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Dependence, Negotiation, Coercion
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**RETAIL-SUPPLIER CHANNEL RELATIONS:
DEPENDENCE, NEGOTIATION, COERCION
AND RECIPROCAL ACTIONS**

By

Rodney C. Runyan

A THESIS

**Submitted to
Michigan State University
in partial fulfillment of the requirements
for the degree of**

MASTER OF SCIENCE

Department of Human Environment and Design

1993

ABSTRACT

RETAIL-SUPPLIER CHANNEL RELATIONS: DEPENDENCE, NEGOTIATIONS, COERCION AND RECIPROCAL ACTIONS

by

Rodney C. Runyan

Through the examination of retail-supplier channels, researchers may gain valuable insight into the workings of this dynamic, yet often neglected segment of marketing channels. This study examined the relationship of department store buyers and their major supplier, from the buyer's viewpoint. The variables investigated were: perceived dependence, actual dependence based on supplier contribution of sales, profit and role performance, negotiation behavior, supplier coercive influence attempts, and buyer reciprocal influence attempts. The findings of the study revealed that: 1) sales and profit had a significant effect on the level of perceived buyer dependence, but role performance did not. 2) the amount of experience buyers possessed had no significant effect on either the frequency, or the success of negotiations with suppliers. 3) perceived dependence, sales, profit, and role performance did not significantly effect supplier coercion, or buyer reciprocal actions. 4) supplier coercive influence attempts had a significant and positive effect on buyer reciprocal actions.

ACKNOWLEDGEMENTS

The author would like to thank the following persons for their help, direction, and support. First, I would like to thank my major Professor, Dr. Brenda Sternquist. Through her encouragement to produce quality research, she has helped me to become a better researcher, and hopefully a better educator. I would also like to thank the other members of my committee, Dr. Tom Page and Dr. Patricia Huddleston. Their input and direction was greatly appreciated.

I would also like to recognize the support and friendship of two others from the University. Judy Osbun's help and expertise involving relevant computer operations were invaluable. Lisa Phillips' support and editorial comments were also quite important.

Finally, I would like to thank my family for their support throughout my graduate program. My daughter Kyle and son Brett have been very understanding and patient. Special thanks must go to my wife Kimberly for her patience, support and belief in my ability to see this project to its completion.

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CHAPTER I

INTRODUCTION

The current market conditions in the U.S. have been changing rapidly during the past decade. Consolidations have occurred in major department store chains such as May, Federated, Allied, and Macy's. Other companies have simply gone out of business (B. Altman, Zayre, Gold Circle), while still others (Hills, Macy, Federated, Jamesway) have such formidable financial problems that suppliers are reluctant to sell to them. This has created an environment in the U.S. where financially strong retailers are highly sought after by suppliers. This market may assume the characteristics of a "buyer's" market.

In the past decade, an increasing number of retailers and suppliers have been describing their relationships as "partnerships." This description is usually used to describe the relationship between a large retailer and a large supplier. With both parties in the channel becoming more important to each other, problems may develop. This study is concerned with the interaction of the buyer and their major supplier in the process of the retailer's operations.

Statement of the Problem

There has been a lack of empirical research directed at the behavioral dimensions of retail channel members, specifically the

relationships between retail buyers and the suppliers they deal with. It is not clear whether the market in the U.S. is a buyer's market or a seller's market. In a buyer's market, the channel power should lie with the retailer. Both parties may engage in attempts to influence the other through various types of strategies. To understand the manner in which these channel members interact, these and other variables must be investigated to further the knowledge of retail channel behavior. This study will examine behavioral aspects in the retail-wholesale channel of distribution. The relationship between the retailer and the supplier will be examined from the perspective of the supplier's attempts to influence, coerce, and exert power over the retailer. Retailer's perceptions of the supplier's performance, dependence on the supplier, bargaining behavior, and reciprocal actions in the face of supplier's influence or coercion attempts will be studied.

Justification

Retail buyers are concerned with procuring the best products at the best price in order to assure their company of desired profits. Many large retailers develop close relationships with certain vendors, and refer to the relationship as a partnership. This partnership, viewed from the retailer's position, includes a basic agreement from the supplier to insure the retailer's profitability. From the supplier's viewpoint, it is an agreement to assign a considerable portion of the retailer's purchase dollars to that supplier's product. Intuitively, coercive influence attempts, reciprocal actions, etc., should play a minor role in a true

and equal partnership, where the success of both channel members depends on the other.

Retailers that are very dependent on their major suppliers may be more susceptible to coercive influence attempts. They may also be less successful in their bargaining, and take fewer reciprocal actions when faced with influence attempts. Variables that affect the retailer's dependence on a supplier include the supplier's past performance, sales and profit contribution, anticipated performance, and replaceability. By understanding how these behavioral aspects affect retailers, some insight may be gained into how channel members interact. This information could help both the retailer and supplier improve and understand their relationship, thereby increasing the performance of both.

Research Objectives

The research objectives of this study were:

1. To determine the effect that supplier performance (sales, profit, role performance) has on the relationship between department store buyers and their major supplier.
2. To determine the effect that a department store buyer's dependence (actual or perceived) has on the relationship with his/her largest supplier.
3. To further the knowledge and understanding of retail-wholesale distribution channels.

CHAPTER II

LITERATURE REVIEW

Little empirical work has been devoted to retail store buyers and their relationships with other channel members. For this reason, much of the background information gathered will center on distribution channels other than the retail-wholesale channel. The literature reviewed is separated into specific areas: dependence and power, negotiation, coercion, reciprocal actions, and buyer behavior.

Dependence and Power

Dependence and power are discussed in the literature together. Generally, the variables used to measure power actually measure the dependence of one member on another. Dependence refers to the need of members within a channel of distribution to maintain the channel relationship to achieve their desired goals (Gaski and Nevin, 1985). Dependence is affected by power and is inversely related to it (Emerson, 1962). That is, as channel member A becomes more dependent on member B, B acquires more power over A. In retail channels, the dependence of a retailer on a supplier would be derived from the supplier's ability to provide the retailer with scarce resources. These resources might take the form of merchandise, delivery, information, etc. In the literature, the member that is the dependent member is referred to as the target firm, and the member that exerts power over the target is referred to as the source

firm. The target firm's (retailer) dependence is measured by the degree to which a firm needs to maintain its relationship with a source firm (supplier), in order to achieve desired goals.

The relationship between power and dependence is seen as being very strong (Emerson, 1962; El-Ansary and Stern, 1972; Roering, 1977; Brown, Lusch and Muehling, 1983). If power is low, dependence is likewise low, and in the absence of power, there is no dependency (McGannon, 1970). Jacobs (1974) found however, that dependence had a greater affect on a target firm's compliance with the source firm's influence attempts than did power.

There are two basic theoretical approaches to studying dependence in a distribution channel. The first is the "sales and profit " approach, initially developed by El-Ansary and Stern (1972). In this approach, the greater the percentage of sales and profit contributed by the source firm to the target firm, the greater the target's dependence on the source (Frazier, Gill, and Kale 1989). In a study conducted by El-Ansary and Stern (1972), it was found that dependence was a function of one channel member's contribution to another's profit, and the amount of business that is done. They also found that commitment, and the difficulty or cost involved in replacing a channel member had an effect on dependence.

In two studies similar to the El-Ansary and Stern study, the target firm's dependence related positively to the source firm's control and perceived control, economic and non-economic sources of power, and the frequency of disagreement between channel members (Etgar, 1976; Brown, Lusch, and Muehling, 1983).Kale (1986) conducted a similar study, but included the expectations of future sales and profits in his measurement.

In this study, target firm dependence was found to be inversely related to noncoercive strategies and positively related to coercive strategies by the source firm. Dependence was also found to be positively related to the source firm's attributed power.

The second approach is referred to as the "role performance" approach. A firm's role performance refers to how well it carries out its role in a channel relationship with another firm (Frazier 1983a). In Frazier's study, the dependence of the target firm related positively to interfirm agreement on marketing strategy, target satisfaction, and the source firm's perceived interest in the target firm's welfare. Frazier and Summers (1986) found that target firm dependence related positively to the source firm's use of noncoercive strategies, and negatively to the use of coercive strategies. These findings appear to conflict with the previously cited findings from Kale. These conflicting findings could be attributed to the difference in approach, (sales and profit vs. role performance). In addition, the setting of the study may have an effect (developed vs. undeveloped marketplace).

There have been mixed results in the empirical investigation of channel member dependence to date. It has been stated that the actual dependence of a retailer on a supplier is reflected in the perceived or actual alternative sources of supply (Jacobs, 1974; Frazier, Gill and Kale, 1989), how essential the goods and services obtained are (Jacobs, 1974; Brown, Lusch and Muehling, 1983) and the difficulty in switching to alternative suppliers (El-Ansary and Stern, 1975; Brown, Lusch and Muehling, 1983). As noted earlier, little work has been done in the area of dependence in the retail field. For this reason, as well as the mixed

findings reported, it is difficult to draw any conclusions as to the effects of dependence levels in channel relationships (Frazier, Gill and Kale, 1989).

Power is defined by Dahl (1957) as the ability of one individual or group to prompt another unit to do what it would not have otherwise done. Emerson (1962) discussed power-dependence relationships, referring to two members of a channel, where the power of member A over member B is equal to the dependence of member B on member A. Most of the literature on power involves the concept of bases of power, i.e. the type of power that a channel member possesses.

There are five bases of power that are discussed in the literature first proposed by French and Raven (1959):

Referent Power- one channel member's desire to be closely associated with another member. In retail channels, examples of this would be a well known name brand, or a prestigious department store.

Expert Power- this is the ability of one member to supply information needed by another channel member. This type of information would include computer support, marketing information, and trend forecasting.

Reward Power- the perception by channel members that another member can mediate rewards for it. Advertising allowances, special trade terms, and return allowances are examples of this.

Coercive Power- the perception by one channel member that another member can mediate punishment. Examples of this power would include cessation of business with the member, cancellation of an order, monetary chargebacks, etc.

Legitimate Power- This is the perception by a member that another channel member has a right to influence another. This is the type of power held by franchisors over franchisees, and of that held in formal agreements.

Although Gaski and Nevin (1985) found that the exercise of power bases elicited a much more intense reaction than the mere presence of power, most of the research literature does not distinguish between the presence of power bases and the use of them (Frazier and Summers, 1984). Etgar (1978) found that suppliers in a conventional channel relied heavily on expert power bases. The Etgar study also found that reward power was more effective in a contractual channel, such as franchises. The findings from Gaski and Nevin (1985) were tested in a study by Keith, Jackson, and Crosby (1990) in the food distribution channel. They studied a supplier using different power bases in an attempt to influence a broker. They found that there was a minimal difference in the type of power base used and the success of the attempt.

The five bases of power discussed can be classified as either coercive, or non-coercive. The coercive-noncoercive dichotomy was first suggested by Hunt and Nevin (1974), and has been subsequently used by others (Lusch, 1977; Michie, 1978; Lusch and Brown, 1982). The power bases classified as non-coercive are: reward, expert, referent, and legitimate. Skinner, Gassenheimer, and Kelly (1992) found that the use of noncoercive power reduced channel conflict and increased cooperation, while Hunt and Nevin (1974) found that franchisors utilized coercive power frequently to achieve control over their franchisees.

Perceived power and dependence may differ from actual power and dependence. That is, a channel member may perceive their level of

dependence on another member as being quite different than it actually is. Anderson, Chu and Weitz (1987) suggested that just the perception of a power imbalance could motivate a channel member to act in a manner inconsistent with their own interests in an attempt to correct the imbalance. The perceived power of a buyer will have an influence on the buying decision. Buyers seem to develop their own perception of power in relation to focal buying decisions (Cooley, Jackson and Ostrom, 1977). In fact, Bunn (1993) defined buyer power as the "buyer's perception of the firm's negotiating strength in a particular buying situation." This would seem to point to a buyer's perceived power/dependence as fluctuating according to the situation.

Negotiation

In the literature, the terms bargaining and negotiating are both used to describe the same process. Negotiation has been defined as a technique for communicating ideas wherein both parties are intent on convincing the other party to accede to its demands, with the ultimate objective being to arrive at an agreement that is mutually beneficial (Barlow and Eiser, 1983). Negotiation is a phenomenon that occurs in every person's life, almost on a daily basis. Husbands negotiate with wives (and vice versa), parents negotiate with their children, employees negotiate with their boss, and business people negotiate with other business people. Everyone must negotiate for something in their life.

Much of the literature involving negotiation has been theoretical in nature (Stern and Reve, 1980; Dickinson, 1988), rather than empirical (Walker, 1971; Roering, 1977; Dwyer and Walker, 1981). Much of the

empirical work on bargaining in distribution channels has involved laboratory research. Although this does not invalidate these studies' findings, it is worth noting that many of these studies involve one-time-only bargaining sessions. In these sessions, bargainers do not expect to interact with each other again. Research has shown that there is a tendency for parties to be more cooperative when they expect to interact in the future (Roering, Slusher, and Schooler, 1975). Expectation of future interactions also leads to more integrative (win-win) agreements (Ben-Yoav and Pruitt, 1984). In the retail-wholesale channel, most relationships do not involve single transactions. The ultimate success of the retailer relies heavily on developing and maintaining desirable relationships with suppliers (Packard, Winters, and Axelrod, 1983). These relationships are characterized by mutual dependence between members (Roering, 1977). Each party is usually entering an initial bargaining session with the goal of establishing a profitable, long term relationship.

In channel relationships, there are two possible situations that negotiators face. The relationship between buyer and seller will either be symmetrical or asymmetrical (Dwyer and Walker, 1981). In a symmetrical relationship, both parties depend on each other relatively equally. Neither channel member is able to exert a significant amount of power over the other. In an asymmetrical channel, one party has a decided advantage over the other in terms of power or dependence. This latter situation is what typically exists in a channel relationship, especially with franchisors and franchisees, and retail chains and the suppliers of their

private label merchandise (Dwyer and Walker, 1981). This situation can have a significant effect on negotiating behavior.

In an asymmetrical relationship, negotiation has been identified as a viable strategy for overcoming one member's dominant position (Walker, 1970; Rosenberg and Stern, 1971). Dwyer and Walker (1981) found that bargaining was more efficient in an asymmetrical relationship. In addition, the absence of both power and dependence leaves channel members with no motivation to cooperate (McGannon, 1970).

How effective the less powerful member is depends on that member's negotiation skills. Dwyer and Walker (1981) hypothesized that in an asymmetrical situation, asymmetrical negotiations will result, with the more powerful member dominating. In a laboratory study, Dwyer and Walker (1981) found that in an asymmetrical power situation, those holding the power made more demanding initial bids and gave in less. They also found that agreement was reached faster in this type of situation.

Experience appears to have a significant effect on negotiation outcomes. There has been little research conducted concerning the negotiation behavior of retail buyers. The previous literature has dealt with channels other than retail/wholesale (Walker, 1970; Roering, 1977; Dwyer and Walker, 1981). However, much of the research may be applicable to retail channel behavior. The level of experience of the negotiator will have an impact on negotiation behavior (Wall and Blum, 1991). As members bargain with other members, they gain experience and become more efficient.

Experienced bargainers also tend to be better at understanding what transpires in a negotiation session (Neale and Northcraft, 1986). An

understanding of the processes in negotiations may help bargainers to be more successful, and reach agreements more quickly (Scholz, Fleischer and Bentpup, 1982). Negotiating repeatedly with the same member may prove to be even more beneficial to both parties. Repeated interactions between both parties allow communications and mutual perceptions to improve (Cottam, 1985). These improvements lead to greater cooperation and increased conflict resolution (Wall and Blum, 1991). Experience has been identified as an antecedent to integrative bargaining (Thompson, 1990).

Coercion

In an asymmetrical channel setting, the source firm seeks to maintain its dominant position through some form of influence strategy (Frazier and Summers, 1986). Angelmar and Stern (1978) in a study on bargaining in distribution channels, established categories to classify influence attempts: promises and threats, and rewards and punishment. Promises and rewards predict pleasant outcomes versus threats and punishment which predict unpleasant outcomes. As influence strategies, all are considered coercive in nature (Frazier and Summers, 1986). Although previous researchers had classified rewards as non-coercive, Frazier and Summers found that some channel members consider them as coercive in nature. Threat strategy involves the source firm suggesting or implying that it will apply negative sanctions if the target firm does not comply with its requests. Promise strategy takes place when the source agrees to provide the target with specific rewards if requests are complied with (Frazier, Gill and Kale, 1989). In the Frazier and Summers study (1986), legalistic pleas were also classified as being coercive in nature.

Legalistic pleas involve the source firm referring to a contract or other binding agreement with the target firm in attempting to get the target firm to comply with a request.

Coercive tactics seem to be the influence strategies used by many channel members (Frazier and Summers, 1986). Hunt and Nevin (1974) found that in a franchise channel, franchisors relied heavily on coercive sources. They also found however, that non-coercive strategies increased channel satisfaction. In pre-study interviews, Frazier, Gill and Kale (1989) found that suppliers indicated they tended to utilize coercive strategies with dealers. In the actual study, they found that coercive strategies utilized by the source firm were positively related to both perceived channel conflict and target firm dependence. Dwyer and Walker (1981) found that a greater percentage of coercive messages were sent in asymmetrical settings compared to settings where power was equal between channel members.

Reciprocal Actions

Very little work has been done on reciprocal actions in a channel setting. Of the studies that have been done, most were theoretical, not empirical. The predominant viewpoint is that coercive strategies cause like reciprocal actions, and increase conflict (Stern and Gorman, 1969; Lusch, 1976). The setting in which a study is conducted will have an effect on the occurrence of reciprocal actions. There will be a different reaction to a source firm's coercive influence attempts in a buyer's market compared to a seller's market. When there are few alternative suppliers, firms which are the target of coercive influence attempts are

less likely to respond with reciprocal actions. Target firms are more likely to respond to coercive strategies in a similar manner in a buyers market (Frazier and Summers, 1986). In a buyer's market, there are more alternative suppliers than in a seller's market. Coercion attempts from a supplier could "backfire" and cause the buyer to seek out an alternative supplier.

In an empirical study by Frazier and Summers (1986), it was revealed that a supplier's use of coercive strategies was related positively to dealer's use of coercive strategies. Frazier, Gill and Kale (1989) found that dealer dependence is inversely related to reciprocal actions (i.e. as dependence increased, reciprocal actions decreased). In studying Japanese retail channels, Sternquist, Runyan and Ogawa (1993) found that although dependent buyers reported more frequent coercion attempts from suppliers, they also reported more frequent reciprocal actions than did non-dependent buyers.

As with dependence, there have been mixed results in the study of reciprocal actions in a channel setting. In this case, the small amount of studies, as well as the diversity of settings may contribute to the findings. The study by Frazier, et. al. (1989) was set in India, which they considered a buyer's market. The research by Sternquist, et. al. (1993) was in Japan, in a channel setting that is unique compared to other countries. The previous studies in this area have been done domestically, and it appears that any other findings must be examined within the context of where the study is done.

Retail Buyer Behavior

Although there has been more empirical work done concerning consumer and industrial buyer behavior (Sheth, 1981), the past decade has seen a marked increase in the research dealing with retail buyer behavior (Sheth, 1981; Hirschman, 1981; Hirschman and Mazursky, 1982; Francis and Brown, 1985; Keveaney, 1988; Fairhurst and Fiorito, 1988; Shim and Kotsiopulos, 1988; Tolbert, Sternquist and Davis, 1988; Fiorito and Fairhurst, 1989; Stone and Cassill, 1989; Sternquist, Tolbert and Davis, 1989; Fiorito, 1990). Buyers function in a somewhat similar fashion as consumers do in that they normally purchase finished products, rather than raw materials (Sheth, 1981). However, consumers normally buy goods based on personal taste and immediate need. Retail buyers are required to buy goods based on their prediction of what their customer's will desire.

Much of the research on buyer behavior has been related to Sheth's (1981) model of retail buyer behavior (Fairhurst and Fiorito, 1988; Stone and Cassill, 1989; Fiorito, 1990). Sheth's model was designed to take into account the uniqueness of retail buyer decision making as compared to industrial buyers and consumers. The constructs in the model include the merchandise requirements of the retail organization, supplier accessibility, and what Sheth refers to as a choice calculus.

Merchandise requirements represent retailer needs (e.g. goods), motives (e.g. profit), and purchase criteria (e.g. price, quality, etc.). Supplier accessibility relates the product and/or supplier choices available to the retailer with which to meet their merchandise requirements. Choice calculus describes the manner in which a retailer chooses a supplier for a certain item or items they wish to purchase. The

retailer establishes criteria by which they make their buying decision. The choice calculus of Sheth's model is made up of three calculi that retailers follow when selecting suppliers. The first, trade-off choice, refers to the retailer being willing to make allowances for one criterion in exchange for another. A retailer who needs immediate delivery may pay a higher price, in order to get this delivery. In the second, dominant choice, one criterion is selected as being the most important, and the buying decision is based on this. If product quality is an overriding issue, then the buyer's concern for price, delivery, etc., would be secondary to quality. The third, sequential choice, involves criteria being rated from most important to least. In this instance, a supplier might not be the best in terms of one criteria, but the weight of all other criteria could cause the buyer to choose that supplier.

Information Sources

Regardless of the type of choice calculi utilized by a retail buyer, information regarding potential suppliers must be gathered prior to the final decision (Wagner, Ettenson and Parrish, 1989). Sources that are available to retail buyers include: trade press, past sales, projected sales, competitor's sales, buying offices, supplier advice, other buyer's advice, consumer demand, and their own experience. Mazursky and Hirschman, (1987) found that retail buyers rely more on sources such as the trade press, past sales, and their own experience than they did on other sources. In small retail stores, consumer demand was the most frequently used source of information (Fiorito and Fairhurst, 1989).

Because consumer demand usually lags behind the actual period during which merchandise must be procured, information other than past sales and consumer demand may be utilized. The supplier's representative is also very important to the retailer as a source of information (Francis and Brown, 1985; Fiorito and Fairhurst, 1989). Competitors that are perceived as industry leaders may also serve as sources of information. Stone (1989) found competitors to be the most frequently used source of information by both men's and women's apparel buyers. The buyer's upper management and sales representatives were also ranked highly, but behind competitors.

Supplier Selection

Utilizing the information gathered, the retail buyer selects a supplier to purchase from. Some research discusses selection in terms of merchandise selection, however, when a buyer chooses a product, a de facto choice of supplier is being made, i.e. to place an order for a product, a buyer must place it with someone. Selection criteria have been identified as including vendor reputation, price, quality, delivery, past selling history, length of relationship, markup, and estimated demand (Hirschman, 1981). The Hirschman study found that departmental concerns and projected sales were the primary concerns of retail buyers, while they put little stock in external factors such as consumer demand.

It is difficult to determine the most important variables that buyers use when selecting a supplier. Hirschman (1981), found that department store buyers tend to use price and innovativeness as criteria for selecting a supplier, more often than quality and selling history. However, others have found that department store buyers utilized selling

history and markup (Ettenson and Wagner, 1986), as well as delivery (Wagner, et al., 1989) the most frequently as selection criteria. In addition, Shim and Kotsiopulos (1988) found that merchandise quality was the most important selection criterion, and price one of the least important. In a study by Hirschman and Mazursky (1982), it was revealed that estimated consumer demand was the most important selection factor. Ettenson and Wagner (1989) found that the amount of experience a buyer possessed also was an important factor. They found that experienced buyers (more than five years) relied on their own opinions more than less experienced buyers did.

Supplier-Retailer Relationship

There have been few empirical studies conducted involving supplier-retailer relationships. The recent climate in this channel structure has given rise to new research issues involving the uneven nature of power structures in the channel (Bowlby, Foord, and Tillsley, 1992). It is becoming increasingly common in the manufacturing arena to find large companies (GM, GE, Xerox, etc.) forming closer, more collaborative ties with their suppliers (Spekman, 1988). These companies are using fewer suppliers than before, seeking design input earlier, and share more proprietary information with them than in the past (Spekman, 1988).

In the past, buyers have treated their relationship with suppliers as adversarial in nature. In the adversarial model of purchasing, buyers relied on a large number of suppliers to insure sufficient supply, but would play each off the other to obtain price concessions, allocate certain amounts to each to maintain control, and utilize only short term

purchase agreements (Jackson, 1985). This approach provided lower purchase prices, but did not take into account other aspects of production, delivery, service, etc., that can often add to long term success. In the past decade, increasing off-shore competition for suppliers, and increasing competition in the retail sector have caused forward thinking companies to rethink this type of relationship.

Retailer and supplier competition has not been the only driving force behind closer retailer-supplier links. It is posited by some researchers that changes in consumer demand in the 1980's, created by a growth in niche marketers, forced retailers to pressure suppliers for shorter production times, increased variety, and higher quality (Bowlby, et.al. 1992). They also discuss the use of private label programs from suppliers as a means to increasing store loyalty. Private label programs also allow buyers to take increased markups and realize larger profits (Sternquist, Tolbert and Davis, 1989). Skytte (1992) suggested that both supplier and retailer transaction costs are reduced when their interactions move from being price-mediated to coordinated negotiations. This type of situation permits both sides to achieve desired goals and work toward mutual long term benefit.

Retailer-supplier relationships are sometimes referred to as "partnerships, ostensibly to denote shared goals. This type of relationship infers an extendedness in interaction that is greater than the typical buyer seller relationship. Heide and Miner (1992) found that extendedness of the relationship between buyer and seller had a significant and positive effect on cooperation. They found that frequency of delivery had the same effect on cooperation. In this case, frequency of

delivery was an indication of the level of interaction between the buyer and supplier.

Hypotheses

Based on the previous discussion, the following hypotheses are suggested:

- H-1. There is a significant difference in the level of perceived dependence of the buyer on the supplier based on the level of sales contributed by the supplier. As sales increase, dependence will increase.
- H-2. There is a significant difference in the level of perceived dependence of the buyer on the supplier based on the level of profit contributed by the supplier. As profit increases, dependence will increase.
- H-3. There is a significant difference in the level of perceived dependence of the buyer on the supplier based on the supplier's level of role performance. As role performance increases, dependence will increase.
- H-4. There is a significant difference in the frequency of negotiation based on the length of tenure of the buyer in the buying position. As length of tenure increases, negotiation frequency will increase.
- H-5. There is a significant difference in buyer's success levels in negotiation based on the length of tenure of the buyer in the buying position. As length of tenure increases, negotiation success will increase.
- H-6. The perceived dependence of the buyer, level of sales, level of profits, and level of role performance from the supplier will be significant predictors of the level of coercive behavior of the supplier. As these variables increase, coercive behavior will increase.
- H-7. The perceived dependence of the buyer, level of sales, level of profits, role performance and frequency of coercive influence strategies from the supplier will be significant predictors of reciprocal influence attempts by the buyer. As perceived dependence, sales, profits and role performance increase, reciprocal actions will decrease. As supplier coercion increases, reciprocal actions will increase.

CHAPTER III

METHODS

Survey Instrument

In this study, retail department store buyer's perceptions about their major supplier were studied. The survey instrument, containing 86 variables, was previously used in a study of Japanese Department store buyers (Sternquist and Ogawa, 1990). Some parts of the instrument were adapted from a questionnaire developed by Frazier, Gill and Kale (1989). Constructs designed to measure negotiation behavior were added for this study.

Retail buyers were asked to consider the major supplier or wholesaler/manufacturer for the department they were responsible for. They were asked to keep that supplier in mind when answering all questions regarding a supplier, unless otherwise noted.

Sampling Methods

A national sample of U.S. department store buyers was selected from two separate publications. "Women's and Children's Wear Buyers" (1992), provided the majority of names. Several major department store groups did not list buyers names in this publication. "Men's and Boy's Wear Buyers," (1992) was used to provide the few department store listings that were not found in the other directory. Included in the sample population were all buyers listed, except children's wear, furniture, and other hardlines.

Associate buyers, divisional, and general merchandise managers were also excluded, unless also listed as a buyer.

Buyers names were selected at random utilizing a random number computer program through "Mini-Tab." The process first selected page numbers from the guides by generating 100, three digit random numbers from 1 to 519, which was the highest page number possible to pick. To select five buyers per page, two digit random numbers from 1 to 70 were generated for each page. This was the maximum possible number of buyers per page. If a chosen page had less than seven buyers listed, the next available page was used. In the event that the random numbers selected for buyers on a page were greater than the number of buyers on that page, numbers were chosen from a random number table until five buyers were selected. This process produced a total of 500 buyers for the initial sample.

From the original list of 500 buyers, 250 were chosen to be sent a pre-notification letter asking for their cooperation in this research. The other 250 were to be contacted by phone to seek a verbal commitment to take part in the research. Odd numbered buyers, one through 499 were selected to be mailed a letter only, followed by the survey instrument. Even numbered buyers, two through 500 were selected to be phoned first. Phone numbers for all selected buyers were listed along with addresses in the guides used for sample selection.

A phone calling format was established to maintain uniformity throughout the process (Appendix B). Each buyer was called a maximum of three times. If the buyer had not been contacted personally by the third call, the caller left a message briefly detailing the research, the

importance of the buyer's participation, and that the survey would be mailed to them immediately.

Through these phone calls, it was ascertained that many of the buyers selected were either no longer with the company or had been moved to a different department. If the new buyer in the department chosen was available, the person was substituted for the original name. Although the information in both guides was current, it was discovered that many of the stores chosen were closed or had merged. This information was discovered before the first mailing to the non-phone call group, from the initial phone calls. For example, if five buyers from a company were initially chosen for the sample, up to three may have been selected to be phoned. If the line was disconnected and there was no further listing, or a company representative supplied information about the closing, buyers in both groups selected were not sent a questionnaire. They were not replaced in the sample.

The response rate of the group that was called first was much higher. There were a total of 186 buyers called, 129 of whom agreed to participate in the study. There were 43 who were not contacted personally, but were given a message by an employee of the store, with 14 refusing to participate. Of the 129 who initially agreed to participate, 49 returned the questionnaire for a response rate of 38 percent. Thirty-one were returned immediately, 11 after a reminder letter, and seven after a second and final reminder. There were 9 total surveys returned from the group that had been left messages, for a response rate of 21 percent. Three were returned immediately, five after the first reminder and one after the second reminder.

Two-hundred and two letters were sent to the buyers who were not chosen to be phoned. This letter explained briefly the reasons for the study, the importance of each individual's participation, an assurance of confidentiality, and notification that they would receive a copy of the survey within the next week. They were then sent a copy of the survey, with a stamped, self-addressed envelope enclosed. After the initial mailing, 18 were returned. Seven surveys were returned after the first reminder letter, with ten more being returned after a second and final reminder, for a total of thirty-five returned surveys. There were four surveys returned that were not useable for various reasons, as well as 11 surveys returned unopened due to store closings. These unuseable surveys were considered as not mailed, yielding a response rate for this group nineteen percent. For the entire survey, there were 359 questionnaires mailed out, with 14 returned unuseable, and 92 useable questionnaires. This resulted in an overall response rate of 27%.

Dependence

Buyer dependence was measured in two different ways: perceived dependence and actual dependence. To measure perceived dependence, buyers were asked to respond to nine questions/statements, beginning with "How important is: 1) Current level of sales from the supplier as a percent of total sales? 2) Current level of profit from the supplier as a percentage of total profit? 3) Anticipated sales from supplier as a percentage of total sales in the next five years? 4) Anticipated profits from supplier as a percentage of total profit in the next five years? These questions were answered on a seven-point scale anchored from Not at all Important

(1) to Extremely Important (7). These variables measured the buyer's perception of their dependence based on current sales and profits.

Respondents were then asked to respond, on a seven-point, Likert scale anchored from Strongly Disagree (1) to Strongly Agree (7), to the following statements: 5) I am largely dependent on this supplier for achieving my goals in terms of sales and profits. 6) This supplier is aware of how dependent I am on him/her. 7) I could easily replace this supplier with another supplier(s). 8) I depend primarily on my own knowledge of the product quality to assess the products I buy for my company. 9) I depend primarily on my knowledge of the product quality to assess the products I buy for my company. The last four statements measured the buyer's perceived dependence based on constructs other than sales and profits.

To measure actual dependence, based on the levels of sales and profit contribution, buyers were asked the following questions: 1) What percentage of your total sales comes from this supplier? 2) What percentage of your total profit comes from this supplier. It is assumed that whether a buyer perceives themselves as dependent or not, this variable measures the true level of dependence on a supplier.

Actual dependence based on supplier performance was also measured by asking respondents to evaluate their major supplier in relation to the industry average for each of six elements. These were measured on an eleven point scale anchored from Very Poor (-5) to Very Good (5). The midpoint was indicated on the scale by the number 0. The six elements were: 1) product quality, 2) allocation and delivery of goods, 3) acceptance of unsold merchandise returns, 4) provision of sales support,

5) provision of financial support for remodeling, advertising, etc., 6) customer recognition of name brand.

Negotiation

In measuring negotiation behavior, buyers were asked if they engaged in any negotiations with any of their suppliers. If they answered in the affirmative, they were then asked to respond to twelve statements, six each under two general statements, measured on a seven point scale anchored from Never (1) to Always (7), regarding the frequency of their negotiation behavior. The two general statements were: 1) "I negotiate with suppliers on the following points": price, delivery, any trade terms, markdowns, advertising, or other areas. 2) "In negotiations with my suppliers, I feel that my company does better than the standard offered to others on the following": price, delivery, any trade terms, markdowns advertising or other areas. The first statement was designed to measure the buyers' frequency of negotiation behavior, while the second was designed to measure the buyer's perception of their level of success at negotiating.

Coercion

Buyers were then asked to respond to the following statements on a scale anchored from Never (1) to Frequently (7): 1) "You would receive poorer service and/or cooperation from them if you did not comply with their request." 2) "You would receive better service and/or cooperation if you complied with their request." 3) "Your dealership agreement and/or legal considerations either require or suggest your compliance on a

particular issue." Buyers then responded to the following three statements on a Likert scale anchored from Strongly Disagree (1) to Strongly Agree (7): 1) "I have frequently been threatened with negative consequences by the supplier if I failed to abide by their requests involving critical matters." 2) "When attempting to influence me, the supplier frequently implies that I would receive better service and/or cooperation if I complied with their requests." 3) "In attempting to change my behavior, the supplier frequently draws my attention to our dealership agreement." These statements measured the frequency with which the supplier engaged in coercive influence strategies directed at the buyer.

Reciprocal Actions

When faced with the prospect of coercive influence strategies, it is common for firms that are targets of the influence to answer with coercive tactics of their own. To measure this type of action, buyers were asked to respond to the following statements on a seven point scale, anchored from Never (1) to Frequently (7): 1) "You would be less likely to accommodate the supplier in the future if they do not comply with your requests now." 2) "You would be more cooperative with the supplier in the future if they complied with your request." 3) "Your agreement with the supplier either required or suggested the supplier be in compliance with your desires."

CHAPTER IV

RESULTS

The Sample

The majority of the respondents (54.9%) reported that they had been in their current buying position for five years or less, although the sample included buyers with as little as three months to thirty-seven years experience in the position. Sixty-four percent of the buyers had more than five years experience in retailing before reaching their current position. All but one respondent (98.9%) were high school graduates, and 60.9% reported having four or more years of college education. There was a fairly even distribution of men and women in the sample; 45.7% men and 54.3% women.

The buyers in this study were responsible for departments with a median annual sales volume of \$6,000,000. The companies they worked for had a median annual sales volume of \$150,000,000. Medians are used in these instances due to the inclusion in the sample of three exceptionally large department store companies, as compared to the rest of the sample. Fifty-one of the respondents (55.4%) were from companies that are considered to be "major" department store companies. These would be national or regional groups with several to hundreds of stores, and sales in excess of \$100 million. However, only 40 of those respondents reported their department and/or company volume. Of the major suppliers in this study, 87% were domestic (U.S.) companies, with 56% selling nationally advertised name brands. Private label products were provided by only 16% of the suppliers (Table 4.1).

Table 4.1 Demographic Characteristics of Respondents

<hr/>		
<hr/>		
<u>Variables</u>	<u>Number</u>	<u>Percent</u>
Position Experience		
5 years and less	50	54.9
5+ - 15 years	24	26.4
16 years or more	17	18.7
Totals	91	100.0
No response	1	
<hr/>		
Retail Experience - Years in Retailing Prior to Current Position		
0 - 5 years	32	35.6
5+ - 15 years	39	43.3
16 years or more	19	21.1
Totals	90	100.0
No Response	2	
<hr/>		
Education		
Less than High School	1	1.1
High School Graduate	12	13.0
1 - 3 years of College	23	25.0
4 years of College	42	45.6
More than 4 years	14	15.3
Totals	92	100.0
No Response	0	
<hr/>		
Sex		
Male	42	45.7
Female	50	54.3
Totals	92	100.0
No Response	0	
<hr/>		

Continued

Table 4.1 (Continued)

N = 92		
Variables	Number	Percent
Department Annual Sales Volume		
90,000 - 1,000,000	20	24.1
1,000,001 - 5,000,000	18	21.7
5,000,001 - 10,000,000	17	20.5
10,000,001 - 80,000,000	25	30.1
80,000,001 - 900,000,000	3	3.6
Totals	83	100.0
No Response	9	
Company Annual Sales Volume		
130,000 - 1,000,000	11	16.4
1,000,001 - 10,000,000	10	14.9
10,000,001 - 99,999,999	5	7.6
100,000,000 - 999,999,999	30	44.8
1,000,000,000 - 17,000,000,000	11	16.4
Totals	67	100.0
No Response	25	
Supplier Location		
Domestic	80	87.9
Foreign	9	9.9
Joint	2	2.2
Totals	91	100.0
No Response	1	
Continued		

Table 4.1 (Continued)

N = 92		
Variables	Number	Percent
Products Supplied		
Nationally Advertised	56	60.9
Non-Advertised Brands	6	6.5
Private Label	8	8.7
Combination	22	23.9
Totals	92	100.0
Supplier Private Label Program		
Provided	14	16.0
Not Provided	77	84.0
Totals	91	100.0
No Reponse	1	

In this study, the behavioral dimensions of the retail/wholesale channel were investigated in an attempt to discover which party holds the power. In addition, variables designed to measure negotiation, as well as influence attempts by both parties were investigated. Analyses and results are reported as follows: dependence, negotiation, coercion, and reciprocal actions.

To determine the relationship between these variables, Pearson's correlation analysis was conducted (Table 4.2). Those variables that were significantly correlated were: perceived dependence and sales (.359), perceived dependence and profit (.364), profit and sales (.931), and coercion and reciprocal actions (.484). As shown, these variables were all positively related.

DATA ANALYSIS

Dependence. Respondents in this study were asked to rate their dependence on their major supplier using nine statements (Appendix A) relating to dependence levels. Item reliability analyses were conducted on these variables to determine how well the scale measured perceived buyer dependence. The entire scale yielded a Cronbach's alpha of .67. Four variables were then omitted from the scale to increase reliability. The items omitted from the scale were: 6) this supplier is aware of how dependent I am on him/her, 7) I could easily replace this supplier with another supplier, 8) I depend primarily on the supplier to supply me with high quality merchandise, 9) I depend primarily on my own knowledge of the

Table 4.2 Correlations: Perceived Dependence, Sales, Profit, Role Performance, Supplier Coercion, Buyer Reciprocal Actions

	<u>Coercion</u>	<u>Role Performance</u>	<u>Sales</u>	<u>Profit</u>	<u>Perceived Dependence</u>	<u>Reciprocal Actions</u>
Coercion	1.000					
Roleperf	.168	1.000				
Sales	.189	.195	1.000			
Profit	.157	.181	.931*	1.000		
Perceived Dependence	.136	.149	.359*	.364*	1.000	
Reciprocal Actions	.484*	-.007	.080	.101	.115	1.000

* $p < .001$

product quality to assess the products I buy for my company. The remaining five variables produced a scale that yielded a Cronbach's alpha of .90. These items were then analyzed to identify the mean level of importance given to each measure. The buyers were asked to give the level of importance placed on the first four measures, on a scale anchored from one to seven (1=Not at all Important, 7=Extremely Important). The fifth item measured the level of agreement or disagreement on a Likert scale anchored from one to seven (1=Strongly Disagree, 7=Strongly Agree). Means for these variables are presented in Table 4.3. The means for these variables were high, with all but the fifth item having means above 5.0. The distribution for these variables was weighted toward the upper part of the scale, showing the respondents placed high levels of importance on these constructs. The items in the scale were summed to create one variable for further analysis. This variable represented the buyers' perceived level of dependence.

Sales. Buyers were asked to give the percentage of sales that their major supplier contributed to their overall departmental sales. Answers ranged from a low of 3% to a high of 100%. The mean percent of sales contribution was 26.3%. To determine if there was a significant difference in the level of perceived dependence between buyers reporting high sales from suppliers and those reporting low sales, a T-Test was conducted. Frequency distributions were examined to determine where to best separate the variable. A natural division was found at the level of 20% sales contribution. Those buyers reporting sales from suppliers as being 20% or less were grouped as low sales. This group represented 49% of

Table 4.3 Buyers' Perceived Dependence: Means

Measurements of Buyers' Perceived Dependence	Means
How Important is:	
Current level of sales from the supplier as a percent of total sales	5.8
Current level of profit from the supplier as a percent of total profit	5.6
Anticipated sales from supplier as a percentage of total sales in the next five years	5.6
Anticipated profits from supplier as a percentage of total profit in the next five years	5.7

1=Not at all Important, 7=Extremely Important

Please respond to the following statements:

I am largely dependent on this supplier for achieving my goals in terms of sales and profits	5.0
This supplier is aware of how dependent I am on him/her	4.6
I could easily replace this supplier with another supplier(s)	2.8
I depend primarily on the supplier to supply me with high quality merchandise	5.5
I depend primarily on my own knowledge of the product quality to assess the products I buy for my company	5.4

1=Strongly Disagree, 7=Strongly Agree

the respondents. Those reporting sales of more than 20% were grouped as high sales. This represented 51% of the respondents. The results were significant ($t = -3.47$, $p < .001$) (Table 4.4). Hypothesis number one is accepted. There are significant differences between groups. Buyers who received lower of amounts of sales from their major supplier, perceived themselves as less dependent ($X = 26.4$) than did those who received higher amounts of sales ($X = 30.7$).

Profit. Respondents were asked to state the percentage of profits contributed by their major supplier as a percentage of their overall departmental profit. The percentages given ranged from 1% to 65%, with the mean level of profit contribution being 24.8%. To test if there was a significant difference in the level of perceived dependence of buyers on their supplier based on the level of profit contributed, a T-Test was conducted. A frequency distribution was used to determine the point at which to separate the respondents for this variable. Those buyers who reported profit contribution from the supplier of 20% or less were classified as receiving low profit. This represented a natural break in the respondents, and was 50% of the sample. The respondents who reported 30% or more in profit contribution from their supplier were classified as receiving high profit. This represented only 28% of the sample, but 30% fell as the next natural break in the number of respondents. Those who

Table 4.4 T-Test with Dependent Variable: Perceived Dependence df=68

	Means	Standard Deviation	Pooled Variance Estimate T-Value
Group 1 - Low Sales	26.4	5.26	-3.47 *
Group 2 - High Sales	30.7	4.24	

*p<.001 (one-tailed t-test)

reported profit contributions in between were not included in this test, in order to group the buyers as high or low profit. The results were significant ($t = -4.39$, $p < .001$) (Table 4.5). Hypothesis number two is accepted. There is a significant difference between groups. Buyers who received low amounts of profit from their suppliers perceived themselves as being less dependent ($X = 25.8$) than those who received high amounts of profit ($X = 30.6$).

Role Performance. The third measure of actual dependence was supplier role performance. Survey respondents were asked to evaluate their major supplier, in relation to the average of all their sources of supply on a scale anchored from -5 to +5 (-5=Very Poor, +5=Very Good). Because this scale included negative numbers, the scale was changed to positive (1=Very Poor, 11=Very Good) for further data analysis. The means for these items are presented in Table 4.6. Buyers rated their major suppliers highly on product quality ($X = 9.4$), delivery ($X = 8.8$), and recognition of brand name ($X = 9.7$). They rated their major suppliers low on merchandise returns ($X = 6.5$), provision of salespeople ($X = 7.2$) and financial support ($X = 7.1$). Item reliability analyses were conducted to determine which variables most accurately measured supplier role performance. The original scale yielded a Cronbach's alpha of .63. Three variables were deleted from this scale to increase reliability. Items deleted from the scale to increase reliability were: 1) product quality 2) allocation and delivery of goods 3) acceptance of unsold merchandise returns. The remaining scale yielded a Cronbach's alpha of .68. The remaining items were then summed for further analysis.

Table 4.5 T-Test with Dependent Variable: Perceived Dependence df=75

	Means	Standard Deviation	Pooled Variance Estimate T-Value
Group 1 - Low Profit	25.8	5.27	-4.39 *
Group 2 - High Profit	30.6	3.89	

*p<.001 (one-tailed t-test)

Table 4.6 Supplier Role Performance: Means

Measurements of Supplier's Role Performance	Means
Please evaluate your major supplier, in relation to the average of all sources of supply, for each of these elements:	
Product quality	9.4
(Allocation) and delivery of goods	8.8
Acceptance of unsold merchandise returns	6.5
Provision of salespeople	7.2
Provision of financial support for remodeling, advertising, etc.	7.1
Customer recognition of supplier's brand name	9.7

1=Very Poor, 11=Very Good

To determine if there was a significant difference in the level of perceived dependence of buyers based on supplier's role performance, a T-Test was conducted. A frequency distribution of the responses was analyzed for naturally occurring divisions. The role performance variable was then divided into two groups. The bottom 56% were classified as achieving low role performance, while the top 44% were classified as achieving high role performance. The results were not significant (Table 4.7). Hypothesis number three is not accepted. There is no significant difference between groups.

Negotiation. Buyers were asked to respond to two statements regarding negotiation behavior on a seven point scale anchored from one to seven (1=Never, 7=Frequently). The first was designed to measure frequency of negotiations, and the second to measure the buyer's success in negotiating. Means for both of these scales are presented in Table 4.8. Buyers stated that they engaged in negotiations with their suppliers most frequently concerning delivery ($X=5.4$) and advertising ($X=5.2$). They were most successful negotiating delivery ($X=4.8$), with price, markdowns, and advertising all showing less success ($X=4.5$).

Item reliability analyses were conducted on both scales to determine which variables best measured negotiation frequency and success. There were no items deleted from either scale, yielding a Cronbach's alpha of .70 for frequency and .71 for success. Both scales were then summed separately to create two variables for further analyses.

Table 4.7 T-Test with Dependent Variable: Percieved Dependence df=75

	Means	Standard Deviation	Pooled Variance Estimate T-Value
Group 1 - Low Role Performance	26.5	4.95	-1.80
Group 2 - High Role Performance	28.7	4.96	

p<.001 (one-tailed t-test)

Table 4.8 Buyer Negotiation Behavior: Means

<u>Measurements of Buyers' Negotiation Behavior</u>	<u>Mean</u>
Frequency: I negotiate with my suppliers on the following points:	
Price	5.0
Delivery	5.4
Any trade terms	4.1
Markdowns	4.9
Advertising	5.2
Success: In negotiations with suppliers, I feel that my company does better than the standard offered to others on the following:	
Price	4.5
Delivery	4.8
Any trade terms	4.3
Markdowns	4.5
Advertising	4.5
<u>1=Never, 7=Frequently</u>	

Buyers were asked to state in terms of years and months, how long they had been in their current buying position. Although experience levels ranged from as little as three months to 37 years, the mean experience level was 8 1/2 years. To test for significant differences in the levels of negotiation behavior based on length of tenure, T-Tests were performed using both negotiation variables as the dependent variable. A distribution of the frequency of responses was analyzed to determine the point at which a natural break occurred. Those respondents that had 4 or less years on the job were grouped together, representing low experience. This represented 46% of the respondents. Those having been in their jobs more than four years were grouped, and considered to have high experience. This represented 54% of the respondents. The results were not significant for either test (Table 4.9). Hypotheses 4 and 5 are not accepted. There are no significant differences between groups in either case.

Coercion. To measure the frequency of coercive influence attempts by the supplier, buyers were asked to respond to six different statements on two scales anchored from one to seven (1=Never, 7=Frequently) (1=Strongly Disagree, 7=Strongly agree) respectively. Means for both scales are presented in Table 4.10. Means for these variables are relatively low. In terms of frequency, promise strategy (better service/cooperation) was reported as the most frequently utilized coercion strategy. After conducting an item reliability analysis, all items were included in the scale which yielded a Cronbach's alpha of .88. The variables were summed to create one variable for further analyses.

Table 4.9 T-Test with Dependent Variable: Negotiation Frequency df=75

	Means	Pooled Variance Estimates T-Value
Group 1 Low Experience	24.3	-.41
Group 2 High Experience	24.9	

p<.001 (one-tailed t-test)

T-Test with Dependent Variable: Negotiation Success df=74

Group 1 Low Experience	22.1	-.97
Group 2 High Experience	23.2	

p<.001 (one-tailed t-test)

Table 4.10 Supplier Coercion Attempts: Means

Measurements of Supplier Coercion	Means
You would receive poorer service and/or cooperation from them if you did not comply with their request	2.2
You would receive better service and/or cooperation if you complied with their request	2.9
Your dealership agreement and/or legal considerations either require or suggest your compliance on a particular issue	2.7
<hr/> 1=Never, 7=Frequently	
I have frequently been threatened of negative consequences by the supplier if I fail to abide by their requests involving critical matters	1.9
When attempting to influence me, the supplier frequently implies that I would receive better service and/or cooperation if I complied with their requests	2.3
In attempting to change my behavior, the supplier frequently draws my attention to our dealership agreement	2.0
<hr/> 1=Strongly Disagree, 7=Strongly Agree	

Stepwise regression analysis was conducted to determine if perceived dependence, sales, profit, and role performance were significant predictors of coercive actions by the supplier. None of the variables were significant (Table 4.11). Hypothesis number 6 is not accepted. None of the variables are significant predictors of supplier coercion.

Reciprocal Actions. To measure the frequency of reciprocal influence attempts, buyers were asked to respond to three statements on a seven point scale anchored from one to seven (1=Never, 7= Frequently). Means for this scale are presented in Table 4.12. Buyers indicated that they were more likely to try to influence their supplier than their supplier was to influence them. Promise strategy (cooperation if comply with request) was the most frequently used ($X=3.5$). Legalistic pleas (pointing to dealer agreement) and threat strategy (less accommodation without compliance) were less frequently used ($X=3.1$, $X=3.0$ respectively). An item reliability analysis was conducted, with no items being deleted from the scale, yielding a Cronbach's alpha of .82. The scale was then summed to create one variable for further analyses. Stepwise regression analysis was conducted to determine if perceived dependence, sales, profit, role performance, and supplier coercion were significant predictors of buyer reciprocal actions. Supplier coercion emerged as the only significant predictor of reciprocal actions, with a beta weight of .52, and $p<.001$. The adjusted R square for the overall equation was .22 (Table 4.13). Hypothesis 7 is accepted. Coercion, is a significant predictor of reciprocal actions.

Table 4.11 Stepwise Regression Analysis: Supplier Coercion

Multiple R	.25
R Square	.06
Adjusted R Square	.01
Standard Error	8.27

Analysis of Variance			
	DF	Sum of Squares	Mean Square
Regression	4	313.14	78.29
Residual	71	4817.01	67.84
<hr/>			
F= 1.15	Significance F=.34		

Variables in the Equation

Variable	B	SE B	Beta	T
Perceived Dependence	.11	.19	.07	.58
Sales	.14	.16	.29	.92
Profit	-.08	.16	-.16	-.51
Role Performance	.16	.15	.13	.58

****p<.0001**

Table 4.12 Buyer Reciprocal Actions: Means

Measurements of Buyers' Reciprocal Actions	Means
You would be less likely to accomodate the supplier in the future if they do not comply with your requests now	3.0
You would be more cooperative with the supplier in the future if they complied with your request	3.5
Your agreement with the supplier either required or suggested the supplier be in compliance with your desires	3.1

1=Never, 7= Frequently

Table 4.13 Stepwise Regression Analysis: Buyer Reciprocal Actions

Multiple R	.51
R Square	.26
Adjusted R Square	.22
Standard Error	3.92

Analysis of Variance			
	DF	Sum of Squares	Mean Square
Regression	5	444.16	88.83
Residual	82	1259.74	15.36
F= 5.78		Significance F= .0001	

Variables in the Equation				
Variable	B	SE B	Beta	T
Coercion	.28	.05	.52	5.26 **
(Constant)	5.68	2.55		2.22

**p<.0001

CHAPTER V

DISCUSSION

The focus of this research was the relationship between department store buyers and their major supplier. The level of dependence of the buyer on the supplier should be a function of the positive elements the supplier brings to the channel relationship (El-Ansary and Stern,1972), including sales, profit, performance, etc. Both the buyer's perceived dependence and actual dependence should affect other aspects of the relationship.

Sample

The demographic characteristics of this sample are somewhat different from what has been found in other studies. In a study by Tolbert, et.al. (1989), 43% of retail buyers had 5 years or less experience at their position, as compared to 55% of the buyers in this study. Of the buyers in the Tolbert study, 71% had more than five years of retail experience before attaining their current position, compared to just 65% in this study. In addition, 72% of the buyers in the Tolbert study were male, versus 46% in this survey. This may be the result of the difference in retail stores surveyed. The earlier study's sample consisted of buyers from 32 department stores, eighteen specialty stores, and nineteen discount store operations.

The sample for this study was drawn exclusively from department stores, 55% of which are major chains. Discount store companies tend to promote their buyers from the store ranks, promoting them to buyer only after many years at the store level. They also keep them in their buying position longer than do department stores. Many department stores, such as Federated Department Stores, start buyers in a merchandising training program, and move them to different departments frequently. Other companies, such as Mercantile Stores move their store buying staff from buying to operations often, e.g. trainee to assistant buyer to department manager to buyer to assistant store manager to divisional merchandise manager to store manager, etc.

Perceived Dependence

In this study, it was revealed that both sales and profit had a significant effect on buyers' perceived dependence. Those buyers who perceived themselves as more dependent on their supplier received higher levels of sales and profits from the supplier than did less dependent buyers. This supports previous research (El-Ansary and Stern, 1972; Frazier, et.al., 1989). Role performance however, did not have a significant effect on the level of perceived buyer dependence. This also supports previous findings (Frazier and Summers, 1986; Frazier, et.al., 1989) that role performance is not a good indicator of dependence.

Considering the current retail climate in the U.S., these findings make sense. Role performance is perhaps the easiest variable for a supplier to control. Product quality, delivery, merchandise returns,

provision of sales people, advertising support, and customer brand recognition are all areas over which the supplier has control. The most difficult to control may be brand recognition, because advertising to increase brand awareness is costly.

Sales and profit however, although easily measureable, are out of the control of the supplier. The retail price is set by the retailer, as is floor space, and position. Perhaps the most crucial aspect of a product's profitability is the frequency of sales, and the timeliness of permanent markdowns. Poor timing in these areas may lead to less than profitable results.

A retailer in the U.S. may choose a supplier based solely on sales or profitability. Although a buyer will look at other areas, the buyer's choice calculus (Sheth, 1981) will force them to choose a profitable supplier over one who may perform their role better. An excellent example of this is the supplier, Liz Claiborne. Claiborne is considered by most retailers as the leading producer of women's clothing. The company provides many major retailers with high levels of sales in many departments. Claiborne is below average in terms of provision of financial support, acceptance of unsold merchandise, and would rate only average in product quality, however the company has built a reputation on good fit and leading fashions, and the products continue to perform.

Negotiations

It was hypothesized that more experienced buyers would engage in negotiations with suppliers more frequently than less experienced buyers.

Negotiation success should also result more frequently with experienced buyers. The results of this study were contrary to these expectations. There was no significant difference in levels of negotiation frequency or success between more and less experienced buyers. These findings run contrary to the buyer behavior literature. Experienced buyers tend to rely on their own opinions more than less experienced buyers (Ettenson and Wagner, 1989). This would seem to point to more frequent disagreement with supplier's opinions, and result in more frequent negotiation sessions to resolve differences.

These findings may also be explainable in the context of a "partnership" style arrangement with the major supplier. If a supplier is acting with both channel member's best interests in mind, differing opinions may occur less frequently. In other words, a decision that negatively affects the retailer would eventually affect the supplier negatively. In addition, a more experienced buyer may be more easily able to deal with suppliers, due to their level of expertise and previous negotiations (Wall and Blum, 1991).

When channel members interact on a regular basis, communication will improve (Cottam, 1985). This regular communication between members may more closely resemble dialogue than negotiations. If the buyer and supplier are discussing each other's needs regularly, they may not view the communication as negotiation at all. In the current retail market, it is probable that suppliers do not want to lose "good" customers. This may cause suppliers other than a store's major supplier to act cooperatively with retailers. It will be easier for a supplier to concede in some areas

rather to seek out new customers. This would lead to less frequent negotiations between the channel members.

Coercion

The previous literature has examined channels which by their very nature tend to be asymmetrical (Walker, 1970; Dwyer and Walker, 1981). Buyer-supplier relationships found in franchise, automotive, manufacturing, etc. have been shown to be asymmetrical settings. In addition, many laboratory studies have used an asymmetrical approach. In an asymmetrical setting the more powerful member will seek to maintain its position through forms of influence strategy aimed at the dependent member (Frazier and Summers, 1986). Although it has been shown that non-coercive influence attempts elicit more positive results (Hunt and Nevin, 1974; Skinner, et.al., 1992), coercive tactics are those used by most channel members (Frazier and Summers, 1986).

Frazier, et.al. (1989) found that source firm coercion related positively to target firm dependence. This finding was supported in a study by Kale (1986). A considerable amount of coercive attempts will be found in an asymmetrical channel setting (Dwyer and Walker, 1981). The results of this research do not support the previous literature concerning supplier coercion. The means for each coercion construct indicate that most buyers do not frequently face coercive tactics from their major supplier. In addition, correlation and regression analyses show that there is no significant relationship between any buyer dependence measure and coercion. This is an understandable finding with relation to role

performance, but it was expected that other dependence measures would have a significant effect on supplier coercion behavior.

As was the case in negotiation behavior, these findings may be explained in terms of the market that the study was conducted in. A less adversarial relationship between buyer and supplier will tend to produce fewer coercive influence attempts. If the supplier perceives that cooperation will be more profitable in the long term, less coercive influence attempts should be made.

Reciprocal Actions

When faced with coercive influence attempts, most channel members will react with similar attempts (Stern and Gorman, 1969; Lusch, 1976). However, Frazier, et.al., (1989) found that dependence and reciprocal actions were inversely related. As dependence increased, reciprocal actions decreased. This finding was from a study conducted in a "sellers" market. Still another study (Sternquist, et.al., 1993) found that in Japanese channels, dependent buyers reported more frequent use of reciprocal actions than non-dependent buyers.

The results of this study support only the findings that show coercion being significantly related to reciprocal actions. Dependence measures were found not to be significant predictors of reciprocal influence attempts by buyers. Coercion was highly correlated with reciprocal actions, in a positive direction. As supplier coercion attempts increased, buyer reciprocal actions increased. Coercion was also found to be a significant predictor of reciprocal buyer actions.

The current market conditions in the U.S. have been changing rapidly during the past decade. These changes have created an environment in the U.S. where financially strong retailers are highly sought after by suppliers. This market may assume the characteristics of a "buyer's" market. In a buyer's market, channel members will act differently than in a seller's market (Frazier and Summers, 1986). When faced with coercive influence attempts buyers will respond with like actions (Lusch, 1976), but in a buyer's market, retailers may be the channel member who first attempts to influence the other member. It is clear however, that any coercion from the supplier will elicit reciprocal coercion from the buyer. In this study, the level of buyer dependence did not predict reciprocal actions.

Due to the changing retail landscape in the U.S., many companies have sought to create closer, more collaborative ties to their suppliers (Spekman, 1988). The product life cycle in apparel retailing is short, and has been getting shorter. This, coupled with competition from foreign suppliers, has created a situation where both supplier and retailer have actively sought these relationships. In this study, 87% of the major suppliers were domestic (U.S.) companies, with 56% selling nationally advertised, name brand merchandise. It has been shown that extended relationships as well as frequency of deliveries have a significantly positive effect on cooperation in channels (Heide and Miner, 1992). Domestic suppliers are able to deliver merchandise in a more timely manner than foreign producers. They normally utilize a four to six season delivery schedule (spring, summer, back-to-school, fall, holiday, and

cruise). Each delivery cycle would include merchandise to be shipped during a two or three month period. In addition, domestic companies have the ability to add new items on short notice, when consumer demand dictates new styles.

Private label programs have been a vehicle through which department store buyers have sought to increase store loyalty (Bowlby, et.al., 1992) as well as increase markup and profit (Sternquist, Tolbert and Davis, 1989). Only 16% of the suppliers in this study provided the private label program for the buyers responding. This could be the result of the large number of domestic suppliers in the study. Because private label programs normally deal with large quantities, long lead times, and tend to be more basic in fashion, buyers may rely more on foreign producers for these items. Department store buyers still must count on name brand suppliers to bring customers into their store.

In this study, it was revealed that buyers engaged in reciprocal actions more frequently than they received coercive influence attempts from their suppliers. It is possible that in the current market that even infrequent coercion attempts may cause buyers to retaliate with their own attempts.

In a buyer's market, there are many alternative suppliers. This tends to lower the buyer's dependence on a given supplier. However, if the buyer has made a commitment to the supplier, and established closer ties than to other suppliers, the buyer may behave in certain situations in a manner contrary to what would normally be expected. Length of tenure should have an effect on negotiation behavior. Experienced buyers will

tend to have more confidence in their position, leading them to more confidently press their position. However if the buyer-supplier relationship operates as more of a "partnership," as some retailers view it, this may not be the case. In this type of relationship, both members would expect to interact regularly. There would be a tendency then for channel members in this type of relationship to be more cooperative than if they anticipated few or no further interaction (Roering, et.al., 1975; Cottam, 1985; Heide and Miner, 1992).

CHAPTER VI

SUMMARY, IMPLICATIONS AND RECOMMENDATIONS

Summary

The objectives of this study included: 1) to determine the effect that supplier performance (sales, profit, brand recognition) has on the relationship between department store buyers and their major supplier, 2) to determine the effect that buyer dependence (actual or perceived) has on the relationship with his/her largest supplier, 3) to further the body of knowledge and understanding of retail-supplier relationships.

It was revealed that department store buyers' perceived dependence on their major supplier was significantly, positively correlated with supplier sales and profit contribution, but not with supplier role performance. It was also found that there was a significant difference in the levels of perceived buyer dependence based on both sales and profit contribution levels from the supplier. Buyers who reported higher levels of dependence also reported higher levels of sales and profits from their major supplier. There were no significant differences based on supplier role performance.

Buyer's length of tenure in their position had no significant effect on the frequency of negotiation with suppliers. Length of tenure also had no significant effect on the success of negotiations with supplier. The longer a buyer was in his/her position, the less frequently he/she engaged in negotiations and the less successful he/she was at negotiations.

When investigating coercive influence attempts by the supplier, it was discovered that sales, profit, role performance and perceived dependence were not predictors of coercion. It was revealed that of these variables: sales, profit, role performance, perceived dependence, and supplier coercion, only supplier coercion was a significant predictor of buyer reciprocal influences attempts. In addition coercion and reciprocal actions were significantly and positively correlated.

The literature pertaining to power and dependence in distribution channels is abundant. The literature related to retail buyer behavior is growing, however studies dealing with buyer-seller relationships have been sparse. This study helps to add some understanding to this area of scholarly research. Constructs that have seldom been investigated in retail channels such as coercion, reciprocal actions, and negotiation were looked at in terms of power and dependence relationships.

Implications

Retailing in the U.S., as well as globally, is incurring change at a rapid pace. Buyers can no longer operate under previous business assumptions. They must understand that relationships with vendors are necessary and need not be adversarial in nature. As suppliers have sought in the past to "nurture" relationships with buyers, courting them to win their business, buyers must realize that a "good" supplier is something to be coveted.

Although this study was conducted from the retailer's viewpoint, it would serve suppliers well to understand the implications of this study also. Buyers indeed view themselves as dependent on their major supplier.

They will not hesitate however to retaliate if faced with coercive influence attempts. It is not clear from this research how negotiation behavior is affected by this type of relationship. It is possible that length of tenure is not as important as other aspects of the relationship, such as buying power, alternate suppliers, etc.

Buyers in this study who received high amounts of sales and profits from their major supplier perceived themselves as being dependent on that supplier. These have been found to be good measures of buyer dependence, should help to predict other behavioral aspects of the channel relationship. The accepted paradigms of retail channels are changing however, and these measures of dependence may be affected by the different relationship between members. Although retail buyers may establish closer ties to a supplier, even utilizing fewer suppliers overall, they are still aware of the abundance of suppliers in the market. This allows them to act in a less dependent manner, as they may move to another supplier and establish close ties if necessary.

Buyers and suppliers may more quickly and easily begin working together because of the rapid improvements being made in the areas of technology and information systems. In the past, a supplier may have been reluctant to tie themselves too closely with a retailer due to the costs of system set-ups and potential losses from severing the relationship. In today's climate of rapid technological change, both suppliers and retailers find themselves constantly updating their systems (computer, delivery, point-of-sale, etc.). They also are finding more compatible technology formats that allow new vendors to fit in quickly.

Negotiation behavior among retail buyers warrants further investigation. It is clear from this study that more experienced buyers engage in negotiations less frequently and are successful less frequently than their peers with less experience. Experienced buyers may not find it necessary to negotiate as frequently because they have become more efficient at it. Intuitively, levels of success should increase however. An inexperienced buyer may view small concessions from suppliers as a greater level of success than an experienced buyer. They may also be more zealous in their attempts to get the supplier to accede to their requests. The more experienced buyer should be cognizant of complacency in dealings with suppliers.

The level of coercive influence strategies from the supplier are affected by this "new" channel relationship. Dependent buyers should report more frequent influence attempts from suppliers. It is possible that this relationship takes on the characteristics of a retailer and its private label supplier, with the retailer more easily able to "call the shots." This would imply more frequent influence attempts being directed towards the supplier from the retailer.

The behavioral dimensions investigated here are of great importance to buyers as they move toward closer ties with fewer suppliers. They must understand the importance of strategic alliances with vendors in order to remain competitive, profitable, and financially viable in the years ahead. Retail buyer behavior warrants further study if retailers are to develop and maintain a competitive advantage in the 1990's and beyond.

Recommendations for Future Research

The previously accepted paradigms involving retail channels need further investigation. This research was an attempt to investigate the behavioral dimensions of the retail-wholesale distribution channel. Previous studies have focused on buyer behavior as it applies to vendor selection and product procurement. Studies looking at coercion, reciprocal actions and negotiation have been conducted in channel settings other than department store settings (franchise, automotive, food brokers, etc.). Department stores in the U.S. purchase a wide spectrum of soft-lines merchandise, covering low to high prices and most product categories.

Because of their buying situation, department store buyers may offer a unique opportunity to examine buyer behavior that is not available from investigating specialty retailers, grocery retailers, or hardlines retailers. Research in the retail channels should focus on examining the changing dynamics of the retailer-supplier relationship. The results of this study run contrary to previous research regarding coercion and reciprocal actions.

Negotiation behavior was studied because of both its integral part in buyer-supplier relationships, and the lack of empirical work on this subject in current channels literature. The scales developed were reliable (Cronbach's alpha of .70 and .71), but there may be other variables better suited to measure negotiation behavior. Questions asking respondents the amount of time spent negotiating may reveal more than the frequency of negotiation. A scale designed to measure the level of involvement from upper management may also answer different questions, leading to a better understanding of channels.

Previous literature have viewed the retail/wholesale channel from the buyer's viewpoint. Suppliers may perceive the relationship with their major customer differently than the relationship is viewed by the retailer. Future research into negotiation behavior and coercive actions focusing on the supplier side of buyer-seller dyads may bring new insight to the study of channels. In addition, as previously cited, much of the work on channel behavior has focused on channels other than the retail channel. Considering the dynamic growth and changes in the retail field, it would make sense that researchers seek to add to this body of knowledge.

APPENDIX: A

The Questionnaire

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This is a study conducted by researchers at Michigan State University. We would appreciate your assistance in completing this questionnaire.

Please consider your major supplier or wholesaler/manufacturer. In responding to these questions, please respond with this supplier in mind.

Part I

- 1-1 What percent of your total retail sales comes from this supplier? _____%
- 1-2 What percent of your gross profit (at cost), comes from this supplier? _____%
- 1-3 Over the next five years, do you expect your overall sales from this supplier's products as a proportion of overall sales to: 1) increase 2) remain the same or 3) decrease? (circle one)
- 1-4 What degree of change with respect to this supplier, would you expect as a percent of current sales? _____%
- 1-5 Over the next five years do you expect your overall profit as a result of sales from this supplier's products as a proportion of overall profit to: 1) increase 2) remain the same or 3) decrease? (circle one)
- 1-6 What degree of change with respect this supplier, would you expect as a percent of current profit? _____%
- 1-7 Assuming that there were no constraints on this supplier's products, would you be able to sell more units in the product category? _____ YES _____ NO
- 1-8 How many additional units from this supplier, in percentage terms over current sales levels could you sell? _____%
- 1-9 Is this supplier a domestic company or a foreign company? (Based on ownership) _____
- 1-10 Of the products that this supplier provides, what % are:
 _____ Nationally advertised brand names (to consumers)
 _____ Brand names not advertised (to trade press)
 _____ Private label
 100% TOTAL
- 1-11 Does this supplier provide your private label program? _____ YES _____ NO
- 1-12 What is your initial markup percent (on cost) for this supplier? _____%
- 1-13 How many years has your company been doing business with this supplier? _____
- 1-13b In this position, or other positions you've held, how many years have you, personally, been doing business with this company? _____

Part II

How Important is:	Not Important At All					Extremely Important	
2-1 Current level of sales from the supplier as a percent of total sales?	1	2	3	4	5	6	7
2-2 Current level of profit from the supplier as a percentage of total profit.	1	2	3	4	5	6	7
2-3 Anticipated sales from supplier as a percentage of total sales in the next next five years?	1	2	3	4	5	6	7
2-4 Anticipated profits from supplier as a percentage of total profit in the next next five years.	1	2	3	4	5	6	7

Please respond to the following questions:

	Strongly Disagree					Strongly Agree	
2-5 I am largely dependent on this supplier for achieving my goals in terms of sales and profits.	1	2	3	4	5	6	7
2-6 This supplier is aware of how dependent I am on him/her.	1	2	3	4	5	6	7
2-7 I could easily replace this supplier with another supplier(s).	1	2	3	4	5	6	7
2-8 I depend primarily on the supplier to supply me with high quality merchandise.	1	2	3	4	5	6	7
2-9 I depend primarily on my own knowledge of the product quality to assess the products I buy for my company.	1	2	3	4	5	6	7

Part III

Please evaluate your major supplier, in relation to the average of all sources of supply, for each of these elements.

	Very Poor					Average		Very Good		
3-1 Product quality	-5	-4	-3	-2	-1	0	1	2	3	4 5
3-2 (Allocation) and delivery of goods	-5	-4	-3	-2	-1	0	1	2	3	4 5
3-3 Acceptance of unsold merchandise returns	-5	-4	-3	-2	-1	0	1	2	3	4 5
3-4 Provision of sales people	-5	-4	-3	-2	-1	0	1	2	3	4 5
3-5 Provision of financial support for remodeling, advertising, etc.	-5	-4	-3	-2	-1	0	1	2	3	4 5
3-6 Customer recognition of manufacturer's brand name	-5	-4	-3	-2	-1	0	1	2	3	4 5

How important are the following elements in your selection/retention of a supplier?

	Not Important At All					Extremely Important	
3-7 Product quality	1	2	3	4	5	6	7
3-8 Allocation and delivery of goods	1	2	3	4	5	6	7
3-9 Acceptance of unsold merchandise returns	1	2	3	4	5	6	7
3-10 Provision of sales people	1	2	3	4	5	6	7
3-11 Provision of financial support for remodeling, advertising, etc.	1	2	3	4	5	6	7
3-12 Customer recognition of manufacturer's brand name	1	2	3	4	5	6	7

Part III(B)

	Extremely Probable			Extremely Improbable	
3b-1 How likely is it that your management would recommend that you buy from a certain vendor?	1	2	3	4	5
3b-2 In buying merchandise, how likely is it that you would take your management's advice with regards to a certain vendor?	1	2	3	4	5

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Part IV

Within the major suppliers' attempts to influence you, how frequently does its representatives state or imply that:

	Never		Sometimes			Frequently	
4-1 You would receive poorer service and/or cooperation from them if you did not comply with their request?	1	2	3	4	5	6	7
4-2 You would receive better service and/or cooperation if you complied with their request?	1	2	3	4	5	6	7
4-3 Your dealership agreement and/or legal considerations either require or suggest your compliance on a particular issue?	1	2	3	4	5	6	7

Please indicate your level of agreement or disagreement with each of the following statements with regards to your major supplier:

	Strongly Disagree					Strongly Agree	
4-4 I have frequently been threatened of negative consequences by the supplier if I fail to abide by their requests involving critical matters.	1	2	3	4	5	6	7
4-5 When attempting to influence me, the supplier frequently implies that I would receive better service and/or cooperation if I complied with their requests.	1	2	3	4	5	6	7
4-6 In attempting to change my behavior, the supplier frequently draws my attention to our dealership agreement.	1	2	3	4	5	6	7

Part V

In your attempts to influence this major supplier, how often do you state or imply that:

	Never		Sometimes			Frequently	
5-1 You would be less likely to accommodate the supplier in the future if they do not comply with your requests now?	1	2	3	4	5	6	7
5-2 You would be more cooperative with the supplier in the future if they complied with your request?	1	2	3	4	5	6	7
5-3 Your agreement with the supplier either required or suggested the supplier be in compliance with your desires?	1	2	3	4	5	6	7

Part VI

Please indicate your level of agreement or disagreement with the following statements, keeping the major supplier in mind.

	Strongly Disagree					Strongly Agree	
6-1 A high degree of conflict exists between the supplier and my firm.	1	2	3	4	5	6	7
6-2 The supplier and my firm often disagree to a great extent on certain key issues, thereby creating a great deal of frustration for me.	1	2	3	4	5	6	7
6-3 I am generally satisfied with my company's overall relationship with the supplier.	1	2	3	4	5	6	7
6-4 There is a high degree of conflict between myself and the supplier's representative.	1	2	3	4	5	6	7

Part VII

7-1 Do you engage in negotiations with any of your suppliers?

____ Yes ____ No If yes go to the next question. If no, skip to part eight.

Regarding negotiations, what is the frequency with which you engage in the following:

7-2 I negotiate with suppliers on the following points:

	Never						Always
Price	1	2	3	4	5	6	7
Delivery	1	2	3	4	5	6	7
Any Trade Terms	1	2	3	4	5	6	7
Markdowns	1	2	3	4	5	6	7
Advertising	1	2	3	4	5	6	7
Other Areas	1	2	3	4	5	6	7
Please specify _____							

7-3 In negotiations with suppliers, I feel that my company on does better than the standard offered to others on the following:

	Never						Always
Price	1	2	3	4	5	6	7
Delivery	1	2	3	4	5	6	7
Any Trade Terms	1	2	3	4	5	6	7
Markdowns	1	2	3	4	5	6	7
Advertising	1	2	3	4	5	6	7
Other Areas	1	2	3	4	5	6	7
Please specify _____							

7-4 What percent of the merchandise you buy can be returned to the supplier, if it does not sell? _____

Part VIII

8-1 How many years have you been in your current position? _____ years _____ months

8-2 How many years did you work in retailing before being promoted to your current position? _____ years

8-3 Your sex? ____ Male ____ Female

8-4 Are you a high school graduate? ____ yes ____ no How many years did you go to school after high school? _____ years

8-5 What annual sales volume are you responsible for buying? \$ _____

8-6 What is your store's annual sales volume? \$ _____ Total
Company volume (if different) \$ _____

8-7 What percentage of the products in your department are imports? _____ %

8-8 What percentage of your total department profit comes from imports? _____ %

8-9 What is your department's initial markup percent (at cost)? _____ %

8-10 What percent of the total products that you buy come from the following countries?

_____ United States	_____ France
_____ Korea	_____ Italy
_____ Japan	_____ Great Britain
_____ China	_____ Other European Country
_____ Taiwan	(Please specify: _____)
_____ Indonesia	_____ Singapore
_____ Germany	_____ Others
	(Please specify: _____)

If you would like a copy of the results of this survey mailed to you, please include your business card in your reply.

MSU is an Affirmative Action/Equal Opportunity Institution

APPENDIX: B

Pre-Notification Report

PRE-NOTIFICATION PHONE REPORT

STORE NAME _____ STATE _____

PHONE NUMBER _____

BUYER NAME _____ DEPT. _____

- 1) Hello, is this _____ ? yes (go to #5) no
- 2) Are you the buyer for _____ dept.? yes(go to #5) no
- 3) Is _____ the buyer for _____ ? yes
no or don't know (ask to return to the operator)
- 4) Could you please give me that person's # or connect me with the operator?
- 5) I'm calling from Michigan State University. A nationwide survey is being conducted of Department Store buyers and their relationship with their major supplier or vendor. Your name was selected in a random sample of all Department Store buyers in the U.S. This study is also being conducted in Great Britain and Japan. I'm calling you today to ask for your help in this important research. We have prepared a survey questionnaire that we would like to send to you. Completing this questionnaire will take only fifteen minutes of your time. Before continuing, I want to assure you that all of your responses will be confidential, and the information you give me will be combined with information from other study participants for the analyses, and that no individual data will be released. Would you be willing to participate in this important research?
yes (go to #7) no

(For questions on content, rights, and confidentiality - Dr. Brenda Sternquist 517-355-0256)

- 6) I can appreciate your hesitation, but your participation is very important to the validity of our study. Is there any question I could answer that would help to alleviate your concerns?
yes (answer questions) no (go to #8)
- 7) Thank you! I will mail the survey out today. If you could complete it as soon as possible, it would be greatly appreciated. (Recheck name, address and dept.).
Thank you again for your help and cooperation.
- 8) I understand your reasons for not wanting to participate in the entire study. In lieu of us sending you the full questionnaire, may I ask you four short questions that are keys to our study?

QUESTIONS TO BE ASKED IF BUYER BEING SURVEYED WILL NOT AGREE TO PARTICIPATE:

1. Is your major supplier:
_____ Brand name manufacturer _____ Private label manufacturer
Not Important Extremely
At All Important

How Important is:
2. Current level of sales from the supplier
as a percent of total sales? 1 2 3 4 5 6 7
3. Current level of profit from the supplier
as a percentage of total profit. 1 2 3 4 5 6 7
4. What percent of your total retail sales comes from this supplier? _____ %
5. What percent of your gross profit (at cost), comes from this supplier? _____ %
6. What percent of merchandise that your store sells falls into the following
categories:
_____ Clothing _____ Food _____ Household soft goods _____ Household hard goods
(textiles & floor coverings)

Thank you very much for your time and help.

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