they agreed that the supplier is trustworthy (Tru1, Tru2) and genuinely care about the customers' success (Tru3, Tru4). Also, the respondents see that it is very likely that the customers are going to continue to do business with the supplier in the future (Loy1, Loy2, Loy3).

5.2 The measurement model

The assessment of the reflective measurement model was conducted by running PLS Algorithm with SmartPLS 3.0 software. First, the reliability of the measurement model indicators was assessed by interpreting indicator loadings. Indicator loadings matrix illustrates the size of the correlation between latent variables (constructs) and their indicators. The loadings for each indicator are required to exceed the value of 0.70 to be considered valid (Hair et al. 2011, 145; Henseler et al. 2009, 299). The bigger the correlation, the better the indicator represents the latent variable. If any of the indicators are having the value under 0.4, the indicator must be removed from the model. However, if the indicator loading falls in between the values of 0.4–0.7, the decision on whether the indicator is valid or not depends on its effect on Cronbach's alpha (CA), composite reliability (CR) and average variance extracted (AVE) values, and the result of Fornell–Larcker -test. On the other hand, in exploratory studies, loadings of 0.40 are acceptable. (Hair et al. 2012, 429; Henseler et al. 2009, 299.) T-test was used to test the statistical significance of the indicator loadings. T-value over 1.96 ($p < 0.05$) is considered statistically partly significant, T-value over 2.58 ($p < 0.01$) is considered statistically significant, and T-value over 3.30 ($p < 0.001$) is considered statistically very significant (Olkkonen & Saastamoinen 2005, 34). Standardized indicator loadings, AVE-, CA-, CR- and T-values are presented in Table 3.

Table 3. Convergent validity and reliability of constructs

Convergent validity and reliability of constructs						
Constructs	Indicators	Loadings	AVE	CA	CR	T-value
PROACTIVE CUSTOMER ORIENTATION based on Blocker et al. (2011)			0.829	0.931	0.951	
	CO1	0.947				57.743***
	CO2	0.912				21.381***
	CO3	0.910				23.951***
	CO4	0.873				12.207***
CUSTOMER ADAPTIVENESS based on Panagopoulos et al. (2017)			0.820	0.926	0.948	
	Adap1	0.873				14.347***
	Adap2	0.926				22.285***
	Adap3	0.866				13.230***
	Adap4	0.955				29.238***
PERCEIVED SUPPLIER VALUE based on Blocker et al. (2011)			0.755	0.891	0.925	
	SuppVal2	0.766				7.793***
	SuppVal3	0.880				22.442***
	SuppVal4	0.896				39.191***
	SuppVal5	0.925				57.450***
SATISFACTION based on Lam et al. (2004)			0.902	0.946	0.965	
	Sat1	0.941				32.710***
	Sat2	0.942				40.816***
	Sat3	0.966				84.651***
TRUST based on Doney & Cannon (1997)			0.727	0.874	0.914	
	Tru1	0.857				18.856***
	Tru2	0.937				49.173***
	Tru3	0.770				4.556***
	Tru4	0.838				13.953***
LOYALTY based on Doney & Cannon (1997)			0.890	0.938	0.961	
	Loy1	0.924				19.683***
	Loy2	0.971				81.418***
	Loy3	0.935				25.748***

***statistically very significant (p<0.001)

**statistically significant (p<0.01)

*statistically partly significant (p<0.05)

In this study, all the indicator loadings are between 0.766–0.971 which means that all the indicators are valid, thus all 22 indicators were accepted and none of them were removed

from the model. The T-values of the indicators fall in between 4.556–84.651 which means that all the indicators are also statistically very significant. In summary, according to the loadings and T-values it can be suggested that the reliability of the measurement model indicators is at good level.

Second, the internal consistency reliability of the measurement model was tested by using both composite reliability (CR) and Cronbach's alpha (CA). Reliability assessment is for examining internal consistency of a construct, or how well the construct is measuring the same thing every time. In previous studies it is suggested not to use Cronbach's alpha to test the internal consistency reliability but evaluate the reliability only by using composite reliability. It has been found that composite reliability is more suitable for PLS-SEM model assessment since it allows for the differences in the size of indicator loadings. Cronbach's alpha has underlying assumption that all the indicators are of same size and equally reliable. This can lead to an underestimation of the reliability of the construct. Nevertheless, in this study internal consistency reliability is assessed by using both tests. To pass the test and to consider the constructs reliable both CR and CA are required to have values over 0.70. (Henseler et al. 2009, 299; Hair et al. 2011, 145; Hair et al. 2012, 423, 424.) As shown in Table 3, all the CR and CA values in this study are between 0.874–0.965. Therefore, it can be suggested that the internal consistency reliability of the measurement model is very good.

Third, the validity of the measurement model was assessed by using average variance extracted (AVE) and Fornell–Larcker tests. Convergent validity assessment is for examining how accurately the indicator is measuring the construct, or how well the construct is measuring what is supposed to. The AVE values for each construct are required to exceed the value of 0.50 to be considered convergent enough. (Henseler et al. 2009, 299; Hair et al. 2011, 145; Hair et al. 2012, 424.) In this study, all the AVE values presented in Table 3 are between 0.727–0.902 which corroborates convergent validity of the measurement model. The discriminant validity of the measurement model was assessed by using both Fornell–Larcker -test and indicator cross loadings. Discriminant validity assessment is for examining how well each construct is measuring different things. In Fornell–Larcker criterion each construct's loading should be highest on the construct it is intended to measure. It means that the loading cannot be higher with any other construct than its own. The values in Fornell–Larcker-test are calculated from AVE square value. Acceptance criterion for cross loadings requires each indicator to load high-

est on the construct it is intended to measure. (Henseler et al. 2009, 300; Hair et al. 2012, 430.) AVE square values and cross-factor loadings are presented in Table 4 and Table 5.

Table 4. Results of the Fornell-Larcker -test

Discriminant validity - Fornell-Larcker Criterion						
	Customer adaptiveness	Loyalty	Proactive CO	Satisfaction	Trust	Perceived supplier value
Customer adaptiveness	0.906					
Loyalty	0.127	0.944				
Proactive customer orientation	0.420	0.563	0.911			
Satisfaction	0.363	0.178	0.343	0.950		
Trust	0.164	0.744	0.612	0.365	0.852	
Perceived supplier value	0.041	0.560	0.558	0.536	0.736	0.869

Table 5. Results of the cross-factor loadings

Discriminant validity - Cross loadings						
	Customer adaptiveness	Loyalty	Proactive CO	Satisfaction	Trust	Perceived supplier value
Adap1	0.873	-0.004	0.373	0.396	0.047	0.015
Adap2	0.926	0.159	0.345	0.309	0.138	0.002
Adap3	0.866	0.165	0.402	0.258	0.215	0.090
Adap4	0.955	0.145	0.396	0.347	0.194	0.040
Loy1	0.125	0.924	0.508	0.207	0.648	0.481
Loy2	0.107	0.971	0.532	0.198	0.780	0.579
Loy3	0.130	0.935	0.556	0.096	0.666	0.517
CO1	0.494	0.536	0.947	0.342	0.629	0.535
CO2	0.431	0.491	0.912	0.338	0.523	0.452
CO3	0.399	0.501	0.910	0.213	0.472	0.437
CO4	0.181	0.524	0.873	0.352	0.595	0.608
Sat1	0.325	0.149	0.356	0.941	0.304	0.501
Sat2	0.320	0.115	0.275	0.942	0.287	0.471
Sat3	0.385	0.233	0.344	0.966	0.435	0.551
Tru1	0.096	0.707	0.443	0.323	0.857	0.604
Tru2	0.248	0.733	0.557	0.367	0.937	0.632
Tru3	-0.057	0.484	0.373	0.130	0.770	0.510
Tru4	0.208	0.579	0.676	0.372	0.838	0.740
SuppVal2	0.012	0.414	0.295	0.430	0.545	0.766
SuppVal3	-0.044	0.497	0.541	0.436	0.627	0.880
SuppVal4	0.129	0.429	0.567	0.549	0.652	0.896
SuppVal5	0.032	0.600	0.499	0.445	0.722	0.925

As presented in Table 4 each construct's AVE square value has the highest correlation with its own construct which supports the discriminant validity. Discriminant validity was also assessed through indicator cross-factor loadings. Table 5 reports on the cross-factor loadings of all the indicators. It is observed that all the factor loadings are greater than cross-loadings, which is a sign of discriminant validity. However, it must be noted that

some problematic cross-factor loadings occur in the matrix. Nevertheless, those cross-factor loadings are not higher than the factor loadings, so no actions were taken since the Fornell–Larcker criterion is fulfilled. Therefore, it can be suggested that also the criteria for discriminant validity of the measurement model are fulfilled in this study.

5.3 The structural model

The assessment of the structural model was conducted by running bootstrapping procedure with SmartPLS 3.0 software. The number of 5000 bootstrap subsamples was used and one-tailed test was performed. (Hair et al. 2011, 145, 147.) First, the structural model was assessed by using PLS-SEM model path coefficients (β), which is equivalent to the regression model beta values. The bigger the path coefficient value is, the stronger the relation between variables. Also, the significances of the path coefficients are assessed with T-test. (Henseler et al. 2009, 304, 306; Hair et al. 2011, 147.) T-value over 1.96 ($p < 0.05$) is considered statistically partly significant, T-value over 2.58 ($p < 0.01$) is considered statistically significant, and T-value over 3.30 ($p < 0.001$) is considered statistically very significant (Olkkonen & Saastamoinen 2005, 34). The path coefficient values, T-values, and statistical significances are presented in Table 6.

Table 6. Direct effects of the PLS-SEM structural model

Direct effects				
	Path coefficient	Std. Dev.	T-value	P-value
Proactive CO -> Perceived supplier value	0.558	0.126	4.438***	0.000
Proactive CO -> Customer adaptiveness	0.420	0.141	2.977***	0.001
Perceived supplier value -> Trust	0.731	0.095	7.705***	0.000
Perceived supplier value -> Satisfaction	0.649	0.287	2.331**	0.010
Customer adaptiveness -> Trust	0.134	0.102	1.318	0.094
Customer adaptiveness -> Satisfaction	0.365	0.126	2.902**	0.002
Trust -> Satisfaction	-0.173	0.295	0.586	0.279
Trust -> Loyalty	0.783	0.086	9.089***	0.000
Satisfaction -> Loyalty	-0.108	0.135	0.800	0.212

***statistically very significant ($p < 0.001$)

**statistically significant ($p < 0.01$)

*statistically partly significant ($p < 0.05$)

According to the analysis results shown in Table 6, $\frac{2}{3}$ of the connection path coefficients are strong or very strong ($\beta > 0.35$). The strongest connections are between perceived customer value and trust, and trust and loyalty. The rest of the connections, more precisely between trust and satisfaction, satisfaction and loyalty, and customer adaptiveness and trust, seem to be weak ($\beta < 0.20$). Same observations can be made regarding statistical

significances. The same connections that have weak path coefficients, are also not statistically significant ($t < 1.96$). Statistically the most significant connections are between trust and loyalty, perceived supplier value and trust, and perceived supplier proactive customer orientation and perceived supplier value ($t > 3.30$). Statistically significant connections are between perceived supplier proactive customer orientation and customer adaptiveness, customer adaptiveness and satisfaction, and perceived supplier value and satisfaction ($t > 2.58$).

Second, the structural model was assessed by evaluating constructs' explained variance with coefficient of determination R^2 . The coefficient of determination represents the amount of explained variance of each latent variable and is utilized to measure the predictive power of the model (Olkkonen & Saastamoinen 2005, 35). Referring to Henseler et al. (2009, 303), R^2 values of 0.67, 0.33, and 0.19 are considered as substantial, moderate, and weak. R^2 can have values between 0–1. Another view is that acceptable R^2 level depends on research discipline (Hair et al. 2011, 147). Evaluated R^2 values are presented in Table 7.

Table 7. Constructs' explained variance

Coefficient of determination			
	R^2	T-value	P-value
Perceived supplier value	0.311	2.310**	0.010
Customer adaptiveness	0.176	1.551	0.061
Satisfaction	0.418	3.015***	0.001
Trust	0.560	4.821***	0.000
Loyalty	0.563	5.373***	0.000

***statistically very significant ($p < 0.001$)
 **statistically significant ($p < 0.01$)
 *statistically partly significant ($p < 0.05$)

In this study, constructs' explained variances of 0.563, 0.560, and 0.418 may be considered as moderate, and constructs' explained variances of 0.311, and 0.176 as weak (Henseler et al. 2005, 303). According to R^2 values presented in Table 7, perceived supplier value and customer adaptiveness explains 56 % of the variance of trust towards the supplier. Further, trust towards supplier explains 56.3 % of the variance of customer loyalty. Customer satisfaction is explained 41.8 % by customer adaptiveness, perceived supplier value and trust. These results are considered as moderate what it comes to predictive power. Further examination of path coefficients reveals that trust towards the supplier is mostly explained by perceived supplier value. Also, customer satisfaction is mostly ex-

plained by customer adaptiveness (see Table 6). Perceived supplier proactive customer orientation is explaining only 31.1 % of the variance of perceived supplier value which can be considered surprisingly weak. However, the predictive power of perceived supplier proactive customer orientation on customer adaptiveness can be noted to be even weaker since coefficient of determination remains under 17.6 % which can be considered poor. The final PLS-SEM model is presented in Figure 3.

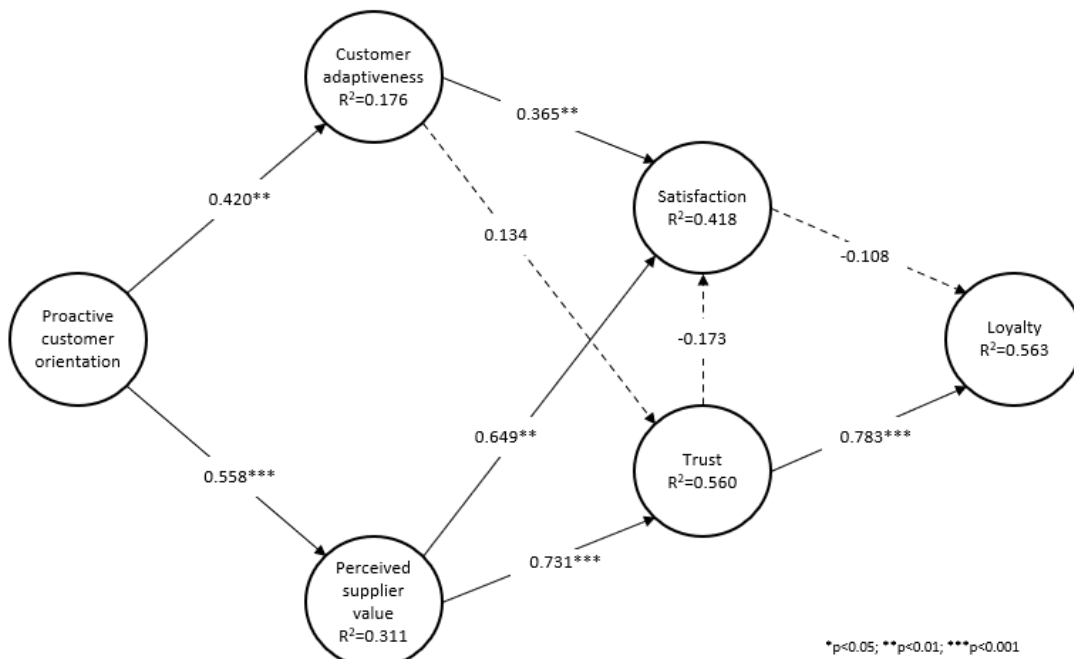


Figure 3. PLS-SEM structural model path coefficients and R² values

Third, the structural model's path coefficients in relation to the model's latent variables were evaluated. The bootstrapping procedure was used to determine the path coefficient's sign, magnitude, and significance (Hair et al. 2011, 145). The proposed causal relationship is empirically supported by significant paths. Non-significant paths or the paths with contrary signs compared to hypothesized direction do not support the proposed causal relationship. (Haghkhak et al 2020, 37.) Results of the hypotheses testing with bias corrected confidence intervals of 95 % are presented in Table 8, and results of the mediation analysis are shown in Table 9.

Table 8. Summary of performance relationships of constructs

Performance relationships		Direct effect		Total indirect effect		Total effect	
		β	95 % CI	β	95% CI	β	95% CI
Proactive CO -> Perceived supplier value	H2a	0.558***	0.291-0.723	-	-	0.558***	0.291-0.723
Proactive CO -> Customer adaptiveness	H2b	0.420***	0.135-0.611	-	-	0.420***	0.135-0.611
Proactive CO -> Trust		-	-	0.464***	0.207-0.634	0.464***	0.244-0.609
Proactive CO -> Satisfaction		-	-	0.435***	0.218-0.625	0.435***	0.262-0.603
Proactive CO -> Loyalty		-	-	0.316**	0.073-0.502	0.316**	0.073-0.502
Trust -> Satisfaction	H5	-0.173	-0.564-0.402	-	-	-0.173	-0.564-0.402
Trust -> Loyalty	H6	0.783***	0.606-0.880	0.019	-0.026-0.151	0.802***	0.629-0.911
Satisfaction -> Loyalty	H7	-0.108	-0.314-0.105	-	-	-0.108	-0.314-0.105

***statistically very significant (p<0.001)
**statistically significant (p<0.01)
*statistically partly significant (p<0.05)

Table 9. Results of mediation analysis

Mediation analysis					
Predictor	Mediator	Outcome		Total effect	Mediation effect
				β	β
Proactive CO	Perceived supplier value	Trust	H3a	0.464***	0.408***
Proactive CO	Perceived supplier value	Satisfaction	H3b	0.435***	0.362*
Proactive CO	Customer adaptiveness	Trust	H4a	0.464***	0.056
Proactive CO	Customer adaptiveness	Satisfaction	H4b	0.435***	0.153*

***statistically very significant (p<0.001)
**statistically significant (p<0.01)
*statistically partly significant (p<0.05)

Table 8 summarises the results of the assessment of hypothesised relationships. In total of nine hypotheses were explored in this study. The hypotheses represent direct relationships and specific indirect relationships (mediators). As shown in Table 8, hypotheses H2a, H2b, H5, H6, H7 were established to investigate the direct relationships between constructs. Table 8 also involves the indirect relationships between perceived supplier proactive customer orientation and trust, satisfaction, and loyalty. Even though direct effect not hypothesised, it is interesting to note that total indirect effect for perceived supplier proactive customer orientation on trust and satisfaction is statistically very significant and on loyalty statistically significant.

Hypotheses H3a, H3b, H4a and H4b were concerned with the specific indirect effects or mediators. In a multiple mediation context, particularly specific indirect effects are under investigation, since specific indirect effect is not the same as the total indirect effect (Preacher & Hayes 2008, 881). Mediation analysis was performed by using bootstrapping procedure suggested by Preacher and Hayes (2008, 883–884) to assess the mediating roles

of perceived supplier value and customer adaptiveness between perceived supplier proactive customer orientation, and satisfaction and trust. A mediator is the variable that causes mediation in the independent and the dependent variables. In other words, it explains the relationship between the independent variable and the dependent variable. Simply, the independent variable is affecting the dependent variable through one or more mediators. (Preacher & Hayes 2008, 879.) Partial mediation occurs when the predictor variable exerts some of its influence via mediator, and complete mediation exists if the predictor exerts its total influence via mediating variable.

The results in Table 9 revealed partly significant mediating roles of perceived supplier value ($\beta=0.362$; $t=2.145$; $p<0.05$) and customer adaptiveness ($\beta=0.153$; $t= 2.498$; $p<0.05$) between perceived supplier proactive customer orientation and satisfaction. Customer adaptiveness did not mediate the relationship between perceived supplier proactive customer orientation and trust ($\beta=0.056$; $t= 1.022$; $p>0.05$), whereas perceived supplier value was found to be a very significant mediator between perceived supplier proactive customer orientation and trust ($\beta=0.408$; $t= 3.274$; $p<0.001$).

5.4 Discussion of hypotheses

Next the results of the examination of direct and indirect effects are discussed. The results indicate that the direct effect hypotheses H2a, H2b and H6 are supported. This study indicates a significant effect for perceived supplier proactive customer orientation on perceived supplier value and customer adaptiveness, and for trust towards the supplier on customer loyalty. Also, the results indicate that the indirect effect hypotheses H3a, H3b and H4b are supported. Therefore, this study confirms a significant mediating role for perceived supplier value between perceived supplier proactive customer orientation and trust towards the supplier, as well between perceived supplier proactive customer orientation and customer satisfaction, and for customer adaptiveness between perceived supplier proactive customer orientation and customer satisfaction.

H1: Value-based selling has a positive relationship to perceived supplier proactive customer orientation. Not involved in the analysis due to inadequate data.

H2a: Perceived supplier proactive customer orientation has a positive relationship to perceived supplier value. Based on the analysis results H2a is supported ($\beta=0.558$; $t=4.549$;

$p < 0.001$). The result is statistically very significant, and strong support for the positive direct effect of proactive customer orientation on perceived supplier value is provided.

H2b: Perceived supplier proactive customer orientation has a positive relationship to customer adaptiveness. Based on the analysis results H2b is supported ($\beta = 0.420$; $t = 2.977$; $p < 0.001$). The result is statistically very significant, and strong support for the positive direct effect of perceived supplier proactive customer orientation on customer adaptiveness is provided.

H3a: Perceived supplier value mediates the link between perceived supplier proactive customer orientation and trust towards the supplier. Based on the analysis results H3a is supported ($\beta = 0.408$; $t = 3.274$; $p < 0.001$). The result is statistically very significant, and strong support for the partial mediating effect of perceived supplier value between perceived supplier proactive customer orientation and trust towards the supplier is provided.

H3b: Perceived supplier value mediates the link between perceived supplier proactive customer orientation and customer satisfaction. Based on the analysis results H3b is supported ($\beta = 0.362$; $t = 2.145$; $p < 0.05$). The result is statistically partly significant, and support for the partial mediating effect of perceived supplier value between perceived supplier proactive customer orientation and customer satisfaction is provided.

H4a: Customer adaptiveness mediates the link between perceived supplier proactive customer orientation and trust towards the supplier. Based on the analysis results H4a is not supported ($\beta = 0.056$; $t = 1.022$; $p > 0.05$). No support for the partial mediating effect of customer adaptiveness between perceived supplier proactive customer orientation and trust towards supplier is provided.

H4b: Customer adaptiveness mediates the link between perceived supplier proactive customer orientation and customer satisfaction. Based on the analysis results H4b is supported ($\beta = 0.153$; $t = 2.498$; $p < 0.05$). The result is statistically partly significant, and support for the partial mediating effect of customer adaptiveness between perceived supplier proactive customer orientation and customer satisfaction is provided.

H5: Trust towards the supplier has a positive relationship to customer satisfaction. Based on the analysis results H5 is not supported ($\beta = -0.173$; $t = 0.586$; $p > 0.05$). The result is negative, and support for the positive direct effect of trust towards the supplier on customer satisfaction is not provided.

H6: Trust towards the supplier has a positive relationship to customer loyalty. Based on the analysis results H6 is supported ($\beta=0.783$; $t=9.089$; $p<0.001$). The result is statistically very significant, and strong support for the positive direct effect of trust towards the supplier on customer loyalty is provided.

H7: Customer satisfaction has a positive relationship to customer loyalty. Based on the results H7 is not supported ($\beta=-0.108$; $t=0.800$; $p>0.05$). The result is negative, and support for the positive direct effect of customer satisfaction on customer loyalty is not provided.

6 Discussion and conclusions

6.1 Theoretical and managerial implications

The purpose of this thesis was to explore how perceived supplier proactive customer orientation facilitated by value-based selling and experienced by the customer affects the long-term business relationship between the two parties. The context of the global technology industry operating in service business was chosen since the strong relationship with the customer is essential for the supplier to succeed in that competitive business environment. Commitment to relationship is recognized as a key contributor to competitive advantage in B2B context (Russo et al. 2016, 893). In this study, customer satisfaction, trust towards the supplier, and customer loyalty are considered as the components of commitment to relationship. This study has investigated the effect for perceived supplier proactive customer orientation, perceived supplier value and customer adaptiveness on customer's commitment to relationship. The findings demonstrated that these variables were important factors in the successful formation of commitment and further on long-term relationship.

Much of the earlier research has concentrated on the features of the salesperson and the customer predicting sales performance. Consequently, this study makes an important contribution to the sales management literature by exploring the customer's perceptions on supplier proactive customer orientation and its effects on relationship performance. This study investigated the key consequences of perceived supplier proactive customer orientation and examined the mediating role of perceived supplier value and customer adaptiveness in the relationship between satisfaction and trust. Also, the effects for satisfaction and trust on loyalty were examined.

The results of current study confirmed a strong and positive effect for perceived supplier proactive customer orientation on perceived supplier value and customer adaptiveness. This finding gives rare support for the (so far) unique study performed by Blocker et al. (2011, 229). Based on the findings of this study, as the salesperson take the initiative and proactively contact the customer with suggestions and propositions that satisfy the customer's latent needs, the supplier can create value, develop relationships, and increase customer participation.

This study found a mediating role for perceived supplier value between perceived supplier proactive customer orientation and trust towards the supplier, and between perceived supplier proactive customer orientation and customer satisfaction. It seems that the greater the perceived supplier value, the greater the customer satisfaction, which is consistent with previous studies, for example, by Eggert and Ulaga (2002, 116) and Lam et al. (2004, 307). Despite the significance of the mediating effect for perceived supplier value on customer satisfaction, the effect was not strong. This could mean that customer satisfaction can be influenced at some level through creating value by proactively engaging with the customer's business. Moreover, trust towards the supplier can be significantly increased through customer's perception on supplier value positively influenced by the perceived supplier proactive customer orientation. The results of this study provide strong support for the proactive customer orientation-value-trust chain, and a conclusion can be drawn that perceived supplier proactive customer orientation has significant positive effects upon loyalty too. Supplier is influencing positively to the customer's perception of value by proactively being in contact and solving customer's problems.

In addition, this study identified a mediating role for customer adaptiveness between perceived supplier proactive customer orientation and customer satisfaction. The significant mediating effect was supported but it was not strong. Nevertheless, customer adaptiveness increases the effect for perceived supplier proactive customer orientation on customer satisfaction. This confirms the view of Panagopoulos et al. (2017) that customer adaptiveness is not the most significant factor influencing customer-supplier relationship. Surprisingly, a mediating role for customer adaptiveness between perceived supplier proactive customer orientation and trust was found but it was not statistically significant. The finding is surprising given that if customers are willing to adapt their processes and daily routines to accommodate the supplier's solutions, wouldn't it require some level of trust to do so. This would be an interesting stream for future research to examine the antecedents and effects of customer adaptiveness further.

This study also examined the effect of trust towards the supplier on customer satisfaction and customer loyalty, and the effect of customer satisfaction on customer loyalty. The effect of trust towards the supplier on customer loyalty was positive and very significant, which is consistent with several previous studies (e.g. Morgan & Hunt 1994, 24; Venetis & Ghaudi 2004, 1592). According to the finding, the high level of trust increases customer loyalty. This might result in trust reducing the uncertainties and risk in the relationship

when it becomes worthwhile for the customer to continue the relationship with the supplier instead of finding a new one.

More surprisingly, positive effect for trust towards the supplier on customer satisfaction was not confirmed. This finding is not consistent with previous studies where trust has been recognized as an important antecedent of satisfaction (e.g. Payan & McFarland 2005, 16; Gogoi 2021, 7). The reason behind the unexpected finding may be found from the differences in the definitions of trust and satisfaction. While trust builds on the confidence towards the other party, satisfaction is a result of perceived value. For example, customer can be very satisfied to the provided service but lacking the trust that the service provider is actually keeping customer's best interest in mind. On the other hand, customer might experience trust towards the supplier, but be unsatisfied with the results of the relationship. One more possible reason for the finding is, that the more the customer trusts the supplier, the more they expect. Therefore, the limit of satisfaction and dissatisfaction rises higher and leads to lower satisfaction ratings.

Contrary to expectations, this study did not find a positive effect for customer satisfaction on customer loyalty. This finding is in line with previous studies (e.g. Eggert & Ulaga 2002, 109; Russo et al. 2016, 893) but is also controversial with number of others (e.g. Lam et al. 2004, 307; Blocker et al. 2011, 229; Khan 2013, 186; Ruiz-Martínez et al. 2019, 1874; Sharma 2021). It might be that the concepts are parallel, and the establishment of the causality is not even realistic to anticipate. On the other hand, previous studies have revealed the relationship between satisfaction and loyalty. The finding and the previous literature being so conflicting, more research would be required on the effects of satisfaction on loyalty to define the precise mechanism behind the causal relationship.

To summarise, the results of this study clearly indicate that customer loyalty is impacted by perceived supplier proactive customer orientation through perceived supplier value and trust towards the customer. The perception on supplier proactive customer orientation increases the positive perception on supplier value and further on trust towards the supplier which has a significant positive effect on customer loyalty. Also, customer satisfaction level seems to be open to influence of perceived supplier proactive customer orientation. When customer has a positive perception on supplier proactive customer orientation, they also perceive higher supplier value and are more willing to adapt which leads to higher level of customer satisfaction. However, according to this study customer satis-

faction has no effect on customer loyalty. It should be noted though, with a small sample size, caution must be applied, as the findings might not represent the overall population and the true nature of the phenomenon.

This study provides a motivating managerial implication. Management has a critical role in supporting proactive customer orientation towards the customer. This study strongly indicates that long-term business relationships form through salesperson's proactive communication with the customer. The management should ensure that their sales force is capable and willing to engage themselves to proactively enter into the customer's business and reveal the customer's latent needs. Perceived supplier proactive customer orientation increases the customer's value experience and influences the customer's willingness to adapt to the solutions suggested by the supplier. When customers engage themselves to co-create value with the supplier and adjust their way of working, they become more satisfied, build trust towards the supplier, and are more willing to maintain the relationship and stay loyal to the supplier. This commitment to relationship is the first step towards the long-term business relationship between the customer and the supplier.

6.2 Limitations and further research

Three limitations exist in this study in terms of methodology that should be noted. The first limitation is related to sampling. The data in this study was collected only from two companies in technology industry. Consequently, the findings of this study may not be generalizable to other companies or to another industrial sector. Second, the very small sample size imposes limitations to the quality of the study. The sample chosen for this study should have been larger in size, since there is always non-response bias involved in electronic questionnaire surveys. Too small sample size results in arguable reliability of the results, and further data collection would be required to determine exactly how perceived supplier proactive customer orientation affects commitment to relationship. Third, the cross-sectional data was used to test the hypotheses. The nature of the effects of the variables measuring commitment to relationship (satisfaction, trust, loyalty) may be sensitive to flux over time. Therefore, a longitudinal study design might reveal different results and deepen the understanding about the causal relationship of the constructs.

According to previous literature the effect of satisfaction on loyalty is contradictory, and the same applies to this study as well. Even though several previous studies show that

satisfaction is a vital determinant of loyalty, in this study the results regarding the positive effect of customer satisfaction and loyalty state otherwise. It would be interesting to investigate the antecedents and consequences of customer satisfaction in B2B context. Other quite intriguing research stream would be customer adaptiveness as an outcome of the commitment to the relationship. In this study it is argued that customer adaptiveness is an antecedent or mediator for commitment to relationship. What if it is the other way around? When customers trust the supplier, and are satisfied and loyal, does the customer's willingness to adapt increase? Third suggestion for the future research is to attempt what this study failed to complete. The analysis of dyadic data between suppliers and their customers could open up completely new factors behind strong, long-term business relationships.

7 Summary

Customer value is essential in B2B markets. At its simplest customer value is about benefits and sacrifices, and suppliers need to establish strategies how to survive in that environment. Value-based selling is identified as a specific sales strategy focusing on co-operation between the customer and the supplier creating value for both parties. Value-based selling constructs of understanding customer's business, value propositions and communication. Value is created together with the customer by deeply understanding customer's business processes and synchronizing them with the supplier's offering as a natural continuum. Value propositions serve as a concrete demonstration of the potential value that the customer can achieve and can be verified by calculations or reference cases. The focus is to find a solution that creates added value for the customer's business. In value-based selling, the salesperson is a customer-oriented innovator who, in interaction with the customer, with the supplier's offering strives to proactively find a solution to the customer's latent need. In addition, the salesperson act as a coach who provides insights and new perspectives on the customer's business. Value-based selling is a never-ending development process maintaining the business relationship, where central is improvement of both customer's and supplier's business, and the deep trust and co-operation between the two players.

This study explored how customers experience the supplier proactive customer orientation facilitated by value-based selling effort, and how it affects the long-term business relationship with the customer. The aim of the study was to identify the factors that improve the strength of business relationship and lead to long-term relationship with the customer or on the other hand the uncertainty factors that interfere the deepening of the business relationship. As the main finding of this study, long-term business relationships seem to form through somewhat complex chain of customer perceptions that can be influenced by the supplier. Perceived supplier proactive customer orientation has an impact on the customer actions and perceptions, which further on effect on the commitment to relationship. It seems, that companies aiming to gain competitive advantage and positing themselves to the head of the market, should concentrate on proactively serve the customer in form of innovative solutions for customers latent needs. The supplier proactiveness is rewarded with the value co-created with the customer, and as a result customer

experiences trust and loyalty which in turn leads to commitment to long-term business relationship with the supplier.

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