

# Exploring the impact of a supplier portal on the buyer–supplier relationship. The case of Ferrari Auto

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Received 11 November 2006; received in revised form 22 May 2007; accepted 13 June 2007

Available online 23 July 2007

## Abstract

This article concentrates on the relationship between companies and their suppliers with a specific focus on the impact that information and communication technologies (ICTs) have on industrial (business to business) purchasing processes. After reviewing the extant literature, we classify the potential impact of ICTs on the buyer–supplier interactions into three main categories, i.e. impact on buyer–supplier *relationship*, impact on purchase process *efficiency* and impact on *logistics* process performance. Whilst scholars generally agree on the impact ICTs may have on buyer–supplier exchanges, they have not investigated concurrently all of these three impacts to understand their comparative relevance and the context in which this comparative relevance may change. In order to redress this gap in the literature our research study focuses on a particular form of ICT solution – supplier portals – and takes a supplier (rather than buyer) perspective. We explore empirical evidence from a single customer–multiple supplier case study, that of the Ferrari Auto supplier portal. Our study leads us to contend that suppliers view such portals as offering far more significant benefits to their relationship with customers than to the improvements in purchase process efficiency or to the performance of buyer–supplier logistics processes. We conclude with a short discussion of the main managerial implications and suggestions for future research.

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*Keywords:* Relationship management; Buyer–supplier relationship; ICT; Supplier portals

## 1. Introduction

In recent years, both academics and practitioners have underlined the importance of relationships in the business-to-business (b2b) context, increasingly sustaining that the contribution of strengthened relationships between buyers and suppliers yields improvements in both parties' business performance. A significant contribution to knowledge in business-to-business relationships comes from the work of the Industrial Marketing and Purchasing (IMP) Group. The central premise of this school of thought is to view business exchanges as embedded in a *network* distinguished by stable and interactive long term relationships (Haakansson, 1982; Haakansson & Snehota, 1995; Gadde

& Haakansson, 2001; Tuten & Urban, 2001; Leek, Naudé, & Turnbull, 2003; Leek, Turnbull, & Naudé, 2003). The IMP Group has also argued for a shift from purchasing management to supplier relationship management (Gadde & Snehota, 2000), intended to realize the benefits of moving from arms-length dealings to partnering (Araujo, Dubois, & Gadde, 1999) and from adversarial to relational exchange (Kalafatis, 2002).

In the last decade the impact of Information and Communication Technologies (hereafter ICTs) on b2b relationships has been studied in some depth, primarily as a consequence of the rise of Internet or web-based e-business systems and processes. ICTs affect relationships because they have facilitated both an increase in disintermediation (separation or removal of previous links in supply chains) and used innovatively have led to new forms of relationships becoming possible (Naudé & Holland, 1996). The arrival of ICTs has also enabled the development of technological solutions which have a significant impact on the efficiency of the business processes. In particular, the diffusion of electronic procurement

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has contributed to improved efficiency of buyer–supplier transactions and related purchase order processes (Croom, 2000, 2001). ICTs have also been seen to benefit the logistics processes in buyer–supplier interactions through both better management and control of the physical flows and better coordination and integration along the supply chain (Barratt & Oliveira, 2001).

Although in general scholars agree on the impact ICTs have on the three above mentioned aspects – i.e. relationship, efficiency and logistics – of b2b exchanges, they have not investigated concurrently all of these three impacts to understand their comparative relevance and the context in which this comparative relevance may change. In this paper, we contribute to redress this gap in the literature by demonstrating that ICTs show a stronger impact on the *relationship* than on the purchase process *efficiency* or the *logistics* process performance of the buyer–supplier exchanges. Among the several ICTs solutions for purchasing, this study examines only one specific tool — web-based supplier portals. Portals represent a good context in which to investigate the impact that ICTs may have on relationship, efficiency and logistics in buyer–supplier interactions because they have been designed to simultaneously develop a collaborative relationship in the long term, manage the operation of the purchasing process and coordinate and control logistics flows.

This article concentrates on a supplier perspective instead of a buyer one. This contrasts with the predominant view in much of the literature which has been largely concerned with the benefits and advantages arising for the buying company from the ICTs investment. In our opinion, the supplier's viewpoint in any buyer–seller dyad is both complementary and relevant to an investigation on the impact of the ICTs in the b2b context. This perspective aims at understanding whether the advantages the (buyer) company expects to gain from implementing such a portal generate perceived benefits for suppliers as well.

The paper is organized as follows. We begin with a review of the literature relating to the nature, application and impact of ICTs in a b2b context, with a specific focus on supplier portals. Then, an overview of our research methodology is used to explain the relevance of the selected case study. A detailed discussion and analysis of the Ferrari portal case is provided, including the core findings from our study of suppliers' perceptions and experiences with the portal. The focus is, as stated, on exploring concurrently the three areas of interest in terms of the impact of the portal on relationships, efficiency and logistics. We then discuss the theoretical contribution of this study and some of the managerial implications are laid out. The paper concludes with a brief discussion of the opportunities for future research arising from this article.

## 2. ICTs and supplier portals in buyer–supplier context

The impact of ICTs on business processes have been investigated by several streams of research, each of which has stressed distinct typologies of benefits.

First, scholars of Purchasing and Supply Chain Management have stated that ICTs can improve the performance of business processes. They have demonstrated that ICTs positively affect the transactional and physical side of the buyer–supplier processes,

mainly thanks to process automation, reengineering and synchronization of activities. Tan (2001) identifies the potential for improvement arising from the adoption of ICT and e-business systems in many areas: cost performance and lower procurement costs; customer service; process capability; productivity and dependability. For industrial procurement, ICTs offer purchase process efficiency gains and opportunities for price reductions (Croom, 2000; DeBoer, Harink, & Heijboer, 2002).

Second, in the logistics field, a major impact of ICT solutions is its role as a mechanism for improved control of supply through collaborative planning, forecasting and replenishment (widely known in industry supply chains as CPFR) (Frook, 1998; Lewis, 2001; Barratt & Oliveira, 2001). This view is reinforced by Lee and Ng (1997) in their analysis of the opportunities for removing the 'bullwhip effect' from supply chains. An integrated control system supported by technological infrastructure allows companies to benefit from reduced inventories, total cost reduction and increased service to customers (Papazoglou, Ribbers, & Tsalgaidou, 2000; Vakharia, 2002; Muffatto & Payaro, 2004). More recently, many authors have underlined the implications and impact of electronic solutions for supply chain management in terms of greater integration across supply chains (Chandreshekar & Schary, 1999; Johnson & Whang, 2002; Lancioni, Schau, & Smith, 2003; Cagliano, Caniato, & Spina, 2003; McIvor & Humphrey, 2004). Frohlich and Westbrook (2001) in particular claim that as supply chain integration increases as a result of ICT-based solutions, stronger relational ties will develop along supply chains.

Synthesizing the main body of existing research in this area, the focus in much of the literature examines the impact of ICTs on business processes in buyer–supplier in two broad areas of interest: *impact on efficiency* within the buyer–supplier transactions and related processes and *impact on logistics performance*.

We are also beginning to see research that focuses on the role of ICTs in the area of relationship development and management. ICT investments have the potential to alter the nature of intra- and interfirm relationships by enhancing buyers' information management capabilities and transaction processing efficiency, both of which have a particular impact on fostering closer relationships (Stump & Sriram, 1997). Scholars of the IMP Group agree on this position and sustain that ICT-based communication channels are becoming the cornerstone of many new relationships (Naudé & Holland, 1996). Information sharing is considered as one of the most fundamental factors to develop an effective relationship (McLoughlin & Horan, 2000). More recently, Ryssel, Ritter, and Germunden (2004) show that business relationships and ICTs are linked to each other. Their empirical results suggest that ICTs are a powerful enabler of b2b relationships, even if they cannot guarantee higher value creation in the relationship. Spekman and Carraway (2006) state that having a single information technology platform upon which collaboration is built and maintained can enhance interfirm processes and relationship. They add that cross-firm ICT solutions enable the free and honest flow of information to supply chain partners. According to Leek et al. (2003), the introduction of ICTs creates a greater number of communication channels which substantially affect interaction process and relationships. The new electronic communication channels

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