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Adaptations in Buyer-Seller Relationships

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Abstract

The concept of inter-firm adaptations has been an important component of the IMP Interaction Approach since the first IMP study. Researchers working within the IMP tradition have put forward a number of taxonomies of adaptations, but no satisfactory definition of the concept. The management of inter-firm adaptations is a critical component of relationship portfolio management. In order better to understand this concept, and to support the formulation of inter-firm adaptation strategy, progress must be made towards a satisfactory definition and taxonomy of adaptation behaviour. This paper reviews the previous work on adaptations and the various attempts to create taxonomies. Various definitions of adaptations are critically discussed and a refined framework proposed. The results of four in-depth interviews are used to explore how managers perceive buyer-seller relationships in terms of the five dimensions of adaptation postulated.

Adaptations in Buyer-Seller Relationships

Introduction

The concept of adaptations has been used extensively in the work of the IMP Group. For example, Ford (1990, p14) contended that:

"Another important aspect of the relationship is the adaptations which one or other party may make in either the elements exchanged or the process of exchange .... The manipulation of different aspects of adaptation is of course a critical marketing and purchasing issue".

And yet, as Hallen, Johanson and Seyed-Mohamed observed (1991, p29): "studies on adaptations are lacking". Wilson and Moller (1991) have argued that, for all the merits of the IMP Interaction Model, many of the constructs are not well defined, and researchers do not share common construct definitions. The purpose of this paper is to investigate the ways in which the concept of inter-firm adaptations has been defined and measured, in order to suggest a "common construct definition". To this end, after a brief overview of the original IMP Model, several empirical attempts to measure and classify adaptations are reviewed. The results of some exploratory field research to investigate managerial conceptions of the notion of adaptations are presented, and tentative conclusions are drawn.

The IMP Interaction Approach

The Original IMP Interaction Model

With the Interaction Model (Hakansson 1982), the IMP Group developed a model of organisational buying in which they:

- retained important conceptual building blocks from earlier work on organisational buying behaviour, such as Webster and Wind's (1972) concepts of the buying centre and of buyer risk reduction behaviour;
- rejected what Bonoma and Johnston (1978) had dubbed the separation assumption, and the stimulus-response model of buyer behaviour;
- applied what, at the time, were emerging theories in the field of economics (new institutional economics) and sociology (inter-organisational theory) to buyer-seller relationships in business markets.

The main characteristics of the original (Hakansson 1982) IMP Interaction Model are illustrated in figure 1.

(Figure 1 here)

The model uses the relationship rather than the transaction as the principal unit of analysis. This is justified on the basis that observed relationships between buyer and seller organisations are frequently long-term, close and complex. Such relationships are characterised by numerous exchange episodes. Exchange episodes may involve a product/service or money, but in many cases involve no more than information exchange or social contact. Social exchanges are important in the development and maintenance of the relationship, to build and maintain trust between the parties. Within the relationship adaptations take place, involving one or both parties in relationship-specific investment in physical or human assets (for example, specific training to operate the machinery manufactured by a particular supplier). Each relationship has its own 'atmosphere', which :-

"can be described in terms of the power-dependence relationship which exists between the companies, the state of conflict or cooperation and overall closeness or distance of the relationship as well as by the companies' mutual expectations."

(Hakansson 1982, p21)

The atmosphere of the relationship influences each exchange episode, and each episode potentially affects the atmosphere, so influencing subsequent interactions between buyer and seller.

The broader business environment is regarded as affecting the relationship and exchanges which take place within it. The environment includes variables such as the structure of the markets in which the partners operate (e.g. the level of concentration) and the dynamism (rate of change) of environmental factors.

From Relationships to Networks

The research focus of the original IMP study (Hakansson 1982) was on individual buyer-seller relationships. Everything outside of the two parties to the relationship was deemed to be the environment. Clearly, however, some parts of the environment are more important than others. In particular, other organisations with which the two parties do business may influence their relationship. Even organisations which do not directly interact with either party to a relationship may influence the conduct of the relationship, if they are important actors in the wider business network. A great deal of research subsequent to the original IMP study has been designed to investigate the network approach to business marketing, an approach which was already well-established in Scandinavia (Johanson & Mattson 1994). Axelsson and Easton (1992) summarised the state of the art up to 1992.

The Nature of Buyer-Seller Adaptations

The Importance of Adaptations

It seems clear that adaptations must be a concept of central concern in the analysis of buyer-seller relationships. If two 'partners' were merely to transact business between each other under standard terms and conditions, at standard prices, buying and selling standard products using standard commercial procedures, then it would hardly be a 'partnership'. The defining characteristic of a 'relationship' or a 'partnership' must, surely, be that at least one of the partners adapts to the needs of the other.

The concept of inter-firm adaptations has been used extensively in the IMP literature (Turnbull & Cunningham 1981; Hakansson 1982; Turnbull & Valla 1986), but an examination of that literature reveals no clear cut definition of the concept. The issue of definition is addressed below, followed by a discussion of the related issues of classification and measurement.

Defining Buyer-Seller Adaptations

There seems to have been no attempt to provide a clear cut definition of the term 'inter-firm adaptations' in the literature. The seminal source on the topic must be the original IMP study (Hakansson 1982). The index promises a definition of adaptations on page 18, but page 18 offers no definition, only a series of examples to illustrate the concept. Neither did Turnbull and Valla (1986) offer a definition of adaptations, although, like the IMP Group before (Hakansson 1982) and Hallen, Johanson & Seyed-Mohamed after (1991) they did presume to count adaptations. Hallen, Johanson & Seyed-Mohamed (1991, p29) draw the analogy that:

"Adaptation is a concept with a long history in biology .... Adaptation has also been used in human and cultural ecology"

but again provide nothing recognizable as a definition of inter-firm adaptations. Ford (1990) reiterated the importance of adaptations, but also avoided the issue of definition.

The absence of a clear cut definition raises an interesting question - did the researchers omit a definition because they thought it superfluous, or because they were unable to devise a satisfactory one? The former might well be the case. Perhaps adaptations are, self-evidently, what happens when one organisation changes something to meet the needs of another. But need the "something" be changed <u>uniquely</u> for one other organisation? What if the change is for "a few" other organisations? And, perhaps more problematic, will a change in any "something" do? Or is it only changes in certain "somethings" which constitute adaptations? And by just how much does "something" have to change to constitute an adaptation? Does painting an order of fork-lift trucks green instead of grey constitute an adaptation? What if they were painted in the livery of the customer organisation? Unresolved issues, such as these, suggest that previous researchers have found it problematic to render a clear and concise definition of an adaptation.

The resort to definition by example in Hakansson (1982) and Ford (1990) is interesting. It is as though the concept were too intangible to yield to a straightforward definition, but implies that 'you will immediately recognise what I mean when I show it to you'. Kutschker (Hakansson 1982, p157) resorts to another expression, "additional services" provided free of charge by suppliers. The term additional services is used alongside adaptations without any attempt to distinguish between the two. Implicitly, it seems that additional services are relatively less tangible adaptations, while Kutschker reserves the expression adaptation for the relatively more tangible, such as adaptations of the product itself. However, Kutschker admits (Hakansson 1982, p157) that "the boundaries of the term 'additional services' are not clearly defined, neither in practice nor in theory"

The unqualified use of the term adaptations in the marketing literature is particularly difficult to fathom, since it would not be unreasonable to define marketing itself as the process of adapting one organisation to meet the needs of another. Take Levitt's (1960, p10) classic statement of what has come to be known as the marketing concept:

"Selling focuses on the needs of the seller; marketing on the needs of the buyer. Selling is preoccupied with the seller's need to convert his product into cash; marketing with the idea of satisfying the needs of the customer by means of the product and the whole cluster of things associated with creating, delivering and finally consuming it."

However, stating a commitment to the marketing concept and actually implementing it are not the same thing. In describing relationship marketing, Christopher, Payne and Ballantyne (1991, p68) address much the same paradox - that what they are advocating sounds just like Levitt's conception of marketing:

"If this sounds remarkably like any other form of marketing then we would say, yes, *marketing in theory but not in practice."*

What, then, is it that differentiates inter-firm adaptations from normal marketing behaviour? The use of the term adaptation clearly implies departure from some norm. That norm is, itself, undefined. One interpretation of such a norm is that it is what the managers within an organisation had previously thought of as their standard marketing mix. In going beyond the standard marketing mix, there are occasions on which managers ardently hope that they need never duplicate the offering for another customer (e.g. flexible payment terms), and other occasions on which they wish equally ardently to replicate it (e.g. an innovative production process). So some adaptations become absorbed into the marketing mix, while other adaptations remain exceptional. In the spirit of this discussion, a definition of adaptations might be proposed as follows:

> deviations from the standard marketing mix designed to meet the specific needs of an individual customer.

However, there are two obvious drawbacks to this definition. First, it focuses on the marketing mix. While the marketing mix can be defined very broadly, it is doubtful whether it can be extended to include the organisational structure or the production processes of a supplier. Yet changes to both organisational structure and production process are cited in Hakansson (1982) as examples of adaptations. Second, this can only be a definition of adaptations from the supplier's perspective, and excludes adaptations made by a customer for a particular supplier. Perhaps customer adaptations could be defined analogously as:

> deviations from standard procurement practices designed to facilitate exchange with an individual supplier.

But this definition, combined with the one suggested above, still suffers from the deficiency that it concentrates on a narrow range of managerial variables - the marketing mix and procurement procedures respectively.

An alternative approach to definition is to focus not on the outcome of adaptation behaviour (an altered product, delivery schedule etc.) but on the behaviour itself.

> Buyer-seller adaptations are defined as behavioural modifications, at the individual, group or corporate level, carried out by one organisation, which are initially designed to meet specific needs of one other organisation.

This definition encompasses both marketing and purchasing actions, and all conceivable types of adaptation. The drawback of such a broad definition is that it offers little impression of what form adaptations take in practice.

Adaptations: Classification and Measurement

Several attempts have been made to classify adaptations. Three major taxonomies (Hakansson 1982; Turnbull & Valla 1986; Hallen, Johanson & Seyed-Mohamed 1991) are compared in table 1.

(Table 1 here)

There is a fairly high correspondence between the categories used in the three studies. However, in Hakansson (1982) there is no discrimination between customer and supplier adaptations, whereas in the other two studies it was considered necessary to separate the classifications. Four categories of variable are common to the three studies, a further two are common to two of the studies, and only one category is unique to a single study:

<u>Common to all three studies</u>

- Product (design and specification)
- Manufacturing/production process
- (Production) planning

- Stocks (stockholding)

Common to Hakansson (1982) and Turnbull & Valla (1986)

- Payment terms/systems (financial procedures)
- Delivery

Unique to Hakansson (1982)

- Administrative procedures

Further detailed analysis has been carried out of the case studies reported in the original IMP study (Hakansson 1982). An analysis of the specific occasions on which adaptations are mentioned in the marketing case studies described in the study yielded the data in table 2.

(Table 2 here)

A single page reference is provided in table 2 for each example of a supplier adaptation, although several adaptations are mentioned frequently in the case studies.

The first column of table 2 provides a brief description of the adaptations, and in the second column an attempt has been made to allocate the adaptation to one of the categories proposed by the researchers themselves (see column 1 of table 1). Clearly a number of the occurrences identified as adaptations in the case studies cannot readily be allocated any of the proposed categories of adaptation, which casts doubt on the taxonomy. This could be corrected if the categories 'information' and 'organisation structure' were added. By combining the categories suggested in table 1, and adding information and organisation structure, the following taxonomy of adaptation behaviour can be created:

Taxonomy of Inter-firm Adaptations

Customer Adaptations	Supplier Adaptations
Product	Product
Production process	Production process
Production planning	Production planning
Payment terms	Payment terms
Stockholding	Stocks & deliveries
Organisation structure	Organisation structure
Information provision	Information provision

However, this taxonomy, like those described above, focuses on the end product of adaptation behaviour. It is likely that these categories could also be proved incomplete. Perhaps the attempt to classify adaptations on the basis of the outcome of adaptation behaviour is ultimately doomed to failure.

An Alternative Approach to Classifying Adaptations

The studies cited above share a focus on the outcome of adaptation behaviour. The taxonomies illustrated in table 2 are steadfastly concerned with what happens at the end of the adaptation process, rather than what motivates it. For example, a firm adapts its product to meet the needs of an important customer, or provides unusually detailed technical information. Surely, it is equally important to understand, and to classify, what motivates these actions as it is to understand and classify the actions themselves? When the firm adapted its product for a client, was this out of a spirit of altruism? Was it a quid pro quo for an earlier (or anticipated later) reciprocal favour? Was the behaviour simply coerced out of the firm by a powerful client? As Sako argues (1992, p44) "purely altruistic acts are rare if not non-existent in business". In so ruling out altruism, it would seem reasonable to classify adaptations as voluntary (in return for, or in the expectation of reciprocal favours) or coerced. The following five dimensions of adaptation behaviour emerge from the discussions of adaptation behaviour provided in earlier work by the IMP Group.

Resource commitment — All the previous attempts to measure adaptation behaviour have recognised that adaptations vary in magnitude. Rescheduling deliveries may be comparatively straightforward (low resource commitment), whereas adapting the production process will normally be costly (high resource commitment).

Proactive/reactive	The adaptation may have been requested by the partner (reactive), or may be initiated without request (proactive).
Voluntary/coerced	The adaptation may have been conceded willingly (voluntary), or may have been enforced by a more powerful partner (coerced).
Reciprocal/unilateral	The adaptation may be clearly linked to an adaptation carried out by the partner (reciprocal), or may be independent of direct partner reciprocation (unilateral). Reciprocal adaptations may be explicitly linked - the result of a bargaining process - or the link may be implicit. Where the link is implicit the process of mutual adaptation may be likened to one of gift exchange (cf. Sako [1992, p44] on "the norm of reciprocity" and gift exchange in business relationships).
Formal/Informal	Adaptations may be formally agreed, and possibly written into contractual arrangements, or they may be informal. Informal adaptations could be extended to include understanding and adapting to the cultural traditions of a partner (cf. the concept of distance reduction employed in the IMP literature, for example by Ford [1980]).

Managerial Perceptions of the Concept of Adaptations

An exploratory study of managerial perceptions of the concept of buyer-seller adaptations has been carried out. Four in-depth interviews were conducted with managers directly involved in the management of one or more buyer-seller relationship. In each case, after exploring the respondent's perception of the general notion of inter-firm adaptations, the discussion concentrated on a single relationship selected by the respondent as important to his organisation. Two of the interviews were held at an automotive components manufacturer (Case 1: "Autobuy"), and two were held at a telecommunications private network provider (Case 2: "Telesupply").

Case 1: Autobuy

Autobuy, a Division of an international motor manufacturer, has an annual turnover of approximately £175 million. Two respondents were interviewed separately, one a professional buyer, the other a manufacturing coordinator (who usually fills the role of 'User' or 'Influencer' in terms of the Webster and Wind [1972] Buying Centre model). Autobuy manufactures automotive components almost exclusively for use by its parent company. The adverse economic circumstances in the motor industry in the early 1990s encouraged the parent organisation to look for cost savings, this meant that, in turn, Autobuy was forced to seek cost reductions from its suppliers. The buying policy of Autobuy emphasises single sourcing, and the preference is to buy from suppliers which have achieved a high score on Autobuy's formal vendor rating scheme. On the subject of adaptations, the buyer said that "in general, suppliers have to adapt to the policies of Autobuy" Both the buyer and the manufacturing coordinator regarded power as the main factor influencing adaptation behaviour. This is consistent with the findings of Hallen, Johanson and Seyed-Mohamed (1991) regarding the influence of power-dependence on adaptations. The following adaptations by suppliers were itemised by the respondents:

Just-in-Time delivery

Altering production schedules

Local warehousing facility

Accepting Autobuy payment terms

Pursuing continuous quality improvement

Engaging in joint problem solving

Autobuy usually does not adapt to meet the needs of its suppliers. In most cases the suppliers are much smaller organisations, which rely heavily on the business which they transact with Autobuy (cf. the concept of "resource dependence" articulated by Pfeffer and Salancik, 1978).

The first relationship explored in detail was between Autobuy and a supplier of high value-added moulded plastic components ("Plastico"). Autobuy is Plastico's largest customer, and Plastico is Autobuy's largest supplier. Plastico has invested heavily in manufacturing equipment which is justified by the volume of business from

Autobuy. The business relationship is more than 10 years old and there are extensive, multi-level contacts between the organisations, including a direct CAD/CAM link between the Autobuy product development unit and the Plastico design team. However, the pressure which Autobuy has recently brought to bear on price has caused a deterioration in the relationship, and there has been a noticeable increase in the level of conflict. Very little mutual adaptation has taken place within the last three years, the level of perceived mutual trust is lower, and the perceived quality of information exchange has deteriorated.

The second relationship explored in detail was between Autobuy and an American supplier of complex and high value-added castings ("Americo"). Americo is judged to be the world leader in this type of casting, and their expertise in this vital component means that the normal power advantage which Autobuy holds over its suppliers is neutralised - this is much more a relationship of equals. The relationship is approximately 10 years old, but inter-firm contact remains formal. Americo does not seek to establish close personal relationships with Autobuy. Conflict is ubiquitous in the relationship, but is characterised as "bickering" rather than serious disagreement. Autobuy has adapted for this partner. Standard Autobuy payment terms are not imposed upon Americo, and Americo is not treated in the same cavalier manner in which Autobuy treats most of its suppliers (e.g. keeping representatives waiting for meetings, unilaterally imposing price cuts).

Case 2: Telesupply

Telesupply, a Business Unit within a large telecommunications company, has an annual turnover of approximately £100 million. Two respondents were interviewed separately, one a marketing manager, and the other a customer focus manager. Telesupply is a provider of private telecommunications networks, largely to multinational customers. The UK telecommunications market is substantially deregulated, and the business in which Telesupply operates is particularly competitive. In many cases the service provided by Telesupply is a critical input to the business of the customer; notably, major international financial service organisations rely on private networks to conduct their business. There is a heavy concentration of sales revenue in comparatively few major customers, each of which generates several million pounds of business per year. Both respondents regarded the establishment of good personal relationships as the most important factor in winning and keeping customers. The marketing manager observed that a change of account manager with a major customer was often followed by a deterioration in the relationship, while the Buildco relationship described by the customer focus manger was effectively saved by the appointment of a new account manager. According to the marketing manager "in a sense, the account manager's job is to bring about adaptations" Expressions used by the respondents for the process of adaptation were "tailoring the service to the customer" and "stretching the envelope for a particular customer". A number of adaptations were identified by the respondents:

Speed of provision of service

Higher quality of service

Provision of tailored management reports

Engaging in joint problem solving

Telesupply technical staff located long-term on customer premises

Joint adaptation of promotional literature

Of the adaptations listed above, two are clearly mutual adaptations (joint problem solving and joint adaptation of promotional literature). There was little evidence of adaptations by customers for Telesupply. In contrast to the Autobuy case, where power was in most cases asymmetrical in favour of the buyer, Telesupply is part of a large corporate group and supplies what is a critical input for many customers. In terms of the classification employed by Krapfel, Salmond and Spekman (1991) Telesupply is generally in a balanced power relationship with its customers.

The first relationship discussed in detail was between Telesupply and a provider of information services to the financial services industry ("Infoserv"). Infoserv is a very large customer, generating approximately £4 million revenue per year. Telecommunications is fundamental to Infoserv's business, and Infoserv is one of Telesupply's oldest customers. There are regular meetings at several organisational levels, including weekly meetings to discuss customer service levels. Meetings between technical staff have been supplemented by occasions on which a Telesupply engineer has worked long-term on the customer's premises. Infoserv demand, and receive, higher service levels than other major customers. In general, more Telesupply people make more visits to Infoserv premises than is normal, even for such an important customer. However, few new adaptations have occurred in this relationship within the last three years. The respondent observed that "there are few adaptations left to be made". Infoserv has not made any noticeable adaptations in this relationship.

The second relationship discussed specifically was between Telesupply and a major building firm ("Buildco"). This is regarded as an important customer relationship, even though Buildco generates less than 1% of Telesupply revenue. The Buildco Information Technology Director is an influential figure, regarded as an authority on telecommunications systems by other buyers. The relationship is three years old. For the first two and a half years of the relationship conflict was high, since the customer felt that the Telesupply account manager was providing a poor level of service. A new account manager was appointed six months ago, and coordinated the joint development of a joint action plan to improve service. This has now been largely implemented, and monitoring indicates that the objectives are being achieved. No adaptations by Buildco for Telesupply were noted.

Discussion of the Case Studies

An analysis of the case studies, in terms of the five dimensions of adaptation behaviour identified above, is presented in table 3.

(table 3 here)

The Autobuy and Telesupply case studies present markedly different patterns of adaptation behaviour. Broadly:

- Autobuy: adaptations tend to be substantial, unilateral and formal, coerced by Autobuy from suppliers who react to Autobuy's demands;
- Telesupply: adaptations tend to be minor, unilateral and informal, volunteered by Telesupply, whose account manager encourages proactive adaptation.

It is striking that adaptation behaviour in the case examples was largely unilateral, comprising adaptations by suppliers for the customer. Turnbull and Valla (1986) found, in their analysis of 139 customer-supplier relationships, that there was approximate parity between the mean number of adaptations carried out by customers and suppliers. However, the fieldwork reported here is exploratory, and not designed to provide the same sort of quantitative insights furnished by Turnbull and Valla.

A number of reasons suggest themselves for the differences observed between Autobuy and Telesupply. The first is methodological. In one case relationships are being examined from the perspective of a buying organisation, in the other (Telesupply) from the perspective of a selling organisation. However, there are good reasons to believe that the differences between the cases run deeper than this, since Autobuy and Telesupply differ markedly in a number of key characteristics:

- different industry sectors (manufacturing vs. service sector)
- technological differences (assembly of medium technology automotive components contrasted with leading edge telecommunications technology)
- the differences in power balance within the observed relationships.

Conclusion

It is recognised increasingly widely that organisations marketing products and services to businesses should be encouraged actively to manage their portfolio of customer relationships. Ford (1990) considers that marketing managers face two types of problem, limitation and handling problems, and that "the handling problem concerns both the long-term aspects of the relationship as well as the short-term exchanges of different elements" (Ford, 1990 p 21). Marketing managers have to make both strategic decisions, about the overall level of adaptation which is desirable within a relationship, and tactical decisions, about specific adaptation possibilities. Very little guidance on adaptation decisions is to be found in the output of the IMP Group.

Published research on the topic of adaptations has been largely concerned with providing examples of adaptations, classification schemes for adaptations, and with counting adaptations. There seems to be no clear-cut definition of the concept of adaptation in the literature, while the taxonomies which have been used are demonstrably incomplete, and focus on the outcome of adaptation behaviour, rather than the process of adaptation or the motivation for adaptation.

In this paper suggestions have been put forward for the definition and classification of adaptation behaviour. However, these are as yet tentative, and require more substantial empirical testing. The next phase of the present study will be to design a more extensive field study to cast further light on the issues of defining, classifying, measuring and counting adaptations in buyer-seller relationships. Ultimately, this work may yield practical advice for managers faced with day-to-day decisions about the extent to which they should adapt for particular customers.

Table 1

Taxonomies of Inter-firm Adaptations

Hakansson, 1982	Turnbull & Valla, 1986	Turnbull & Valla, 1986	Hallen et al, 1991	Hallen et al, 1991
	Customer adaptations	**Supplier adaptations**	**Customer adaptations**	**Supplier adaptations**
Product specification	Product	Product	Product	Product
Product design	Manufacturing process	Manufacturing process	Production process	Production process
Manufacturing processes	Payment terms	Payment system	Production planning	Stocks
Planning	Production planning	Stocks & deliveries		
Delivery procedure	Delivery			
Stockholding	Stocks			
Administrative procedures				
Financial procedures				

Table 2

Supplier Adaptations Identified in Hakansson (1982)

Description	**Probable Category**
Special tools acquired (66)	Production process
Material quality improved (66)	Production process
Finer dimensional tolerance (66)	Production process
New equipment acquired (68)	Production process
Bureaucratic changes (joint control & test procedures) (69)	Production process
Structure of marketing function altered (73)	???
Supplying more information (93)	???
Special products developed (93)	Product
Stockholding policies altered (96)	Stocks
Additional commercial & technical information provided (93)	???
Product adaptation (96)	Product
Product development (96)	Product
Quality control processes altered (96)	Production process
Technical advice given (95-96)	???
Extended credit allowed (99)	Payment system
Special volume discount allowed (99)	Payment system
Delivery lead-time shortened (171-172)	Stocks/deliveries
Extended warranty (171-172)	Product
Severe penalty clause accepted (171-172)	Product??

Table 3

Analysis of the Case Studies

Dimension	Autobuy	Telesupply
Resource commitment	Emphasis is on substantial adaptations, e.g. local warehousing, adoption of JIT and EDI	Mixed; many minor adaptations, essentially procedural, but providing higher service quality, and long-term loan of engineering staff are more substantial
Proactive - Reactive	Largely reactive; suppliers are required to adapt to Autobuy procedures, e.g. local warehousing facility, payment terms	Many proactive adaptations; the job of the account manager seen as to bring about adaptations for the customer within Telesupply
Voluntary - Coerced	Largely coerced; Autobuy recognises and exploits a more powerful position	Mixed; faster speed of provision and higher quality of service for Infoserv essentially coerced; joint problem solving & tailored management reports largely voluntary
Reciprocal - Unilateral	Largely unilateral adaptations by suppliers for Autobuy; some mutual adaptation, e.g. joint problem solving	Largely unilateral adaptations by Telesupply for customers; some reciprocal adaptations e.g. joint adaptation of promotional literature
Formal - Informal	Largely formal, frequently contractual	Largely informal and non-contractual; even service level improvements were not formalised or specified contractually

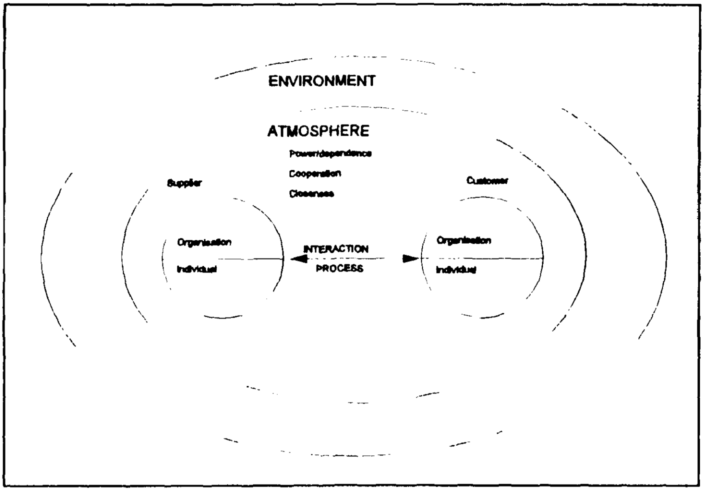

Figure 1: Organisational Buying as an Interaction Process
(Source: adapted from Hakansson 1982)

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