Effects of Supplier Reliability and Benevolence in Business Marketing

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The authors address the important issue of how supplier behavior in terms of reliability and benevolence creates positive and negative affect, influences customer satisfaction, and subsequently behavioral intentions to be loyal to the supplier. Recent research suggests that affective responses are important, but has mainly focused on products' performance in consumer markets. The authors extend past research by examining affective and cognitive responses to suppliers' performance in an industrial context. In a study of 150 established buyer–seller relationships in the industrial telecommunication market, they found that customers' affective responses to supplier reliability were different from their responses to supplier benevolence. Low supplier reliability was found to create negative affect, while high supplier benevolence created positive affect. Supplier reliability showed a strong positive effect on satisfaction with the supplier, which subsequently increased loyalty. Supplier benevolence appeared to have no direct effect on overall satisfaction, but was found to influence customer loyalty indirectly through positive affect. Thus, both cognitive and affective processes mediate the effects of supplier reliability and supplier benevolence on loyalty. J BUSN RES 2000. 49.259–271. *© 2000 Elsevier Science Inc. All rights reserved.*

Supplier reliability and benevolence have been identified as two key factors in developing relationships based on trust and commitment (e.g., Kumar, Scheer, and Steenkamp, 1995). Reliability is the perceived ability to keep an implicit or explicit promise. A supplier is perceived as reliable when deliveries are made according to contract, when relevant information is provided timely and accurately, when members of the organization are knowledgeable about their business and their products, and so on (e.g., Kumar et al., 1995; Biong and Selnes, 1997). Supplier benevolence is the perceived willingness of the supplier to behave in a way that benefits the interest of both parties. A supplier is perceived as benevolent if they are willing to make an extra effort when unexpected problems arise (Kumar et al., 1995). Given that the supplier has a goal to develop and maintain customer loyalty, it is important to understand how reliability and benevolence can create such results. The purpose of this article is to develop and test a model of how affective and cognitive processes mediate the effect of supplier reliability and benevolence on behavioral intention to be loyal to the supplier.

Affective responses have received considerable attention in recent research on consumer satisfaction (e.g., Westbrook, 1987; Westbrook and Oliver, 1991; Oliver, 1993; Mano and Oliver, 1993). Despite growing acknowledgment of the importance of affect in consumer markets, modest attention has been given to affect in industrial markets. Although it does not make sense to talk about feelings as a characteristic of an organization itself, members of the organizational buying team may have feelings toward a supplier as an organization. Individuals involved in decision making are, as reflected in the buying-center literature, influenced by among other things their subjective experiences (Johnston and Bonoma, 1981; Kohli, 1989). Although not explicitly discussed in the literature, it is reasonable to expect affective and cognitive responses also to be present in buyer–seller relationships, and to influence decision making in industrial markets. Anecdotal evidence from business practice in industrial markets indicates that marketers exert behaviors that are directed toward affective responses.

The remainder of the article is organized as follows: after discussing underlying theory, we develop a model and derive hypotheses related to affective and cognitive responses to supplier behavior. Next, we report the research method used and the results of the empirical test. Finally we discuss future research possibilities and managerial implications of the findings.

Theory and Hypotheses

Supplier Behavior

Ravald and Grönroos (1996) propose that customers value not only the focal product, but also the firm supplying the

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product or service, and that the two entities represent different processes in creating value. We will focus on the supplier's ability to create value through being reliable and showing benevolence. Clearly, a supplier should be reliable and fulfill what is promised to the customer. However, a supplier could be benevolent in situations in which there are no explicit or implicit promises. More precisely, customers expect the supplier to solve unpleasant events that cause problems for them when they believe such events to be within the supplier's domain (i.e., within the supplier's responsibility, whether the supplier's promise is explicit or implicit). However, even if unpleasant events are outside the supplier's perceived responsibility, the supplier could help the customer. Showing benevolence is believed to be interpreted differently by the customers than is the supplier's ability to be reliable, and hence customers are likely to respond differently toward the seller in these situations. When the focus is on a single transaction, the distinction between reliability and benevolence will not be important or relevant. However, in the perspective of an ongoing relationship, the distinction may be crucial. When committed to the continuity of a relationship, the supplier may be willing to help or surprise positively the customer in other ways, even when such efforts are outside what is implicitly or explicitly promised.

Affective Responses

Customers' affective responses are important for several reasons. For example, recent advances in social cognition, cognitive psychology, and social psychology suggest that affective processes constitute not only a powerful source of motivation, but is also a major influence on information processing and choice (see Lazarus, 1991, for an excellent overview). Affect is generally understood to comprise a class of mental phenomena characterized by a consciously experienced, subjective state of feeling, commonly accompanying emotions and moods. Several taxonomies have been proposed to classify the variety of subjective feelings into a small set of fundamental, or primary effects (e.g., Izard, 1977). Russell (1980) suggests that emotions can be described in terms of two primary dimensions that define a circular configuration, commonly referred to as a circumplex. The dimensions are pleasure/displeasure and degree of arousal. Westbrook (1987) posited that affect has a similar structure and can be classified according to valence, that is either positive, neutral, or negative. Oliver (1993) found that attribute satisfaction and attribute dissatisfaction had crossover influences on both positive and negative affect. These findings also confirm the "affect-balance theory" proposed by Bradburn (1969), which recognized that positive experiences (or positive affect) are not necessarily inversely correlated with negative experiences (or negative affect), predicting that positive and negative affect make independent contributions to satisfaction (Oliver, 1993). This implies, among others, that positive and negative affect about an object (such as a supplier) can coexist at the same time and over time, while negative and positive cognitions (such as satisfaction and dissatisfaction with a supplier) rarely co-occur (Edell and Burke, 1987).

Because suppliers should be reliable, it is reasonable to expect negative emotions to occur when they are experienced not to be so. Attribution theory may be useful in understanding when negative and positive feelings carry over to positive and negative affect toward the supplier (Deighton, 1992; Oliver, 1997, p. 281–282). The basic point of departure in attribution theory is that the individual tries to make sense of the social context in which he or she is embedded (see Folkes, 1988; Harvey and Weary, 1984 for excellent reviews). Research has demonstrated that attributions of motivation may be self-serving or hedonic, typically expressed as attributing favorable outcomes to oneself and unfavorable outcomes to external forces (cf. Miller and Ross, 1975). Deviance from promised reliability ("the supplier should") can be both positive and negative. It follows from attribution theory that negative deviance from what is promised, particularly in routine or ordinary activities and operations, would be attributed to the supplier. Negative experiences may evoke affective responses of negative valence (e.g., anger). Further, when poor performance is attributed to the supplier, the evoked negative feelings would carry over to the supplier (Oliver, 1993). It also follows from attribution theory that positive outcomes (i.e., high reliability) would be attributed to "self," that is, the buyer (e.g., "I did well because I was careful to choose a good supplier") or to the specific situation (e.g., "I had a lucky day"). In such situations, evoked positive affective feelings are not likely to be carried over to the supplier.

H1: Perceived low supplier reliability leads to negative affect toward the supplier.

Because benevolence is likely to be perceived as positive, showing benevolence is likely to create positive affect. In cases of supplier benevolence (i.e., situations in which "the supplier could"), attribution processes are likely to be different from experienced reliability. Recall that situations of demonstrated benevolence are outside the contract or promise, but still within the relationship. Experienced benevolence is likely to be attributed to the supplier and perceived as a friendly act (e.g., "He didn't have to help me, but he did."). Such a positive experience is likely to create positive affective arousal and even excitement (Russell, 1980). When the supplier does not help the customer in an unpleasant situation, and thus is not benevolent (only "neutral"), we predict that the outcome is likely to be attributed to self and/or situation. We predict that the affective arousal in this case is more in the direction of depression and sadness attributed to oneself (see also Oliver, 1997, p. 280), and thus not a negative feeling toward the supplier.

H2: Perceived supplier benevolence enhances positive affect toward the supplier.