

# EXPECTATIONS OF WORKING RELATIONSHIPS IN INTERNATIONAL BUYER-SELLER RELATIONSHIPS: DEVELOPMENT OF A RELATIONSHIP CONTINUUM SCALE

David L. Jones, San Francisco State University

## Abstract

*This study is an attempt to develop a scale to measure expectations of buyer-seller working relationships on a cross-cultural basis. The focus is on North American and Asian hotel salespeople. The scale development drew from previous research in guanxi relationships and purchasing and selling strategies. While, the results did not support a reliable unidimensional scale that could distinguish between transactional and collaborative working relationships, the methodology did create a framework for further scale development.*

## Introduction

Since the 1980's there has been an emphasis in business-to-business marketing on building long-term buyer-seller relationships. Dwyer, Schurr and Oh (1987), who are credited with the seminal work in this area, addressed the notion of the exchange that takes place in the unique dyad of the individual buyers and sellers. Specifically, they recognized that the buyer-seller relationship may not be a discrete event, but an ongoing relationship made up of multiple stages that take place over time.

Anderson and Narus (1991) propose a continuum of transaction types from discrete to collaborative (see Figure 1). They address the point that within industries (e.g., the hospitality industry that is the focus of this study) there are "bandwidths" of transaction types. These "bandwidths" represent the fact that different market segments within an industry may have different expectations of the working relationship they have with the salesperson. Further, they recognize that there are variations of individual buyers within each market segment, what they call "flaring out".

Interjecting the factor of cross-cultural buyer-seller relationships, it has been suggested that relationships are more important in other cultures than the North American culture (Abrahamson & Ai, 1997; Albers, Krafft & Bielert, 1998). Abrahamson and Ai (1997) indicate Chinese buyers need more relational transactions (*guanxi*) and long-term relationships versus the short-term transaction needs of North American buyers. *Guanxi* can be seen as a special type of relational transaction that exists only in the Asian cultures (Abrahamson & Ai, 1997). It would represent the far extreme point on the relationship continuum proposed by Anderson and Narus (1991).

This study is an attempt to develop a scale to measure the construct of expectations of working relationships (i.e., relationship continuum) on a cross-cultural basis. The relationship continuum ultimately will become a tool for the hotel salesperson to determine if his/her perspective of the level of the buyer's desired working relationship is consistent with the relationship selling process the he/she employs in the North American and Asian selling situations.

## **Scope of the Study: Hotel Industry Buyer-Seller Relationships**

The scope of the study is the hospitality industry, specifically an analysis of North American and Asian hotel salespersons and their international business-to-business customers. The focus of the research will be on the hotel salesperson's viewpoint of the buyer-seller relationship.

The hotel industry selling function involves buyer-seller relationships with a variety of business-to-business market segments (e.g., corporate meetings, association meetings and conventions, incentive travel programs, tour groups, local corporate accounts, etc.). The nature of buyer-seller relationships with each of these market segments may also involve international selling situations, interjecting cross-cultural factors into the relationship.

In addition to the variety of group (i.e., business-to-business) market segments the hotel sales force sells to, there are also different qualification categories of customer relationships within each market segment (Abbey, 1989, pp. 126-128; Kotler, Bowen & Makens, 1999, pp. 621-624). The qualification types are categorized by the potential of future business the customer's organization can produce for the hotel and the longevity of the relationship between the customer's organization and the hotel. Those accounts with the potential for producing the greatest revenue and profits for the hotel are classified as key accounts, major accounts or top accounts. These accounts are sometimes referred to as the 20% of the hotel's accounts that produce 80% of the hotel's group business (Abbey, 1989, pp. 126; Kotler, Bowen & Makens, 1999, pp. 621). The top accounts would be expected to receive the highest level of attention from the salesperson and are the focus of the national account management approach (Plott, 1998). At the other end of the hotel business-to-business customer classification scheme are the new, present or potential accounts that are perceived not to have a great deal of long term potential for the hotel. This classification of accounts or customers will be termed "general inquiry leads" for purpose of discussion in this study.

## **Expectations of Working Relationship: Relationship Continuum**

This construct of the relationship continuum developed in this study is adapted in part from Anderson and Narus (1991) and Abrahamson and Ai (1997). The relationship continuum is a representation of the buyer's expectation of the interpersonal interaction in the buyer-seller relationship. It is designed to account for the potential gaps in the salesperson's approach to selling the buyer (i.e., relationship selling) and the various classifications of buyers that exist in the hospitality industry (i.e., top accounts, general inquiries, etc). In order to develop and define this construct, conceptualizations and empirical studies from several streams of literature are drawn upon. Those streams of literature include: 1) discrete versus relational transactions continuum, 2) the cross-cultural analysis of the Chinese concept of *guanxi*, 3) purchasing strategy typologies, and 4) selling approach strategies.

### **Discrete versus Relational Transaction Continuum**

The basis for defining a continuum in buyer-seller relationships has evolved from contract negotiations literature (Dwyer et al., 1987; Swenson & Link, 1998). The continuum is represented on one end by discrete transactions (i.e. transactional) and on the other extreme by relational transactions (i.e., collaborative) (Macneil, 1980; Dwyer et al., 1987). Anderson and

Narus (1991) state that as a buyer-seller relationship moves from transactional to collaborative, in their theoretical model of the relationship continuum, the product offering will change. The transactional emphasis addresses the “core product” elements of basic quality, price, and availability. The collaborative emphasis leads to an “augmented product” that is customized in terms of physical and service attributes to meet more demanding customer needs. The authors make the point that the fundamental reason for all relationship-building activities and efforts is to either add value or reduce cost in the exchange relationship.

Other researchers have also conceptualized various forms of the relationship continuum (Jackson, 1985a, 1985b; Gronroos, 1991, 1994, 1996; Webster, 1992; Duncan & Moriarty, 1998). The common theme has been that there are different expectations of working relationships by customers in the buyer-seller relationship from the discrete, transactional approach to the relationship building oriented approach. However, on the selling side there has been a shift from transaction oriented marketing to relationship marketing as a movement away from product based factors to a focus on resources and competencies

### **Guanxi**

*Guanxi* is translated as connections and refers to the existence of direct particularistic ties between an individual and others (Farh, Tsui, Xin & Cheng, 1998). It can take two forms: 1) a web of personal connections, relationships and obligations that business persons can use to obtain resources and advantages, and 2) the exchange of favors or the purchase of influence (Abrahamson & Ai, 1997). It has been related to the constructs of trust, shared goals/cooperation, a collaborative approach to disagreements, and the development of networks of importance connections (Abrahamson & Ai, 1997). *Guanxi* can be seen as a special type of relational transaction that exists only in the Asian cultures (Abrahamson & Ai, 1997). Arias (1998) defines *guanxi* relationships as beginning with social relationships before business relationships are established. In this manner, *guanxi* is differentiated from the concept of relationship marketing, relationship building and network building in Western culture that addresses only the business or commercial-based relationship (Luo, 1997; Arias, 1998).

Arias (1998) addresses the issue of a changing attitude in China. He opens the door to consideration of the fact that *guanxi* remains a social construct in China, but the economic and structural conditions are changing causing *guanxi* to not be as prevalent as it once was. Furthermore, Xin and Pearce (1996) found that *guanxi* and trust between business connections were more important to the private Chinese companies as opposed the state-owned companies in China. The recognition of the potential differences in the levels and importance of *guanxi* contribute an important point in relation to this study. It is very likely that different levels and importance of *guanxi* mean the potential of different working relationship expectations within the Chinese buyers.

### **Purchasing Strategies of Buyers**

Another perspective on the relationship continuum is the focus of a study by Campbell (1985). He determined that interactions between buyers and sellers could be independent (i.e., equity is assured by competitive market forces and price is the primary determinate), interdependent (i.e., long-term relationships and loyalty exists) or dependent (i.e., one party is dependent upon the other). The types of interaction are determined by the matching of the types of marketing

strategies of the seller and purchasing strategies of the buyer. Either side of the interaction can take a competitive (i.e., when the buyer plays the market or the seller has plenty of potential customers), cooperative (i.e., when long-term relationships are the objective for either party) or command (i.e., dominance of one party over the other) strategy. The interrelationship between the strategies of the buyer and the seller determines the type of buyer-seller relationship (e.g., a command purchasing strategy matched with a cooperative marketing strategy creates a dependent relationship, while a cooperative purchasing strategy matched with a cooperative marketing strategy would result in an interdependent relationship). The interplay of these strategies are influenced by the product, the buyer and the seller. What Campbell concludes is that guidelines need to be established to help the seller choose a strategy in response to the strategy employed by their counterparts.

### **Selling Strategies**

In applying the transaction continuum to sales management, the first step in addressing the working relationship differences is to segment markets based on how the service is used and thus generate value to the customer versus using demographics alone (Anderson & Narus, 1991). Some market segments will be targeted as needing collaborative emphasis and others need more transactional emphasis.

Blios (1998) supports Anderson and Narus's (1991) viewpoint that there is a continuum of relationships between buyers and sellers. He cites examples of two companies who both have relationships with their customers, but in one instance the relationship is based on discrete type transactions and the other uses a categorization of customers based on the type of relationship they desire (e.g., a general inquiry and a top account, respectively). He states "strategically a company should determine what type of relationships are ideally appropriate to its circumstances but in reaching that decision it must take account of the type of relationship its customers find acceptable"(p. 264). The supplier (seller) must adapt his or her position to meet the customer's viewpoint (Blios, 1998).

Chrzanowski and Leigh (1998) state that "generalist" selling is no longer adequate, instead market-driven companies must adapt their selling strategy to how the buyers prefer to be sold. In analyzing the buyer-seller relationships in the hospital business, they present a continuum of segmentation strategies from transactional relationships to collaborative relationships where each stage requires a different selling approach that leads to the difficult challenge of managing the wide range of customers.

## **Methodology**

The methodology in developing the relationship continuum scale is broken down into two areas: the pre-test of the scale items and the final study incorporating the scale detailed below.

### **Pre-tests of the Scale**

The scale and its respective items for the relationship continuum construct have been developed specifically for this study. Since it is a newly constructed scale, it required pre-testing to validate the items in the scale.

The first step in pre-testing the scale was to determine if the items to be used to measure the relationship continuum are understandable in the cross-cultural context (i.e., functionally and conceptually equivalent in North American and Asian cultures). This step was done by submitting a list of potential scale items to graduate students from various nationalities (including Asians). The results of the five responses received did determine that two potential scale items for the relationship continuum might not be understood in other cultures. Those items dropped from consideration were: 1) “He/she looks for win-win relationships”, and 2) “He/she expects me to make concessions in negotiations.

The second pre-test step involved empirically testing the newly developed scale and modified items from other previously tested scales. The objective for the newly developed relationship continuum scale was to create a unidimensional measurement that reflected the discriminating factors of discrete versus relational transaction preferences of the buyers. In order to verify the ability of each item in the relationship continuum scale to measure the continuum and to affirm the unidimensionality of the scale a pre-test was done. In addition, the modified items incorporated in the pre-test were expected to reliably measure their intended construct.

### **Pre-test Survey Sample**

The pre-test used a convenience sample of hotel salespeople from selected hotels and subscribers to an Internet listserv. The final pre-test sample size was 33 respondents. The recommended guidelines for principal component factor analysis are at least 50 responses and a ratio of 5 responses for every 1 variable in each scale being measured (Hair et al., 1995, p. 373). Taking into consideration that this was a pre-test and the scales would undergo a more thorough analysis in the full sample, the fact that the number of respondents did exceed a ratio of 2:1 for the 15-item Relationship Continuum scale, the pre-test was deemed adequate.

### **Final Survey of the Scale**

Survey Instrument. A three-part questionnaire was constructed for the final study. The first part included the relationship continuum scale items as they related to the top account of the salesperson. A top account was defined as one representing the 20% of the accounts he or she has responsibility for that produces 80% of the business he or she generates for his or her respective hotel(s) represented. Part two of the questionnaire dealt with national culture not discussed in this paper. The third section of the questionnaire gathered demographic information on the seller, including nationality and nationality at birth.

The survey was designed to be distributed through the Internet via e-mail attachment or identification of a URL address for taking the survey via the web. It was also distributed as a fax and as a paper survey depending on the preference of the companies participating.

Response Rate. There were a total of 146 useable surveys representing a response rate of 21% based on an estimated total population size of 698. It should be noted that because the survey was distributed through the Internet an exact number of those who received the survey could not be identified.

Final Sample. The sample for the study was drawn from hotel salespeople based primarily in either North America or Asia. In order to obtain the sample and attempt to assure a

strong response rate, senior marketing executives from six different hotel companies were approached. All of the hotel companies represented high-end, deluxe hotels and resorts. Several companies did have hotels in both North America and Asia, but the distribution was done by senior executives in each region due to the management structure of those companies. Other participating hotel groups were based solely in North America or Asia. Because the survey was designed to be distributed either as an e-mail attachment or as a web survey, the objective was to obtain the endorsement of a high level sales and marketing executive in the corporation who would in turn elicit support from his or her hotel sales directors.

Additionally, industry participants in three executive education classes at a major university were asked to complete the survey. The particular classes selected for participation were predominately those with attendees employed in the international hospitality sales and marketing field.

The sample included salespeople from many nationalities, but their base of operations was predominately either North America (i.e., the United States and Canada) or Asia (i.e., China, Hong Kong, Indonesia, Japan, Malaysia, the Philippines, Singapore, and Thailand). The sample also represented salespeople with sales responsibility for a wide variety of business-to-business market segments. However, all respondents had responsibility for a top account.

### **Demographics of the Final Sample**

The sample was comprised of mostly females (69.7%) who hold Manager level positions (61%), as can be seen in Table 1. The base of operations of the sample participants was split between the two primary target regions for this study of North America (52.1%) and Asia (43.8%), with another 4.1% based in other regions of the world (e.g., Europe). Additionally, the nationality at birth of respondents was representative of both of the target regions of this study: North American = 47.9% (i.e., American and Canadian) and Asian = 39.0% (i.e., made up of 8 different Asian nationalities). There was a fairly even spread of age groups with the majority being under 35 years of age (53.1%).

### **Relationship Continuum Scale**

The scale items representing the salesperson's perception of the buyer's actions, attitudes and behavior that indicate the buyer's preference for interpersonal interaction with the seller (i.e., the relationship continuum). This scale has been developed for this study and includes a combination of items from a variety of previously tested scales (Crosby, Evans and Cowles, 1990; Leung, Wong and Tam, 1995; Abrahamson and Ai, 1998) and items derived from conceptual literature related to the difference in buyer expectations of interpersonal interaction (Macneil, 1980; Campbell, 1985; Dwyer, Schurr & Oh, 1987; Anderson & Narus, 1991) (See Table 2 for a list of all of the items). All of the items are designed to measure the actions, attitudes and behavior of the buyer that reflect his or her preference for interpersonal interaction with the seller, however, they are asked from the salesperson's viewpoint.

The following is a discussion of the derivation of the scale items from the various streams of literature discussed above.

Discrete versus Relational Transactions. The items representing the discrete versus relational transactions were all created for this study based on the conceptual comparisons drawn by Dwyer et al. (1987) from Macneil's (1980) definitions of the two types of transactions. Each of the four items was designed to address the international buyer-seller relationship in the hospitality industry that is not captured by other scale items to be used measure the relationship continuum construct. The items can be found in Table 2-I.

Cross-Cultural Relational Transactions. One relational transaction concept that has received some empirical support in the literature, is the Chinese concept of *guanxi* (i.e., the extreme point on the relational transaction end of the relationship continuum). *Guanxi* items to be used to define this measurement along the relationship continuum construct were derived from Abrahamson and Ai (1998) and Leung et al. (1995).

Two items were selected from the 12-item *guanxi* relationship scale of Abrahamson and Ai (1998). The adaptations of those two items to be used are: "he/she believes in having an extensive relationship network of hotel salespeople" and "he/she prefers to do business with someone who fully understands his or her goals and objectives" These items from the Abrahamson and Ai scale were used because they were felt to be the most representative items of the *guanxi* dimensions (i.e., networking and shared goals) this research is addressing.

In addition to the 12-item *guanxi* relationship scale Abrahamson and Ai (1998) also developed a single item measure to determine gifts/favors given. Gifts/favors given represents the element of *guanxi* that reflects the actions of buyers resulting from their attitudes toward the relational transaction. The gifts/favors item has also been utilized in other studies of the concept of *guanxi* (Xin & Pearce, 1996; Wong, 1998), as well as in relationship selling preference studies (Crosby et al., 1990).

Leung, Wong and Tam (1995) developed a scale with 10 items representing the three factors of relationship building, mutual expectation and information exchange). The relationship continuum scale developed for this study incorporates four items from that scale. (Table 2-II-B). Two items for this research were chosen from the relationship building factor reflected the highest factor loadings on items relevant to this study's focus on the salesperson's viewpoint. The first item was modified from the item of "we keep in touch with the Chinese counterpart closely" that had a factor loading of .824. The resulting modification of that item is "he/she expects to receive a personal call from me at least once a month", and is intended to reflect the "keep in touch" aspect of the original item posed in hotel sales jargon. The second relationship building factor item used, "he/she believes maintaining good relationships is the best way to enhance business", was not modified from the original scale where it had a factor loading of .774.

The third item adapted from Leung et al. (1995) comes from the mutual expectation factor. The one item used in this research reflects the only one of the three items in their scale not previously addressed by other scale items. The item incorporated in the relationship continuum scale item is, "this customer and I easily reach consensus on major issues in our business dealing". This item was modified from the original item that had a factor loading of .615 (see Table 2-II-B for the original item wording). The final item used for the relationship continuum construct

measurement in this study was adapted from the information exchange factor of Leung et al. The item chosen had the highest factor loading on the information exchange factor (i.e., .775). The item used was originally stated as, “exchange market information (e.g., competitors) frequently” (see Table w-II-B for the wording of the item for this study).

Purchasing Strategy. The two items in this study representing the purchasing strategies of the buyer were created from Campbell’s (1985) definitions of competitive and command purchasing strategies that were discussed above. A competitive purchasing strategy is when the buyer plays the market (e.g., shops other hotels for his or her meetings). A command purchasing strategy is defined as one where the buyer dominates over the seller. The competitive strategy item created is, “he/she seeks bids from other hotels for their guestroom/meeting space needs”; while the command purchasing strategy is intended to be captured by the item, “he/she is very demanding” (see Table 2-III).

Level of Relationship Selling. The relationship selling area has been the subject of some empirical studies related to the receptiveness of buyers to a relationship selling approach. Crosby et al. (1990) measured the buyer’s evaluation of the salesperson’s relationship selling approach. They developed eight scale items for the interaction intensity of the relationship between life insurance buyers and their respective salesperson based on previous research. The two items chosen for this study represent the two interaction intensity indicator index items presumed to have the highest factor loadings. The original scale was designed for buyer’s responses, so the two items used in this study are modifications. The adapted items are, “he/she expects me to keep him/her abreast of all new developments at our hotel(s)” and “he/she promptly returns my phone calls”. The corresponding original items can be found in Table 2-IV.

## **Results**

### **Pre-Test of the Scale Results**

The principal component factor analysis of the relationship continuum items (15 items) determined that there were five factors with eigenvalues greater than 1.00 (see Table 3). Those five possible factors represented an explained variance of 63%. However, the objective of the factor analysis was to determine two possible dimensions to represent the opposite ends of the relationship continuum (i.e., discrete and relational transactions). Since the first two factors represented an explained variance of 33% (see Table 3) and the additional explained variance contributed by the third factor was only 11%, a two factor solution to measuring the continuum was determined acceptable. The first factor was made up of four (4) items and the second factor was comprised of three (3) items.

The first factor represented items that could be best equated with discrete transactions. The customer is demanding and they seek bids from others had factor loadings of .704 and .627, respectively. This factor also was represented by an item, the expectation of receiving gifts and exchange of favors (factor loading = .764), which was intended to represent a desire for a relational type transaction. However, this item loaded on the discrete transaction factor, meaning that it appears to have been interpreted in contrast to what was expected (i.e., gift given was not interpreted by the respondents as a means to establish a relationship). Further, the item that asks whether consensus is reached easily was found to have a negative loading on this factor

relationship (factor loading =  $-.677$ ). Thus, reaching consensus would be an indication of a relationship, while not reaching it would be more likely to be a discrete transaction orientation. This four-item scale developed from this factor, or the discrete transaction dimension, was found to be reliable ( $\alpha = .722$ ).

The second factor determined from the analysis was represented by three scale items that would be interpreted to be relationship oriented. The items included; 1) maintaining good relationship as the best way to enhance business, 2) the customer preferring to do business with someone who understands his or her goals and objectives, and 3) a customer who expects to receive a personal call at least once a month (factor loadings of  $.811$ ,  $.523$  and  $.676$ , respectively). The respondents interpreted the last item, receiving a personal call once a month, as a positive factor toward relationship building. In other words, the relationship was enhanced by calling once a month, as opposed to it being a demanding action more indicative of a discrete transaction relationship.

Although there was some evidence that a mixed interpretation of this item might exist since it also loaded on the discrete transaction factor (factor loading =  $.569$ ). The reliability test of this three item construct was well below the  $.7$  guideline ( $\alpha = .437$ ) meaning that it may not be reliable in future analysis of the scale. However, the scale did have a significant correlation with the buyclass framework (to be discussed below). These mixed results and the small size of the pre-test sample, as noted previously, may not provide conclusive evidence that this dimension of the scale would not be found to be reliable in a final study. Additionally, considering the fact that this is a newly developed scale for this study, it was determined that it would be incorporated into the final survey with the intent of further analysis with a full sample.

In addition to the principal component factor analysis, as noted above, a second validation method was used by comparing the relationship continuum scale to an existing, proven scale. The “buyclass framework” scale (Anderson, Chu & Weitz, 1987) was chosen to represent a scale that would have a positive correlation with the relationship continuum scale. The buyclass framework (Robinson, Faris and Wind, 1967) posits that different organizational buying approaches are required for different purchasing situations. The scale developed by Anderson et al., 1987, was developed to measure the different buying situations of “straight rebuy”, “modified rebuy”, and “new task” that comprise the buyclass framework. The study by Anderson et al., 1987, had a similarity to this study in that their sample also queried managers of sales forces as opposed to the customer’s themselves. Because this study is focused on top accounts, the items from the buyclass framework scale that represent the “straight rebuy” and “modified rebuy” were considered to be the most appropriate (i.e., the top account purchasing situation would be either a repeat purchase or simply a modification of a previous purchase). The seven scale items used for validation purposes were developed to measure two dimensions of the buyclass framework (see Table 4). The first dimension was how much information the prospective buyer needs to make a good decision. The second dimension was how familiar the purchase situation is to the prospective buyer. In each case, the correlation to the relationship continuum would be that the more discrete the buying situation, the more likely it would be to involve; 1) less information needs, and 2) less familiarity. Each of the scales is designed to represent the actions of the buyer related to how they purchase a product.

The results of the buyclass framework scale indicated two factors that accounted for 60% of the explained variance in the scale (see Table 4). However, the first factor incorporated five of the seven items from the original scale. That factor alone accounted for 39% of the explained variance in the scale. The two items loading on the second factor were both related to accounts that would not have been represented by the top account that was the focus of the survey (i.e., not dealt with and seldom purchase). The buyclass framework scale incorporating all of the seven items was found to have an acceptable reliability ( $\alpha = .791$ ).

The correlation with the first factor, the discrete transaction dimension, of the relationship continuum scale had a significant correlation (.35,  $p = .05$ , see Table 5). The second factor, the relational orientation dimension also had a significant correlation (.40,  $p = .02$ , see Table 6) with the buyclass framework scale. A significant correlation at the .05 level would represent a scale with convergent validity (i.e., the items and constructs that are supposed to be correlated with each other, are). This would also mean that either end of the relationship continuum (i.e., the discrete or the relational dimension) would have convergent validity. In other words, the discrete dimension would be correlated with less information and less familiarity measured by the buyclass framework scale, while the relational would be presumed to be correlated with more information and more familiarity.

The results of the principal component factor analysis, reliability test using Cronbach's alpha and the correlation with the previously tested scale (i.e., the buyclass framework scale) were not conclusive in determining the dimensions of the Relationship Continuum with this small pre-test sample. Therefore, it was determined that incorporating all of the items representing the two dimensions of the relationship continuum scale would be necessary. In turn, a further analysis of all of these items would need to be done using the final sample of the study to be more conclusive.

### **Final Survey of the Scale Results**

**Reliability.** In the final survey study, the first step in the analysis of the 7 items was to determine whether the entire scale was reliable using Cronbach's alpha. The reliability for the seven item scale that would measure the relationship continuum in a unidimensional manner was .464 (see Table 6), which did not meet the .7 guideline for reliability of the scale. The results also indicated that removing any items from the scale would not improve upon its reliability measure. Therefore, the next step was to analyze the scale's reliability based on the two dimensions identified in the pre-test (i.e., discrete and relational). The reliability analysis, using the same Cronbach's alpha method, found that neither the discrete or relational dimensions was reliably measured by its respective scale either. The four item discrete dimension was found to have a Cronbach's alpha of .467 and the three item relational dimension was only .322 (see Table 6).

Confirmatory factor analysis was also employed using AMOS 3.6 for the entire seven items of the relationship continuum (see Table 6) to better determine the loading factors of each item in the scale. The results indicated that only two scale items had factor loadings above the accepted guideline (i.e.,  $\lambda > .5$ ) (see Table 6). Therefore, it was concluded that the relationship continuum scale was not a unidimensional scale. So, further analysis proceeded based on the realization that the scale was multi-dimensional.

Factor Analysis. Recognizing that the scale developed for the relationship continuum was multi-dimensional, a principle component factor analysis was done using varimax rotation. The results shown in Table 7 considered a two factor solution as was anticipated based on the pre-test analysis of the scale items. They do confirm that six of the seven items loaded into the respective factors as anticipated. However, the explained variance of the two factors was only 43.77% indicating that the scale may actually have been more multi-dimensional than anticipated. A further analysis of the reliability of the discrete dimension was also done due to the fact that one item, “This customer and I easily reach consensus on major issues in our business dealings”, did not load on that dimension in this factor analysis. After elimination of that item from the scale, there was an improved reliability for the remaining three item discrete dimension scale ( $\alpha = .474$ ), but it was still below accepted guidelines.

Cross-Cultural Differences. Since this relationship continuum scale is also intended to be able to reflect cross-cultural differences in the desired working relationship, one final step in the analysis was undertaken. The final step was conducted to identify if any of the scale items would be able to identify the differences between North American and Asian based hotel salespeople’s responses. This analysis applied the t-test statistical technique to compare the significant differences in the means of scale items of each construct as determined by the principle component factor analysis above.

The results do indicate that two of the scale items (one in each dimension) do show significant differences. In the discrete dimension, the item “he/she can be very demanding” was shown to be greater with the Asian based customer (N.A. = 3.50, Asian = 3.82) (see Table 8). The other item with a significant difference was in the relational dimension. “He/she expects to receive a personal call from me at least once per month” was found to be rated higher with Asian based hotel salespeople than their North American counterparts (N.A. = 3.46, Asian = 4.28). These results confirm the expectation that the relational dimension would have a higher rating in the Asian based environment due in part the *guanxi* factor; however, the higher rating on a discrete dimension item could very well indicate that Anderson and Narus’ (1991) concept of “flaring out” (i.e., differences in buyers within the same market) may exist to a greater extent in Asia than in North America. This might also confirm what Arias (1998) suggests that a changing attitude may be occurring in Asian cultures.

### **Discussion, Implications and Limitations**

While the results from the final survey study did not indicate the relationship continuum was a reliable unidimensional scale, there were some factors which would lead one to conclude the effort was not in vein. First, the methodology in developing the scale was done in a rigorous manner that attempted to refine the scale to the most reliable and valid measures on a cross-cultural basis. In the process, a number of items were eliminated in the pre-test of the North American hotel salespeople that may indeed be better measures of the construct, particularly on a cross-cultural basis, than was anticipated.

Second, the results do indicate that further analysis of a multi-dimensional scale may prove to be advantageous. The pre-test and final survey factor analyses of the scale were consistent in terms

of which factors the items loaded on showing that predictive validity exists. Additionally, the discrete dimension did prove to be a reliable measurement in the pre-test and reliability did improve in the final survey analysis after the elimination of one item determined by the factor analysis of the scale, again adding to the validity of the scale for that dimension.

Third, two of the items from each of the dimensions identified indicated they had discriminant validity in measuring the construct on a cross-cultural basis. This was one of the main objectives of the scale development and it would indicate further research might be able to further develop the scale along that course.

Finally, the boundaries of the study itself had an effect on the limited results. The focus of the study was based on top accounts only, so the measure of the full range of accounts was not taken into consideration thus limiting the variation in the relationship continuum measure. The study also incorporated all of the market segments handled by hotel salespeople; however, it is very possible that different market segments within the industry may have different ranges on a relationship continuum (i.e., different “bandwidths”). Perhaps there are additional scale items that need to be incorporated to capture this concept. The study was also based on hotel salespeople’s perceptions of the buyer’s action. It is very possible that a better measure of the relationship continuum would have been to include buyer’s responses.

### **Future Research**

The first recommendation for further research would be to survey the buyers on a cross-cultural basis. The salesperson’s perspective may not reflect the actual desires of the buyer and applying the scales in this study that were originally developed for buyers might prove to have a very positive outcome for defining the relationship continuum development.

Another recommendation for a follow-up study would be to explore a multi-dimensional scale for measuring the relationship continuum. The results of this study would indicate that perhaps it is too limiting to only consider the two end points on the continuum (i.e., discrete and relational), it is very likely from the explained variance results that there may be mid-point or more on the scale.

### **Conclusion**

The ability for the hotel salesperson to better understand his/her buyer is an important issue. This is particularly true in today’s selling environment where the concept of building long-term relationships with customers is paramount. As a result, there is a strong need to have a measurement that the salesperson can use to determine just how the buyer wants to structure the working relationship. Recognizing that not all buyers want to establish collaborative, relational type buyer-seller relationships is also a factor in focusing the selling resources of the organization into the most productive channels. There are some customers who only want transaction based relationships and attempting to add value to achieve a long-term relationship with that customer would be a misallocation of resources.

The need for the relationship continuum becomes even greater when the buyer-seller relationship expands to a global level. The additional cross-cultural factor adds to the complexity of the relationship building effort. It makes the need for tools to identify the buyer's desire for working relationship even more crucial as the salesperson can no longer rely on intuition alone. Therefore, further analysis of developing this relationship continuum quantitative measure of the customer's desired working relationship is needed.

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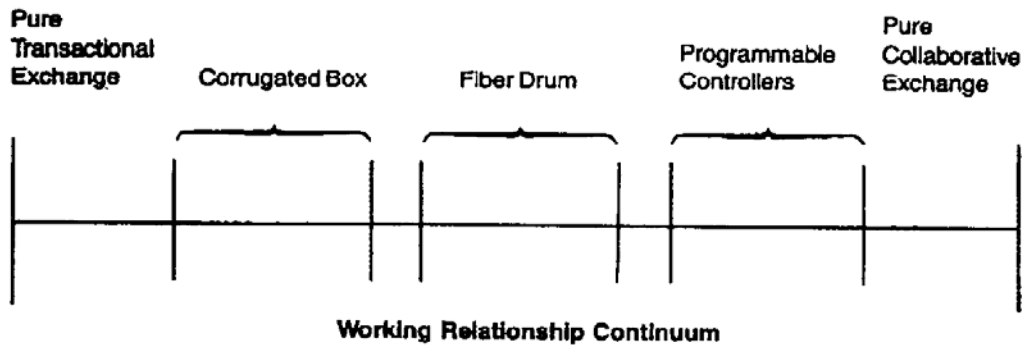
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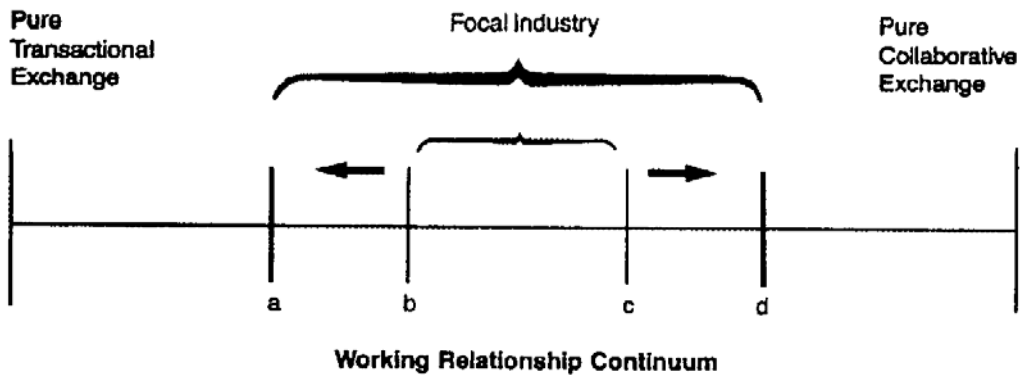
Figure 1: Anderson and Narus (1991) Transactional and Collaborative Relationships Models.

**Figure 1. Transactional and Collaborative Relationships**

**Figure 1a: Industry Relationship Bandwidths**



**Figure 1b: "Flaring Out" from the Industry Bandwidth**



Source: Anderson, James C. & Narus, James A. (1991). Partnering as a focused market strategy. *California Management Review*, (Spring), 95-113

**TABLE 1**  
**Demographic profile of the multi-group (North American Based and Asian Based Salespeople) breakout of the final sample.**

Category	North American Based (n=76) %	Asian Based (n=64) %	Total (n=146)* %
Gender			
Male	24.0	35.9	30.3
Female	76.0	64.1	69.7
Position			
Executive	5.5	3.2	4.3
Director	30.1	40.3	34.8
Manager	64.4	56.5	61.0
Nationality at Birth			
North American	90.8	1.6	47.9
Asian	1.3	82.5	39.0
European	5.3	10.9	11.0
Other	2.6	0.0	2.1
Form of Survey Received			
Web Survey	19.7	4.7	13.6
E-mail Attachment	26.3	48.4	36.7
Fax	38.2	28.1	32.0
Mail	2.6	12.5	6.8
By Hand	13.2	6.3	10.9
Years in the Hotel Business			
Less than 1 year	6.7	3.1	4.8
1-2 years	2.7	10.9	6.2
2-3 years	10.7	10.9	11.7
3-4 years	6.7	7.8	6.9
4-5 years	9.3	12.5	11.0
More than 5 years	64.0	54.7	59.3
Age Groups			
Under 30	20.0	25.8	23.1
30-34	26.7	30.6	30.1
35-39	20.0	25.8	21.7
40-44	17.3	9.7	13.3
45 and over	16.0	8.1	11.9
Market Segments			
Corporate Meetings	42.5	33.3	37.3
Association Meetings	13.7	1.6	7.7
Business Travel Accounts	12.3	15.9	15.5
Incentive Travel Companies	2.7	6.3	4.2
Tour Operators/Wholesalers	6.5	15.9	11.3
Travel Agents	1.4	6.3	4.2
Other	8.2	9.5	8.5
Multiple Markets	12.3	11.1	11.3

Differences in percentages may be do to rounding

\* Difference from North American and Asian total represents other from Europe, etc.

**TABLE 2**  
**The Scale Items Developed to Represent**  
**the Relationship Continuum Construct Created for this Study.**

The items measuring the relationship continuum construct will utilize a 5-point Likert-type scale. The anchors will be either not very important to very important or never to very often, if frequency is sought. In each case the items will be posed as questions related to the salesperson's perspective of the primary contact (i.e., buyer) with an account depict the top account scenario. The original scale items and the scales used in this study are presented below.

I. Discrete versus relational transaction scale items drawn from Dwyer, Schurr & Oh (1987) comparisons detailed. (4 items)

Original Scale Item	Scale Item to be Used in this Study
No previous scale items.	He/she wants to deal with only one individual at the hotel for all their needs.
	In negotiating an agreement for guestrooms/meeting space, price is the first consideration.
	In negotiating an agreement for guestrooms/meeting space, availability of the customer's preferred dates is the first consideration
	He/she is able to give me a confirmation without seeking approval from others in his or her organization.

II. Cross-cultural scale items measuring the Chinese concept of *guanxi*.

A. Abrahamson & Ai (1998) items chosen. (3 items)

Original Scale Item	Scale Item to be Used in this Study
Having an extensive network in China.	He/she believes in having an extensive relationship network of hotel salespeople.
Demonstrating in discussions the understanding of each other's goals.	He/she prefers to do business with someone who fully understands his or her goals and objectives.
We built relationships by giving gifts and exchanging favors.	He/she expects to receive gifts and exchange of favors.

B. Leung, Wong & Tam (1995) items chosen. (4 items)

Original Scale Item	Scale Item to be Used in this Study
We keep in touch with the Chinese counterpart closely.	He/she expects to receive a personal call from me at least once a month.
Maintaining good relationships is the best way to enhance business	He/she believes maintaining good relationships is the best way to enhance business
We can easily reach consensus on the major issues.	This customer and I easily reach consensus on major issues in our business dealing
Exchange market information (e.g., competitors) frequently.	He/she is willing to share competitors rate quotes with me.

III. Purchasing strategy of the buyer developed from the definitions of Campbell (1985). (2 items)

<b>Original Scale Item</b>	<b>Scale Item to be Used in this Study</b>
No previous scale items. The first item represents the competitive strategy definition and the second represents the command strategy.	He/she seeks bids from other hotels for their guestroom/meeting space needs.
	He/she is very demanding

III. Relationship selling receptiveness of the buyer items based on the scales of Crosby, Evans & Cowles (1990) (2 items)

<b>Original Scale Item</b>	<b>Scale Item to be Used in this Study</b>
Was contacted by my agent who wanted to stay “in touch” and make sure I was still satisfied	He/she promptly returns my phone calls
Was contacted by my agent who wanted to keep abreast of changes in my family and insurance needs.	He/she expects me to keep him/her abreast of all new developments at our hotel(s)

**TABLE 3**  
**Factor analysis results from pre-test of the 15-items representing the relationship continuum construct.**  
**Note that only those items that loaded on the first five factors with eigenvalues greater than 1 are shown**

Scale Items/Factors	Factor 1 Discrete	Factor 2 Relational	Factor 3	Factor 4	Factor 5
He/she expects to receive gifts and exchange favors	.764				
He/she can be very demanding	.704				
This customer and I easily reach consensus on major issues in our business dealings.	-.677				
He/she seeks bids from other hotels for his/her guestroom/meeting needs.	.627				
He/she believes maintaining good relationships is the best way to enhance business.		.811			
He/she expects to receive a personal call from me at least once a month.	.569	.676			
He/she prefers to do business with someone who fully understands his or her goals and objectives.		.523			
He/she is willing to share competitor rate quotes with me.			-.777		
In negotiating an agreement for guestrooms/meeting space, availability of the customer's preferred dates is the first consideration.			.729		
He/she promptly returns my phone calls				.865	
He/she expects me to keep them abreast of all new developments at our hotel(s).				.650	
He/she wants to deal with only one individual at the hotel for all of their needs.					.661
He/she is able to give me a confirmation without seeking approval from others in his or her organization.					-.536
Reliability coefficient (Cronbach's alpha)	.722	.437	a	a	a
Eigenvalue	2.960	1.963	1.723	1.489	1.344
Variance explained	19.73%	13.09%	11.54%	9.93%	8.96%
Total explained variance (5 factors)	63.33%				
Total explained variance (2 factors)	32.82%				

<sup>a</sup> Reliabilities not calculated due to two item factors and the desire for a two factor solution  
Note: only factor loadings >.5 are shown

**TABLE 4**  
**Factor analysis results from pre-test of the 7-items representing the Buyclass Framework construct. Note that only those items that loaded on the first two factors with eigenvalues greater than 1 are shown**

<b>Scale Items/Factors</b>	<b>Factor 1</b>	<b>Factor 2</b>
He/she considers the purchase decision to be routine.	.899	
He/she has routinized the purchase decision so that it no longer requires a lot of attention.	.743	
He/she needs a lot of information before making a purchase decision.	-.713	
His/her requirements have changed since the last booking was made.	-.686	
He/she has complete knowledge about what product characteristics are needed to solve the problem.	.586	
He/she seldom purchases this type of hotel service, meeting space, etc.		.880
He/she has not dealt with this type of group business or requirement before		.700
Reliability coefficient for all 7 items (Cronbach's alpha) = .791		
Eigenvalue	2.725	1.470
Variance explained	44.37%	15.56%
Total explained variance (2 factors)	59.93%	

Note: only factor loadings >.5 are shown

**TABLE 5**  
**Results of the pre-test correlations between the Relationship Continuum Dimensions**  
**and the Buyclass Framework Scale to determine the validity of the Relationship**  
**Continuum dimensions.**

Relationship Continuum Dimension	Correlation with Buyclass Framework Scale
Discrete Dimension	.348*, p = .05
Relationship Dimension	.408*, p = .02

\* significant at p < .05

**TABLE 6**  
**Confirmatory Factor Analysis (CFA) results of the indicator variables of the**  
**relationship continuum ( $\lambda$  y).**

Indicator Variable Name	Measurement Item	Factor Loading ( $\lambda$ )	Reliability (squared multiple correlation)
ia6	He/she can be very demanding. <sup>a</sup>	.679	.461
ia2	He/she expects to receive gifts and exchange favors. <sup>a</sup>	.510	.261
ia1	He/she expects to receive a personal call from me at least once per month. <sup>b</sup>	.484	.234
ia7	He/she seeks bids from other hotels for his/her guestroom/meeting needs. <sup>a</sup>	.396	.157
ia3	He/she believes maintaining good relationships is the best way to enhance business. <sup>b</sup>	.122	.015
ia4	He/she prefers to do business with someone who fully understands his or her goals and objectives. <sup>b</sup>	.091	.008
ia5	This customer and I easily reach consensus on major issues in our business dealings. <sup>ac</sup>	.088	.008
<b>Composite reliability of 7 item scale = .464</b> <b>Composite reliability of 4 item discrete dimension = .467</b> <b>Composite reliability of 3 item relationship dimension = .322</b>			

<sup>a</sup> items from the discrete dimension

<sup>b</sup> items from the relationship dimension

<sup>c</sup> reverse coded item

**TABLE 7**  
**Factor analysis results of the 7-items representing the relationship continuum using**  
**a 2 factor solution.**

<b>Scale Items/Factors</b>	<b>Factor 1</b>	<b>Factor 2</b>
He/she can be very demanding.	.689	
He/she seeks bids from other hotels for his/her guestroom/meeting needs.	.665	
He/she expects to receive gifts and exchange favors.	.648	
He/she believes maintaining good relationships is the best way to enhance business.		.758
He/she expects to receive a personal call from me at least once per month		.605
He/she prefers to do business with someone who fully understands his or her goals or objectives.		.589
This customer and I easily reach consensus on major issues in our business dealings. <sup>ab</sup>		
Reliability coefficient for all 7 items (Cronbach's alpha) =.464		
Reliability coefficient for each factor (Cronbach's alpha)	.474	.322
Eigenvalue	1.588	1.348
Variance explained	22.69%	19.25%
Total explained variance (2 factors)	43.77%	

<sup>a</sup> reverse coded

<sup>b</sup> did not load on either factor

Note: only factor loadings >.5 are shown

**TABLE 8**  
**T-test of the differences in means of indicator variables (i.e., scale items) of**  
**relationship continuum between the two group comparisons (North American Based**  
**and Asian Based Salespeople)**

Indicator Variables (Scale Items)	North American Based (n = 76) Construct Mean Value	Asian Based (n = 64) Construct Mean Value	t-value <sup>a</sup>	Degrees of Freedom (d.f.)	Sig.
<b>Discrete Dimension</b>					
He/she can be very demanding. *	3.50	3.82	-1.990	136	.049
He/she expects to receive gifts and exchange favors.	2.71	3.13	-1.950	138	.053
He/she seeks bids from other hotels for his/her guestroom/meeting needs.	3.77	4.00	-1.340	135	.183
<b>Relational Dimension</b>					
He/she expects to receive a personal call from me at least once per month.*	3.46	4.28	-4.286	138	.000
He/she believes maintaining good relationships is the best way to enhance business.	4.63	4.68	-.540	138	.590
He/she prefers to do business with someone who fully understands his or her goals or objectives.	4.80	4.69	1.292	138	.209

<sup>a</sup> t-value used was based on the assumption of equal variances

<sup>b</sup> reverse coded item

\* sig. < .05