How to Ruin Buyer-Manufacturer Relationships – Evaluating and Comparing Drivers of Customer Dissatisfaction in B2B and B2G Relationships

Maximilian Froch[1], Christine Falkenreck[1], Ralf Wagner[2]
[1] Hof University of Applied Sciences, Hof, Germany
[2] University of Kassel, Kassel, Germany

Abstract

Complementing previous research, this paper addresses the challenge of exploring the drivers of customer dissatisfaction in buyer-manufacturer relationships in a B2B and a business-to-government (B2G) context, to enhance existing models of the outcomes of dissatisfaction. Based on qualitative data in a dyadic research setting, this paper collects and analyzes data from both the buying and manufacturing side in Germany, referring to internationally sold standard and customized product solutions. Customers are not limited to business clients, they include public institutions and partners. Embedding empirical observations and data in established theoretical frames, this paper enhances existing dissatisfaction research by adding its antecedents and suggests a new unified customer satisfaction and dissatisfaction model. Empirical results provide substantial implications for both B2B and B2G marketing management. Additionally, the implications for future academic research are outlined.

Keywords: Customer Satisfaction, Customer Dissatisfaction, Relationship Quality, Business-to-Business, Business-to-Government, Buyer-Manufacturer Relationships

Paper type: Competitive Paper

INTRODUCTION

Although Business-to-Business (B2B) marketing research can be traced back for several decades, key contributions refer mainly to the last three decades (Hadjikhani & LaPlaca 2013; Lilien 2016). Despite its economic worth and power, B2B research is still underrepresented in scientific marketing research (Lilien 2016; LaPlaca & Katrichis 2009). The same conclusions arise when considering Business-to-Government (B2G) marketing research. Comparing B2B and B2G relationships reveals many similarities, but also indicates differences, particularly with reference to relationship marketing aspects (Froch et al. 2017). One of the main similarities is the importance of trustful and satisfying business relationships between buyer and seller and/or buyer and manufacturer in both B2B and B2G contexts (Håkansson & Snehota 1995; Froch et al. 2017).

Recent research challenges future trends in B2B marketing and confirms the value of business relationships (Lilien 2016; Mora Cortez & Johnston 2017). This underpins both the importance of relationship quality and customer satisfaction. The consequences of customer satisfaction as well as of dissatisfaction are relatively well researched – but still remain in an early research stage (Vargo et al. 2007). Scholars recently started integrating the dissatisfaction outcomes in existing research models (Ferguson & Johnston 2013; Bougie et al. 2003; Zeelenberg & Pieters 2004; Vargo et al. 2007). Nevertheless, to the best of our knowledge, this research is the first to evaluate and compare drivers of dissatisfaction in both B2B and B2G buyer-manufacturer relationships. With the scientific implications of this research the aim is to close a research gap by enlarging and enhancing existing dissatisfaction research models by adding the actual drivers of dissatisfaction.

This paper is structured as follows: First, a definition of customer dissatisfaction based on existing satisfaction research is introduced. Then, based on a literature review, this papers theoretical foundation is provided. Next, research propositions and the research methodology are introduced. Then, findings are presented and discussed and an enhanced research model incorporating the drivers and the outcome of dissatisfaction is presented. Last, contributions to theory building, limitations, implications, and an outlook on future research are discussed.

THEORETICAL BACKGROUND ON CUSTOMER DISSATISFACTION

This chapter provides an overview about marketing theories relating customer dissatisfaction in the domains of B2B and B2G marketing. Next, based on a literature review this paper's understanding of customer satisfaction and dissatisfaction is introduced.

Related theories

This research builds on relationship marketing theory and commitment-trust theory, as the authors expect to contribute to these two theories. Morgan and Hunt (1994) and several other researchers (e.g., Ganesan, 1994; Moorman et al., 1993) claim that B2B relationships require commitment and trust. Their findings imply that commitment and trust are key characteristics to understanding relationships between buyers and sellers and their development process. In line with commitment-trust-theory, customer commitment to the seller has an impact on perceived quality, shared values, communication and trust, and consumer behavioral intentions (Morgan & Hunt 1994).

Today, researchers argue that marketing research neglects to examine its most fundamental concept – the market itself (Mele et al., 2015). Neoclassical economics focuses on product-centric market activities, whereas recent research adds a focus on created value during use (e.g., Alford, 2016; Vargo & Lusch, 2016), and relationships and the ability to explain them (Grönroos 2011; Mele et al. 2015). Relationship marketing was first established as an approach to attract, maintain and enhance customer relationships (Berry, 1995;

Parasuraman et al., 1993). The concept of relationship quality reflects the overall depth, closeness, and climate in inter-organizational relationships (Johnson 1999). The concept of relationship quality focuses on identifying the drivers that influence relational outcomes to explain the success or failure of relationships (e.g., Grönroos, 1994; Palmer et al., 2005). Although the significance of relationship quality is widely acknowledged in B2B relationships, a common definition and conceptualization is still absent (e.g., Athanasopoulou, 2009; Jiang et al., 2016). Considering the multiple approaches to defining relationship quality, this paper refers to the definition of Palmatier (2008, p. 22) understanding relationship quality as the "overall caliber of relationship ties and their overall impact on outcomes".

B2B customers' satisfaction and their dissatisfaction

In a business context, satisfaction refers to a global outcome assessment of the extent to which customers are pleased and have positive emotional evaluations of suppliers (Oliver et al., 1997). In line with Ruekert and Churchill (1984), satisfaction is of fundamental importance to understand business relationships. Chiou and Dronge (2006) argue that customer satisfaction is a major driver of customer retention and loyalty in business relationships. The authors follow the definition of (Anderson & Narus, 1984, p. 66) understanding satisfaction with a business relationship as "the appraisal of all aspects of a firm's working relationship with another firm". In line with Geyskens and Steenkamp (2000) and Palmatier et al. (2006) the authors furthermore distinguish between economic and relationship satisfaction, since this allows one to separate the social context within a buyer-supplier relationship from the economic context.

Dissatisfied customers are likely to stop purchasing the offerings, to provide unfavorable word-of-mouth advertising, and to complain, return and boycott the product class, the brand, or the seller or retailer (Ferguson & Johnston 2013; Zeelenberg & Pieters 2004; Bougie et al. 2003). Research on customer dissatisfaction is still in its early stages (Vargo et al. 2007, Ferguson & Johnston 2013), it is often based on Business-to-Consumer (B2C) relationships, and relates to the well-established "disconfirmation of expectations model" (Oliver, 1997). Adapted to dissatisfaction and based on the definition of Anderson and Narus (1984), the authors would like to propose the following definition: Dissatisfaction in business relationships is the misappraisal of aspects of a firm's working relationship with another firm. With reference to the outcomes of dissatisfaction, scholars argue that dissatisfaction leads to behavioral responses from customers (Ferguson & Johnston 2013; Bougie et al. 2003; Zeelenberg 2015). In this context, it is very likely that dissatisfied customers switch to alternative suppliers (Keiningham et al. 2015; Myrden & Kelloway 2015; Loveman 1998). Figure 1 represents a model of behavioral responses to dissatisfaction based on works of Zeelenberg and Pieters (2004).

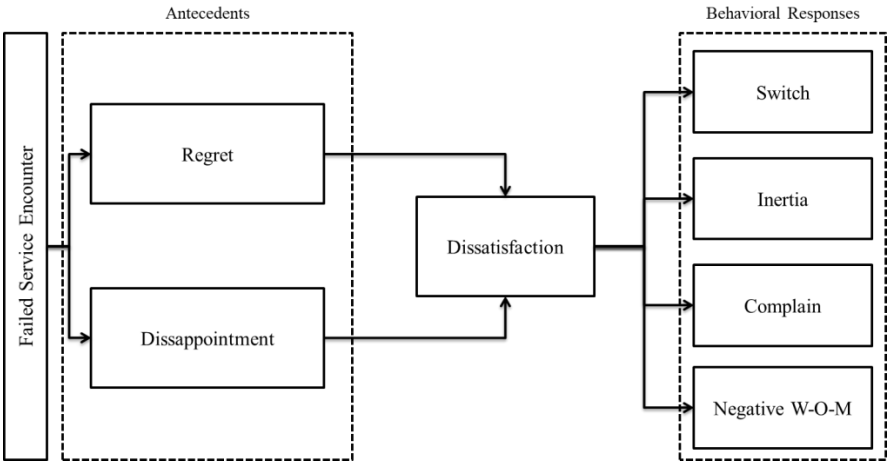

Figure 1: Behavioral Responses to Dissatisfaction (based on Zeelenberg & Pieters 2004)

In line with Vargo et al. (2007) the authors understand that the process of building either satisfaction or dissatisfaction is complex. Furthermore, Cadotte and Turgeon (1988) argue that existing streams of research do not cover the constituting drivers of either satisfaction or dissatisfaction, neither from the buyers nor from the manufacturers point of view. The authors therefore suggest that the behavioral responses to dissatisfaction (figure 1) need to be enhanced by constructs varying in terms of their ability to drive both satisfaction and dissatisfaction.

Research on Drivers of Customer Satisfaction and Dissatisfaction

Research approaches from different disciplines, such as psychology or engineering, offer contributions to the drivers of satisfaction as well as dissatisfaction (e.g., Herzberg et al. 1959; Kano et al. 1984). This paper follows the approach introduced by Cadotte and Turgeon in 1988. They introduced a model made up of *satisfiers*, *dissatisfiers*, *criticals*, and *neutrals* (Cadotte & Turgeon 1988). *Dissatisfiers* are defined as factors for which low performance or absence can cause dissatisfaction, and high performance or presence do not increase satisfaction (Cadotte & Turgeon 1988; Cadotte et al. 1987; Tontini et al. 2017; Zhou et al. 2014). *Satisfiers* are factors that drive satisfaction when present, but their absence does lead to dissatisfaction (Cadotte & Turgeon 1988; Brunk & Blümelhuber 2011). *Criticals* are factors that are connected to both positive and negative feelings, and tend to be the core or generic aspect of a product (Cadotte & Turgeon 1988). Their role tends to be most important because they impact either satisfaction or dissatisfaction (Johnston 1995; Söderlund 1998; Lacey et al. 2015). Examples include but are not limited to quality of service or quality of food in a restaurant (Vargo et al. 2007). Finally, *neutrals* are factors that do not elicit positive or negative evaluations, regardless of their presence or absence, such as the quality of advertising or variety of service (Cadotte & Turgeon 1988). Cadotte and Turgeon (1988) introduce a hypothetical distribution related to the four factors listed before, delivering a description of placement and dominance of the factors in relation to positive and negative evaluations. Furthermore, a zone of indifference is added, describing a range in which evaluations are neither positive nor negative (Cadotte & Turgeon 1988; Lacey et al. 2015; Zhou et al. 2014). This paper adopts the research approach of Cadotte & Turgeon (1988).

Research Gap and Research Propositions

Different research disciplines and streams of thought discuss several constructs leading to either satisfaction or dissatisfaction (Luor et al. 2015; Wang & Ji 2010; Lacey et al. 2015; Zhou et al. 2014). Existing research related to dissatisfaction mostly refers to the fields of hospitality and tourism, as well as related services, and is conducted in a B2C context (e.g.,

Tontini et al. 2017; Xu & Li 2016; Zhang & Cole 2016; Zhou et al. 2014). However, research on this topic remains in a preliminary state and is very limited, and to the best of our knowledge it has not been extended to buyer-manufacturer relationships in B2B and B2G contexts. This paper aims to enhance the existing model of Zeelenberg and Pieters (2004) on behavioral responses of dissatisfaction by adding antecedents of dissatisfaction as well as satisfaction. Furthermore, this paper seeks to identify and confirm different constructs driving dissatisfaction and satisfaction in buyer-manufacturer relationships in both B2B and B2G contexts. Therefore, the following research propositions have been derived.

RP1a: *Diverse drivers in buyer-manufacturer relationships lead to satisfaction (satisfiers).*

RP1b: *Diverse drivers in buyer-manufacturer relationships lead to dissatisfaction (dissatisfiers).*

RP1c: *There are drivers that influence both satisfaction and dissatisfaction within buyer-manufacturer relationships.*

RP1d: *There are drivers that do not at all influence satisfaction and dissatisfaction within buyer-manufacturer relationships.*

RP2a: *The set of drivers of dissatisfaction existing in the mindsets of buyers and manufacturers is likely to be a fuzzy set rather than a crisp set.*

RP2b: *Manufacturer's perception of what drives buyer's dissatisfaction differs from what actually drives buyer's dissatisfaction.*

RP3a: *Compared to B2G relationships, economic relationship drivers have a bigger impact on B2B dissatisfaction*

RP3b: *Compared to B2B relationship, customer relationship drivers have a bigger impact on B2G dissatisfaction*

RP4a: *Dark side characteristics like unbalanced power or dependence increase perceived dissatisfaction.*

RP4b: *Compared to B2B relationships, dark side characteristics have a bigger impact on customer dissatisfaction in B2G relationships.*

Considering these research propositions, the authors attempt to enhance the existing model of Zeelenberg and Pieters (2004).

METHODOLOGY

In the context of theory building and practical relevance, this qualitative study aims to contribute knowledge on drivers of dissatisfaction in both B2B and B2G relationships. As only limited prior research in the domain of dissatisfaction makes up the foundation of this study, the research design follows an inductive approach aiming to enlarge and develop the theory by means of a collective case study. The design of this study is carefully configured to minimize method bias effects (MacKenzie and Podsakoff 2012). In order to avoid common method bias and taking into account the exploratory nature of this study, the authors investigate multiple cases through detailed, in-depth data collection involving multiple sources of data like interviews, documents, and reports (Eisenhardt 1989; Eisenhardt & Graebner 2007; Welch & Piekkari 2011). This approach is consistent with procedures recommended for marketing theory development by several scholars (Deshpande, 1983; Zeithaml, Berry, & Parasuraman, 1993).

The company facilitating this study by providing access to its customer base is a German-based international technology group. Its various subsidiaries are specialized in electrical and mechanical engineering. The product portfolio includes internationally sold standardized and customized product solutions. The customers include OEMs in the automotive supply and aerospace industry, and governments. The project intention was to

receive information on what really drives satisfaction and dissatisfaction in this environment to improve buyer-manufacturer relationships.

The authors follow the approach of purposeful sampling, selecting cases allowing maximum variation (Creswell 2013; Miles & Huberman 1994). This increases the likelihood that the findings reflect differences and divergent perspectives, and enhances generalizability (Creswell, 2013). For selecting qualified participants, the authors followed the advice of Eisenhardt and Graebner (2007) using only highly knowledgeable informants for both buying and manufacturing side. A qualitative sample of 43 in-depth interviews was used. All interviews were conducted by telephone. The interviewer took notes during the interview and recorded the interview for a subsequent validation (Kowal & O´Connell, 2003; Kuckartz et al., 2008; Mayring, 2015). The authors briefed all interviewees on the nature of the study and the objectives of the research prior to the interview. All interviewees were encouraged to describe their perceptions and experiences related to customer satisfaction and dissatisfaction and their drivers. Recording of the interviews was carried out according the rules of transcription of Kuckartz et al. (2008).

FINDINGS

Data has been analyzed in a content analysis and by inductive category building following the approach of Mayring (2015); a rule-guided qualitative text analysis has been carried out based on the recorded interview outcomes. Causality and the direction of causality have been analyzed following the approach of qualitative comparative analysis (Marx et al., 2014; Ragin, 1993; Ragin, 2000). This analysis approach is developed to compare different cases (Kelle, 2003; Ragin, 1993; Schneider & Wagemann, 2010).

This qualitative research supported our RP1a, RP1b, RP1c, and RP1d. The authors identify a total number of 45 drivers leading to either satisfaction or dissatisfaction. After consolidating drivers mentioned in both contexts (trust and distrust) a total of 30 distinct drivers remain. Notably, qualitative interpretation analysis by three independent analysts leads to the conclusion that the identified drivers can be assigned to the classification scheme distinguishing between *satisfiers (S)*, *dissatisfiers (D)*, *criticals (C)*, and *neutrals (N)*. Considering the frequency of mentions and the ranking within the context (B2B, B2G, manufacturer and buyer) the drivers are classified in Table 1 (due to space limitations, only selected drivers are represented).

Driver	**Classification**				**Overall Classification**
	B2B Manufacturer	**B2B Buyer**	**B2G Manufacturer**	**B2G Buyer**	
Commitment	C	C	C	C	**C**
Solution/goal oriented	S	C	N	C	**C**
Communication	C	C	C	C	**C**
Openness	C	S	C	C	**C**
Trust	C	C	C	C	**C**
Honesty	S	N	S	N	**S**
Solidarity	N	S	S	N	**S**
Looking at the big picture	S	S	-	N	**S**
Deadlines (on time deliveries)	C	C	C	C	**C**
Price	C	C	C	C	**C**
Quality	C	C	C	C	**C**
Reliability	C	C	C	C	**C**
Value for money	D	D	D	D	**D**
Opportunistic behavior	D	D	D	D	**D**
Dependence	N	D	D	D	**D**
Unbalanced power	-	N	-	D	**D**

Table 1: Classification of identified drivers

Based on these qualitative results the authors find support for RP4a in line with the recent results of Johnsen and Lacoste (2016). These results suggest that dark side characteristics such as distrust, dependence or unbalanced power have an impact on dissatisfaction in buyer-manufacturer relationships. With respect to the data sample at hand, RP4b is only partially supported. The qualitative results show that drivers such as dependence or distrust are considered as drivers of dissatisfaction in both contexts, B2B and B2G. Nevertheless, the qualitative research indicates that these dark side drivers are of substantial importance in both B2B as well as B2G relationships, and, therefore, should not be further neglected by scholarly research.

With respect to RP2a, the qualitative research results confirm that both buyers and manufacturers mention drivers that are not considered by the other side in the same way. The qualitative results indicate that based on quantity and ranking, the influence of these drivers might be constrained. Following these analyses, these items are predominantly allocated as *neutrals*. These findings underpin the approach to establish only one overall classification, and to represent a unique dyadic model covering B2B and B2G relationships.

Considering the RP2b, this research emphasizes that a manufacturer's perception of what drives buyer's dissatisfaction differs from what categorically drives buyer's dissatisfaction. First, there is a clear difference between the expectations of manufacturers and the drivers mentioned by the buying side. Moreover, based on the frequency of mentions and the ranking (assuming first mention is most prominent in the evaluation of the relationship) within the context (B2B, B2G, buyers, and employees of the manufacturer), comparing the feedback of buyers and manufacturers, these groups rate drivers differently. This supports RP2b. Nevertheless, the authors propose to evaluate this proposition quantitatively to investigate the strength of the items' impacts by means of effect sizes.

With regards to RP3a, compared to B2G relationships, qualitative results allow the conclusion that economic drivers have a bigger impact in B2B relationships. The items price/cost, quality and deadlines (reliability) have been mentioned more frequently and result in a higher ranking in a B2B context. Complementing qualitative research results support the RP3b, referring to customer relationship drivers as having a higher impact on B2G dissatisfaction. Comparing items being classified as *critical* or as a *dissatisfier* leads to the conclusion that relationship features have higher importance than economic features in a B2G context (with reference to frequency and ranking). This supports the findings of Purchase et al. (2009) as well as of Froch et al. (2017) arguing that B2G relationships primarily set their focus not on profit maximization but on sustainable and effective allocation of resources, governmental goals, and political relationships. To evaluate the strength of the impacts the authors propose further quantitative research in this domain.

Based on the qualitative findings and to unify the proposed conceptual model, a single classification is attributed to each item based on the classification within B2B and B2G context. The results are represented in table 1. The data analysis supports the findings of Zeelenberg and Pieters (2004). In addition, the qualitative research lists two important further consequences. First, reducing order volume can be considered a preliminary stage before switching completely to other suppliers. Then, becoming more formalistic during project execution refers to being stricter and more careful with the fulfillment of requirements, agreements, or contracts. Taking this, together with the qualitative research results into account leads to the unified model on customer satisfaction and dissatisfaction as represented in Figure 2.

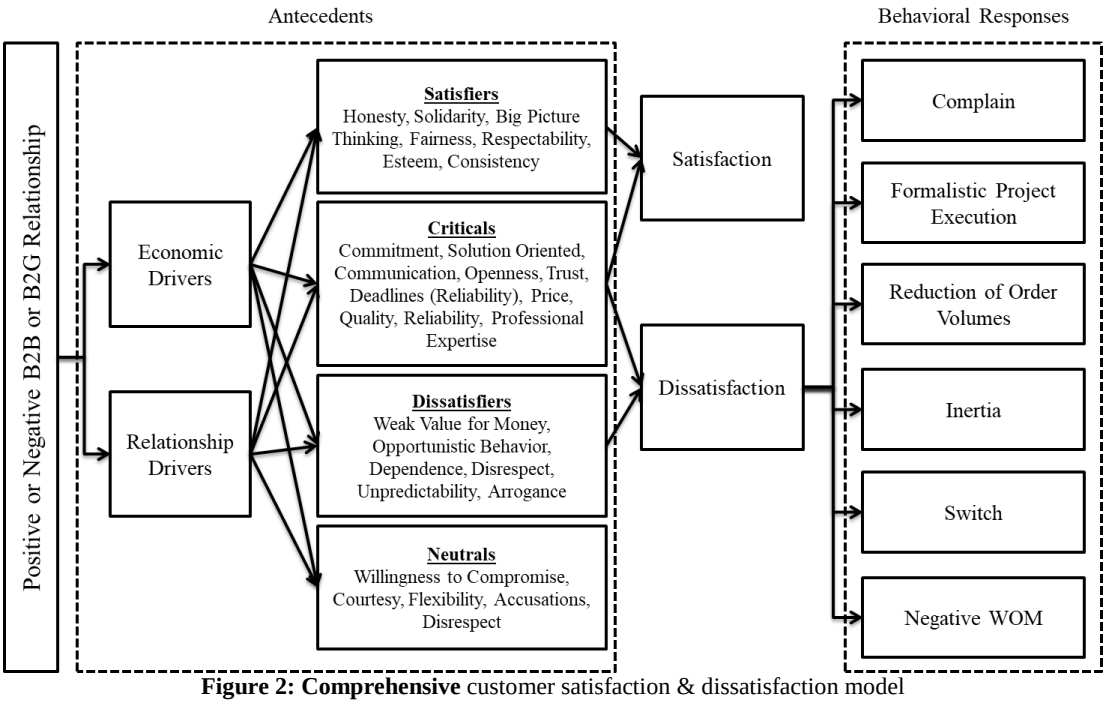

Figure 2: Comprehensive customer satisfaction & dissatisfaction model

Limitations and Outlook on future Research

Research on customer dissatisfaction is still limited to the consequences of dissatisfaction (Zeelenberg & Pieters 2004; Kim et al. 2015; Davvetas & Diamantopoulos 2017). This study complements the model of Zeelenberg and Pieters (2004), and enhances it with antecedents building on the research approach of Cadotte and Turgeon (1988).

Although this study is limited to cases in Germany, to the best of our knowledge it represents the first approach that identifies the antecedents of dissatisfaction in B2B and B2G buyer-manufacturer relationships. The authors clearly identify antecedents according to the classification of Turgeon and Cadotte (1988). This analysis reveals district features that either drive satisfaction, dissatisfaction, or both, and those which do not drive anything at all. Furthermore, the authors were able to show that not only trust and commitment have an impact on satisfaction and dissatisfaction, but also dark side characteristics such as unbalanced power, dependence or distrust.

Since this is the first study on the antecedents of dissatisfaction and satisfaction, further empirical validation by means of replication are missing (Lynch, Bradlow, Huber & Lehmann 2015). In addition, this study is limited due to the research setting. Although a substantial amount of empirical data has been evaluated, the authors put the focus in this study on the German market only, and on only one single branch. Thus, the sample might be biased. This combination opens a wide range of further research directions.

Due to the fact that no prior research in this domain exists, the authors followed an inductive approach, using qualitative research based on a collective case study. This study has been carefully designed to minimize method bias effects (MacKenzie and Podsakoff 2012). However, quantitative data with a bigger sample in this domain could reexamine and validate the findings. The strength of impact of the different items within buyer-manufacturer relationships could not be investigated up to now. Additionally, the authors concentrated the research on a fixed date within a buyer-manufacturer relationship. Future research should consider the development of the relationship as well as of the antecedents of satisfaction and dissatisfaction.

Selected References

Anderson, J.C. & Narus, J.A., 1990. A Model of Distributor Firm and Manufacturer Firm Working Partnerships. Journal of Marketing, 54(1), p.42.

Bougie, R., Pieters, R. & Zeelenberg, M., 2003. Angry Customers don't Come Back, They Get Back: The Experience and Behavioral Implications of Anger and Dissatisfaction in Services. Journal of the Academy of Marketing Science, 31(4), pp.377–393.

Cadotte, E.R. & Turgeon, N., 1988. Key Factors in Guest Satisfaction. Cornell Hotel and Restaurant Administration Quarterly, 28(4), pp.44–51.

Geyskens, I. & Steenkamp, J.-B.E.., 2000. Economic and social satisfaction: measurement and relevance to marketing channel relationships. Journal of Retailing, 76(1), pp.11–32.

Johnsen, R.E. & Lacoste, S., 2016. An exploration of the "dark side" associations of conflict, power and dependence in customer-supplier relationships. Industrial Marketing Management.

Munksgaard, K. B., Johnsen, R. E., & Patterson, C. M. (2015). Knowing me, knowing you: Self- and collective interests in goal development in asymmetric relationships. Industrial Marketing Management, 48, 160–173.

Vargo, S.L. et al., 2007. Satisfiers, Dissatisfiers , Criticals , and Neutrals : A Review of Their Relative Effects on Customer (Dis) Satisfaction. Academy of Marketing Science Review, 11(2).

Zeelenberg, M. & Pieters, R., 2004. Beyond valence in customer dissatisfaction: A review and new findings on behavioral responses to regret and disappointment in failed services. Journal of Business Research, 57(4), pp.445–455.