Customer Defection and Value in Business-to-Business Relationships

Author: Emmy Jylhä, 951130
Supervisor: Tomas Nilsson
Examiner: Rana Mostaghel and Pejvak Oghazi
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Abstract

In order for firms to be able to compete on the market, it is of importance for them to create value for their customers. Value is not only the outcome from providing the customer with a product of high quality, since value co-creation can occur when firms interact with their customers and create strong relationships with them. Therefore, relationship quality is of interest for any firm that want to succeed with their sales proposals. However, although firms work with value creation for their customers, there is always a risk for the defection of customers. Firms need to gain knowledge about the reasons why customers decide to switch to another supplier. The aim of this study is to investigate why Swedish firms that operate in the industrial business-to-business (B2B) sector’s customers switch to another supplier, despite the supplying firms’ efforts in working with value creation. This is a qualitative study, where in-depth interviews have been conducted with employees at two different industrial, manufacturing companies. It was found that the aspects that have been stated as valuable for customers in business relationships; product quality, delivery, service, price, communication and distance, are also reasons why customers decide to leave a cooperation. Meaning that these aspects can create value for customers, however, when it is not managed properly there is a high risk that customers will switch suppliers since the value the firm created for the customer is not enough. In addition to this, factors that can be hard for firms to control, such as distance, time differences and language can have a great impact on customer value and retention.

Keywords: Customer defection, customer value, value co-creation, relationship quality, customer retention, retention management, trust, satisfaction, commitment.
Thanks

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Emmy Jylhä
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1 Introduction

This chapter will begin with an introduction to the topic of customer value and customer retention for companies that operate in the B2B sector. This is followed by a problem discussion, which demonstrates the difficulties that might occur when working with customer value and retention, while also discussing why there is a need for further research regarding the negative aspects in business relationships. Thereafter, the purpose of the study, research questions, and delimitations will be presented.

1.1 Background

Value for business customers is not only the result from using a product, since value is also the outcome from the communications that takes place between a customer and a supplier which encourage the use of a core product (Grönroos, 2011). Although there are difficulties when it comes to estimating and determining value, it is one of the most important aspects for businesses to consider (Hansen, Samuelsen, Silseth, 2008; Corsaro & Snehota, 2010). Previous studies have stated that, for example, flexibility, sharing of information, common goals and fairness are factors that can affect value, however, it can be rather difficult to determine what the value outcomes are from an intangible service compared to a physical product (Hansen, Samuelsen & Silseth, 2008).

According to Lusch, Vargo and O’Brien (2007), value is subjective and it is the receiver that in the end decide whether an offer is valuable or not. Therefore, both parties are part of the co-creation of value (Lusch, Vargo & O’Brien, 2007). Makkonen and Olkkonen (2017) discussed the concept of interactive value formation rather than value co-creation. Interactive value formation considers the value that is co-created in the interactions between the buyer and seller (Makkonen & Olkkonen, 2017; Echeverri & Skålén, 2011). However, value co-creation usually focuses on the positive results in relationships, whereas interactive value formation takes negative outcomes into account, so called value co-destruction (Makkonen & Olkkonen, 2017).

Hansen, Samuelsen and Silseth (2008) stated that it is common that economic value and tangible outcomes are presented when discussing the definition of customer value, for example, the physical product can be perceived as the economic value, which therefore is the value for the customer. However, others define value as the value both parties receive from the relationship and cooperation they have with one another, where it can
be possible to increase both parties’ capacity when competing on the market (Hansen, Samuelsen & Silseth, 2008). Grönroos (2011) stated that when working in business-to-business (B2B) contexts, the endorsement customers receive from the supplier will always impact the customer’s economic result in their business. Moreover, value can also be related to perceptions, such as the trust, commitment and attraction that can be created in a relationship (Grönroos, 2011). It is also of importance to understand that there is a difference between how to create value and how this value is later on perceived (Hansen, Samuelsen & Silseth, 2008).

The organizations that are able to deliver products and services that consumers regard as valuable will gain important advantages (Hansen, Samuelsen, Silseth, 2008). On the always changing, competitive markets, it is the organizations that have the ability to provide value for the ideal price that will succeed (Lindgreen et al., 2012). However, Grönroos (2011) stated that business relationships consist of numerous interactions between organizations and customers. Success is therefore not only dependant upon the delivered core product, since factors such as how firms are able to deliver in time, how well they are able to come up with solutions and how they solve problems and service failures also affect the perceived value for the customer (Grönroos, 2011). Therefore, the topic of customer value has received plenty of interest (Hansen, Samuelsen, Silseth, 2008).

The purpose of customer retention is to make sure that customers do not switch to another supplier, however, customer defection cannot be entirely avoided (Kumar & Petersen, 2012, p.149; Liu, Leah, Chugh, 2015). Kumar and Petersen (2012, p.149) and Jahromi et al. (2014) stressed that customer defection can lead to decreased sales revenues as well as added costs for acquisitions, therefore, firms have become more eager to make sure that they are able to retain their customers rather than finding new ones. This is because there is an increased awareness about the fact that it is more costly to find new customers in comparison to maintaining already existing ones (Kumar & Petersen, 2012, p.149; Jahromi, et al., 2014). It can be very expensive for organizations that do not realize that some of their clients are going to leave the cooperation, therefore, it is of importance for firms to be able to understand when customers are potential defectors (Kumar & Petersen, 2012, p.149).
Customer loyalty in B2B organizations should not exclusively focus on the amount of clients that the company has, since another important aspect is to create relationships in order to reassure future sales (Hosseini, Maleki & Gholamian, 2010; Rauyruen & Miller, 2007). Loyal customers can have an important impact on an organization’s profits when continuously purchasing from them and not falling for the offers of competitors (Chumpitaz Caceres & Papparoidamis, 2007; Rauyruen & Miller, 2007; Hosseini, Maleki & Gholamian, 2010). Also, specifically B2B firms can benefit from generating loyalty and maintaining their relationships with customers due to the greater transactions that takes place (Rauyruen & Miller, 2007; Hosseini, Maleki & Gholamian, 2010). Therefore, how a firm decides to manage their customer relationships can influence how loyal the clients will be (Hosseini, Maleki & Gholamian, 2010).

Customer satisfaction, customer value, price perceptions, quality of the relationship and service quality has been stated as attitudes that can have an impact on customers’ loyalty as well as their behaviour (Williams, et al., 2011).

1.2 Problem Discussion

Previous research have mainly focused on the evaluation of value in relation to transactions, however, in B2B contexts, the value that is created in the relationship itself is of relevance due to the interactions that occur between the companies (Barry & Terry, 2008). The increased interest for the understanding of business relationships is a result of the complexity that is involved, as well as difficulties in studying and maintaining these types of relationships (Mitrega & Zolkiewski, 2012). However, Echeverri and Skålén (2011) and Makkonen and Olkkonen (2017) acknowledged that existing research have mainly focused on the positive aspects in interactive value formation and value co-creation, whereas the negative aspects have been neglected. There is therefore a lack in research when it comes to discussing negative outcomes and aspects in relationships as well as failure in value co-creation (Echeverri & Skålén, 2011; Makkonen & Olkkonen, 2017).

Communications among customers and personnel at an organization can help a company differentiate themselves on the market due to them providing a relationship of higher quality (Alejandro et al., 2011). However, the advantages that are related to business relationships are affected by various factors that have an impact on the development of the relationship (Mitrega & Zolkiewski, 2012). Gil-Saura, Frasquet-
Deltoro & Cervera-Taulet (2009) argued that it is of importance for firms to understand how they will be able to generate as well as provide value for their customers, especially if the product would turn into a commodity. Due to this, the concept of so called relationship value has been stated as an important input in organizations’ relationship strategies (Gil-Saura, Frasquet-Deltoro & Cervera-Taulet, 2009).

The concept of Relationship Quality (RQ) has received greater attention in business research (Alejandro et al., 2011). Previous research have evaluated the reasons for customer loyalty in B2B environments, and a variety of models have been presented, where the connection between customer value, satisfaction and loyalty has been investigated (Russo et al., 2016), whereas others have evaluated the elements of commitment (Cater & Cater, 2010). However, Alejandro et al. (2011) stated that previous authors have not been compatible when it comes to determining what factors represents relationship quality. It has been claimed that satisfaction, trust and opportunism are important factors, whereas in some cases solely trust and satisfaction have been mentioned, and in other cases factors such as commitment, conflict and willingness to pay have been added (Alejandro et al., 2011). Although, Alejandro et al. (2011) acknowledged that two factors have been recurrent as important when generating and managing relationships throughout literature, which are commitment and trust. However, the topic of relationship quality has been rather neglected in B2B contexts (Chumpitaz Caceres & Paparoidamis, 2007; Gil-Saura, Frasquet-Deltoro & Cervera-Taulet, 2009).

Jahromi et al. (2014) argued that customers today have greater accessibility to information, which simplifies the process of switching to another supplier. Due to this, there is an increased interest for firms to come across customers that might switch suppliers, in order for them to be able to prevent it from happening (Jahromi, et al., 2014). It has been acknowledged that in order to understand whether a customer will continue purchasing from a company or leave for another supplier, customer satisfaction is one of the most important attitudes to investigate since having satisfied customers will increase the likelihood for continuous purchases as well as customer retention (Williams, et al., 2011).
Since retention of customers will provide firms with beneficial advantages such as increased profitability, efficiency and growth, the management of customer defection is an important issue (Hollmann, 2014). However, Hollmann (2014) stated that even if there are numerous studies focusing on how to maintain relationships with customers and keep them satisfied and loyal, numerous industries are affected by the defection of customers. Therefore, knowledge about the factors that have an impact on why customers decide to reject a firm’s offers can make it possible for organizations to detect issues and prevent it from happening (Friend et al., 2014). However, Friend et al. (2014) stressed that there is a lack in research focusing on sales failure in comparison to sales success.

Williams et al. (2011) and Friend et al. (2014) stressed that knowledge about attitudes from a B2B perspective is of importance due to the complex relationships among the selling firms and the customers. This is because there are more people involved from both parties in B2B relationships that have close collaborations with each other (Williams et al., 2011; Friend et al., 2014). There are therefore difficulties in understanding attitudinal behaviours in these kind of businesses and there is a lack in research when it comes to the investigation of these attitudes (Williams, et al., 2011). There have also been calls for research that focuses on the problems related to the defection of customers (Hollmann et al., 2014) and there have been few studies that focus on why firms fail with their sales incentives (Friend et al., 2014). In addition to this, previous research have mainly focused on business-to-consumer (B2C) contexts (Williams et al., 2011; Hollmann et al., 2014).

1.3 Purpose

The purpose of this study is to investigate why manufacturing companies in the Swedish industrial business-to-business sector switch suppliers despite the supplying firm’s efforts in creating value.

1.4 Research Questions

- How do Swedish B2B firms create value in their business relationships?

- Why do companies switch suppliers despite the supplying firm’s efforts in value creation?
1.5 Delimitations

Why customers switch to another supplier and why value creation is not enough in some circumstances are important aspects to consider regarding companies’ relationship management and success. However, this study will be delimited to focus on industrial, manufacturing companies that operate in B2B contexts in Sweden. In addition to this, the focus of the study has been on the suppliers’ point of view as well as their opinions and experiences regarding why their customers have decided to switch to another supplier despite their efforts in value creation.

1.6 Outline of Thesis

This paper will begin with a theoretical framework, which involves explanations and definitions of customer value and relationship quality, as well as a presentation of the different dimensions that are included in the latter. Thereafter, the retention and defection of customers will be discussed, and a model focusing on sales failure will be presented. Moreover, the methodology is presented with all the methods that have been used when collecting data for this study. The empirical findings are then demonstrated, followed by an analysis and conclusion.
2. Theoretical Framework

In this chapter, theories related to customer value, relationship quality and customer retention will be presented. The first section will provide the reader with definitions of customer value, whereas the next sections will focus on the concept of relationship quality and its dimensions as well as a model discussing why B2B firms fail with their sales proposals.

2.1 Customer Value Creation

According to Grönroos (2011), value for customers can generally be defined as the way customers perceive their situation as better after being provided with resources or processes. Therefore, value is created when actions are performed that can be advantageous for another party (Lusch, Vargo & O’Brien, 2007). Kumar and Reinartz (2016) stated that conducting business involves the creation of value, where a durable business needs to focus on value creation for customers and then collect a part of that created value in profits, which in turn creates value for the company as well. The main purpose with marketing is to generate and communicate value to customers in order to make them satisfied, loyal and profitable for the company, and these factors will have an important impact on firms’ financial stability in the long-run (Kumar & Reinartz, 2016). Co-creation of value includes communications between two parties which makes it possible for them to make an impact on each other’s performance and perceptions (Grönroos, 2011). In addition to this, Grönroos (2011) stressed that co-creation of value cannot be carried out without communications between the organization and the customer, since interactions are important aspects in relationship marketing.

Activities that are related to the creation of customer value are; to identify and solve problems, align and integrate resources, and communicate value proposals, and there is a perception that the activities that are able to increase the customer’s efficiency or effectiveness will provide value to the customer in the form of cost savings (Hohenschwert & Geiger, 2015). Lindgreen et al. (2012) concluded that when discussing economic value, it is the customers that are the important resources for a firm, whereas a number of them are more valuable than others, and working with customers that are not profitable can also ruin value. Economic value of customers has a
role in the process, since customers can only bring value to companies when the company has valuable offers to give them (Lindgreen, et al., 2012).

The concept of value co-destruction has not been widely used in previous literature (Plé & Chumpitaz Caceres, 2010). Echeverri and Skålén (2011) acknowledged that co-creation focuses on how organizations and customers are able to create value through cooperation, whereas co-destruction occurs when value is decreased in the collaboration between the two parties. Plé and Chumpitaz Caceres (2010) define co-destruction as “an interactional process between service systems that results in a decline in at least one of the systems”. Co-destruction and co-creation of value are therefore important aspects in the communications that occur between organizations and customers (Echeverri & Skålén, 2011). In addition to this, Makkonen and Olkkonen (2017) discussed the term value no-creation, which occurs when there are neither positive nor negative results, meaning that there are no co-creation or co-destruction present in the interactions.

Salespeople have an important role when generating value for businesses, which is due to the fact that salespeople have an excellent position when it comes to understanding what customers value, come up with value proposals and deliver information about customer preferences to the organization (Hohenschwert & Geiger, 2015). Also, the most important key contacts between two organizations are crucial to consider since these relationships can be affected if one of the key contacts would be transferred or leave the company (Alejandro et al., 2011). Grönroos (2011) stressed that value has a perceptual dimension, where the support the customer receives from a firm can be separated into three dimensions, which are: Effects on the customer’s growth- and revenue-generating capacity, Effects on the customer’s cost level and Effects on perceptions. For the value for customers included in each dimension, see Table 1.

<table>
<thead>
<tr>
<th>Effects on the customer’s growth- and revenue-generating capacity</th>
<th>Effects on the customer’s cost level</th>
<th>Effects on perceptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business growth opportunities (new markets, better customer or customer segment)</td>
<td>Lower operative and/or administrative costs</td>
<td>Increased trust in the supplier</td>
</tr>
</tbody>
</table>
penetration)

<table>
<thead>
<tr>
<th>Higher margins through premium pricing</th>
<th>Higher margins through lower operating / administrative costs</th>
<th>Increased commitment to the supplier</th>
</tr>
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<tbody>
<tr>
<td></td>
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<td>Increased comfort in supplier interactions</td>
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<tr>
<td></td>
<td></td>
<td>Increased attraction of the supplier</td>
</tr>
</tbody>
</table>

Table 1. Three Dimensions of Customer Value (Grönroos, 2011).

2.2 Relationship Value and Quality

Cater and Cater (2010) stressed that in order for a relationship to exist between an organization and a customer, a product needs to be present, since without a product consumers would not be interested in working on a relationship. However, it is difficult for organizations to stand out on the market with only product quality to offer, therefore, creating relationships with customers can have a great impact on firms’ differentiation (Cater & Cater, 2010). In B2B contexts, an interest for the so-called relationship value has emerged (Hohenschwert & Geiger, 2015). According to Hohenschwert and Geiger (2015), this is due to the perception that value is not only an outcome from the trade of products and services between organizations, since value can be generated in the relationship itself. From the beginning relationship value was measured in the form of advantages related to costs, however, the concept can also include the relationship value that is created when two parties support each other with their problems (Hohenschwert & Geiger, 2015). Business relationships usually include a diversity of factors that in turn result in advantages as well as costs for everyone involved, however, for some specific customers it is difficult to determine the factors that have lead to value for both parties due to the complexity of the relationship (Corsaro & Snehota, 2010).

Organizations have realized that having stronger relationships with less customers are beneficial since this can increase their efficiency, increase value, makes it possible to share risks, to gain a greater competence, increase maintenance of resources and assure investments in the future, and creating long-term relationships also makes it possible to generate greater value that is advantageous for both parties involved (Gil-Saura,
According to Corsaro and Snehota (2010), there are multiple factors that can affect the value in a business relationship, which includes; “product quality, delivery performance, service support, personal interaction, time to market, supplier know-how and directs, acquisition, and operation costs”. In addition to this, value can also be generated due to the capacity of the employees, for example, how flexible, reliable and competent they are (Corsaro & Snehota, 2010).

Alejandro et al. (2011) stated that the interest for how firms will be able develop and maintain cooperative relationships has increased throughout the years, where especially the so called Relationship Quality (RQ) has received greater attention. Relationship quality focuses on evaluating how strong a cooperative relationship between two parties is (Alejandro et al., 2011). Relationship marketing involves the creation of value where it is possible for firms to improve customers’ satisfaction by providing additional value when they purchase a product or a service, which in turn can lead to stronger relationships between the company and the customer (Ata & Toker, 2012). The aim with relationship marketing is to create value for the involved parties as well as work with trust and commitment, since the more satisfied customers are with the cooperation, the more likely it is that they will become loyal towards the company (Chumpitaz Caceres & Paparoidamis, 2007).

2.3 Relationship Quality Dimensions

There are different perceptions of what relationship quality includes, however, researchers have agreed that it is a higher-order construct that consists of different components or dimensions that are interrelated with one another (Cater & Cater, 2010; Rauyruen & Miller, 2007). However, there is not an ultimate definition or acknowledgement of what these dimensions are (Cater & Cater, 2010). Rauyruen and Miller (2007) found that the components that have been acknowledged in existing literature are Opportunism, Customer orientation, Conflict, Trust in the Salesperson, Trust, Satisfaction, Commitment and Perceived quality. Cater and Cater (2010) stated that Trust, Satisfaction with the salesperson and Commitment to the relationship are the most common components while Gil-Saura, Frasquet-Deltoro and Cervera-Taulet (2009) argued that Trust and Commitment are key components of customer relationships in various studies.
While Rauyruen and Miller (2007) focused on Perceived service quality, Trust, Commitment and Satisfaction in their research, Cater and Cater (2010) looked into Adaptation, Knowledge transfers, Trust and Cooperation. Gil-Saura, Frasquet-Deltoro and Cervera-Taulet (2009) included Relationship value, Trust, Commitment, Satisfaction and Loyalty in their model, and they found that Relationship value is a component that has received greater interest in relationship models. In addition to this, they found that it has been stated that relationship value needs to be a key component when investigating the relationships between industrial organizations (Gil-Saura, Frasquet-Deltoro and Cervera-Taulet, 2009).

Taking previous research into consideration, this paper is inspired by Gil-Saura, Frasquet-Deltoro and Cervera-Taulet’s (2009) relationship model, and will focus on the dimensions Trust, Satisfaction and Commitment when evaluating the creation of relationship quality, value and loyalty (see Figure 1).

2.3.1 Trust

Rauyruen and Miller (2007) acknowledged that having knowledge about trust and how it has an important impact on loyalty will affect how firms work with their customer relationships. Therefore, it has been stated that trust is an important factor when developing successful relationships with customers (Rauyruen & Miller, 2007). Gil-Saura, Frasquet-Deltoro & Cervera-Taulet (2009) argued that trust is created when one of the involved parties feel confident about the other party’s trustworthiness and integrity. It can also be explained as the way a firm works in order to achieve positive
results for the other organization and at the same time avoid actions that could result in the opposite (Gil-Saura, Frasquet-Deltoro & Cervera-Taulet, 2009). Customers must feel comfortable when interacting with the supplying firm and need to be assured that the communications they have with the organization are confidential (Rauyruen & Miller, 2007).

However, there are various kinds of definitions when it comes to trust in B2B relationships. One aspect to consider is who possesses the trust (Gil-Saura, Frasquet-Deltoro & Cervera-Taulet, 2009). It has been stated that there are two different kinds of trust, whereas one is the trust in the personnel at the supplying company, for example, the salesperson or the contact person, and the other is the trust in the supplying organization itself (Rauyruen & Miller, 2007; Gil-Saura, Frasquet-Deltoro & Cervera-Taulet, 2009). Cater and Cater (2010) found two components of trust, which are credibility and benevolence. In this case, credibility involves the consumers’ assurance that the supplying company has the right know-how in order to be able to manage the tasks efficiently. Benevolence, on the other hand, focuses on how the customers perceive the selling firms’ incentives, if these are advantageous for them as well (Cater & Cater, 2010). Loyalty and trust are interrelated, therefore, firms that aim to generate loyal customers need to be able to work with their trustworthiness, since loyalty can be an outcome from the creation of trust (Rauyruen & Miller, 2007). In addition to this, when trust is developed, some organizations perceive that they are morally obligated towards the party they cooperate with (Cater & Cater, 2010). Trust has an important role when creating and developing relationships of high quality by giving promises and keeping them (Rauyruen & Miller, 2007).

### 2.3.2 Satisfaction

Chumpitaz Caceres & Paparoidamis (2007) acknowledged that firms that are successful with their customer relationships are the ones that are able to strengthen the satisfaction of their customers. Satisfaction has therefore been stated as necessary for firms that want to enhance their relationship quality (Chumpitaz Caceres & Paparoidamis, 2007). In addition to this, Rauyruen and Miller (2007) argued that customer retention is dependent on customer satisfaction, and previous research have focused on the connection between customer satisfaction, retention and loyalty. It has also been stated
that satisfaction has an important role when investigating loyalty, since satisfaction has an impact on customers’ repurchase intentions (Rauyruen & Miller, 2007).

When discussing satisfaction from B2B firms’ perspectives, the discussions usually start from a B2C point of view (Gil-Saura, Frasquet-Deltoro & Cervera-Taulet, 2009). For example, according to Rauyruen and Miller (2007), research regarding satisfaction in B2C has stated that satisfaction has an impact on customer retention and loyalty as well as repurchase and behavioral intentions, however, in research regarding B2B contexts it has been stated that satisfaction and loyalty is related. Rauyruen and Miller (2007) also stated that it is more likely that customers that are satisfied will continue the relationship with the supplier and it has been stressed that satisfaction with a relationship leads to greater customer retention. Therefore, organizations that can make their customers satisfied with their work are more likely to develop strong and long-lasting relationships (Rauyruen & Miller, 2007).

Chumpitaz Caceres & Paparoidamis (2007) identified three levels as a part of relationship satisfaction: Interactions with personnel, Core service and The organization, and these three levels have an impact on the comprehensive satisfaction concerning the relationship. It has been stated that when the level of satisfaction in a relationship decreases, so does the behavioural loyalty of customers, which increases the risk for weakening the relationship (Chumpitaz Caceres & Paparoidamis, 2007).

2.3.3 Commitment

Commitment is one of the most important aspects to consider in relationship marketing (Rauyruen & Miller, 2007; Gil-Saura, Frasquet-Deltoro & Cervera-Taulet, 2009). Commitment can be defined as the aim to continue an activity, for example, managing a business relationship (Rauyruen & Miller, 2007). It can be described as the perception that a relationship is so important that it requires plenty of effort and maintenance (Gil-Saura, Frasquet-Deltoro & Cervera-Taulet, 2009). Commitment can therefore be stated as a crucial factor when generating successful relationships (Rauyruen & Miller, 2007). It has been stressed that commitment is the willingness to continue and develop a relationship and stay with the same supplying organization (Rauyruen & Miller, 2007; Gil-Saura, Frasquet-Deltoro & Cervera-Taulet, 2009).
According to Rauyruen and Miller (2007), commitment to an organization can result in word-of-mouth marketing, which is related to attitudinal loyalty. In addition to this, consumers that perceive that they are committed are more likely to purchase from the same organization, which is part of behavioral loyalty (Rauyruen & Miller, 2007). Cater and Cater (2010) found that so called affective commitment generates the aim to manage and strengthen a relationship. Therefore, when customers have an emotional devotion towards a company (affective commitment) it turns into attitudinal loyalty (Cater & Cater, 2010). Also, Rauyruen and Miller (2007) acknowledged two levels of commitment, the one to the personnel at the supplying firm as well as commitment to the organization as a whole.

2.4 Retention Management

Jahromi et al. (2014) stated that it is of particular importance for firms that operate in the B2B sector to focus on retaining customers due to them having an important impact on the companies’ revenues. Businesses in B2B contexts usually involves higher transactions which makes it very beneficial for these firms to retain their customers (Jahromi, et al., 2014). In many cases there is a connection between customers’ level of satisfaction and how loyal they will be towards the company as well as how they will behave, however, this connection is rather weak in some cases, or does not exist at all, and these customers are potential defectors (Williams, et al., 2011). Organizations need to be able to communicate with their customers in a satisfying way in order for them to create strong relationships with them and make sure that they do not move on to a competitor, which is of importance since there cannot be a relationship if the customer do not share the same perception of it (Chang, et al., 2012).

Williams et al. (2011) acknowledged that the connection between satisfaction and loyalty has been investigated by looking at customers’ tendency of moving on to another supplier. It was stated that the customers that were dissatisfied to a great or fairly extent were likely to leave the cooperation, however, many of the customers that perceived themselves as very satisfied were also likely to move on to another firm (Williams, et al., 2011). Jahromi et al. (2014) stated that in order to avoid the defection of customers, firms provide specific customers with incentives that hopefully will make them stay. Since strategies that focus on retaining customers can be rather costly, and because only a few customers might be potential defectors, defection management
should not be addressed towards every customer (Jahromi, et al., 2014). Therefore, according to Jahromi et al. (2014), companies are trying to come up with ways to come across potential defectors among their customer bases, and when these customers have been found, it will be possible to provide these with incentives in order to change their minds about switching.

The most efficient way to work with the potential defection of customers is to gain an understanding of the reasons and factors to some customers’ behaviour, understand which of the clients that will potentially end the relationship, and to work with incentives to persuade them to change their minds (Kumar & Petersen, 2012, p.149). However, Jahromi et al. (2014) argued that even if the most common way of managing defection is to concentrate on the customers that seem to be potential defectors, another option is to choose customers to focus on based on their profitability. In addition to this, it will be possible for firms to decide how large or how small the group of chosen customers should be in order to increase the return on the marketing incentives (Jahromi et al., 2014).

2.5 Conceptual Sales Failure Model

Friend et al. (2014) investigated sales failure from the buyers’ perspectives in their research. After conducting 35 semi-structured interviews, they were able to construct a so called Conceptual sales failure model, where they gathered their findings about the factors that have an impact on sales failure. They came up with two categorizations; Non Adaptive Sales Proposal and Non-Relational Sales Proposal, with a number of sub-themes that represent the perceived benefits that have not been met. In addition to this, the model also involves a third category, Excessive Cost Considerations, which focuses on the sacrifice component in the function of value (See Figure 2). This study will focus on the category of Non-Relational Sales Proposal, which focuses on how the advantages with the business relationship itself have not been communicated sufficiently to the customers (Friend et al., 2014).
2.5.1 Non-Relational Sales Proposal

The categorization of Non-relational sales proposal deals with the absence of perceived benefits from the buyers’ point of view, and involves firms and salespeople’s lack of ability to demonstrate and communicate the advantages that the buyer will receive from the relationship (Friend et al., 2014). Friend et al. (2014) stated that when organizations and salespeople are not able to demonstrate the benefits of the relationship, the buyer might not see a future cooperation develop between the two parties. A theme in this categorization is Inadequate collaboration, which focuses on how firms that are not able to communicate that they want to develop a relationship and trust, as well as meet the customers’ needs, will display a lack of collaboration. Participants in the study stated that the selling firm needs to be committed to the relationship as well as have the ability to share information in a way that will be beneficial for the cooperation (Friend et al., 2014).
Friend et al. (2014) acknowledged another theme belonging to the category of Non-relational sales proposal, which is Broken trust. The authors described that this theme focuses on how firms that are not able to live up to their customers’ expectations in an existing relationship will lose some of their trustworthiness. This in turn makes it harder for firms to communicate their proposals since customers do not believe that the supplying firm will be able to fulfill their needs. Therefore, according to Friend et al. (2014), trust has an important role when it comes to firms’ success or failure in sales opportunities. The authors stated that the interactions that takes place in a relationship have an impact on how satisfied or dissatisfied the customer will be with the cooperation, and when firms are not able to meet customers’ expectations regarding performance, or demonstrate that the cooperation will be beneficial for the buyer, dissatisfaction can emerge. Trust in a relationship can also be affected by how honest the selling firm is as well as how capable it is to keep its promises (Friend et al., 2014).

The third theme in this particular categorization in Friend et al.’s study is Relational entry barriers. The authors claimed that in circumstances where there is no existing relationship between two parties, failure depends on how satisfied the customer is with the incumbent. Since there are risks with switching to another supplier, firms need to be successful with their sales proposals if they want to be able to demonstrate that the benefits with their proposals exceed the risk the customer takes when leaving an already existing relationship. This is of particular importance if the potential customers already have relationships with other firms that they are satisfied with (Friend et al., 2014).

2.6 Operationalization

According to Friend et al. (2014), previous research have mainly focused on value creation in business relationships, however, there is a lack in research when investigating why firms fail with their sales proposals. In addition to this, sales failure have not been conceptualized in comparison to sales success (Friend et al., 2014). Mitrega and Zolkiewski (2012) stressed that previous research mainly have focused on the positive aspects in business relationships, therefore, there is a need for greater knowledge concerning business relationships that also involves negative dimensions. This was also stressed by Makkonen and Olkkonen (2017) as well as Echeverri and Skålén (2011) who argued that previous research mainly have focused on positive outcomes in value co-creation, whereas failure and negative aspects have been
neglected. According to Hollmann et al. (2014) there have been calls for papers that investigate problems related to the defection of customers. Existent research have focused on how firms succeed with their sales proposals, however, there has been less attention directed towards why firms fail (Friend et al., 2014). Also, most former research have investigated business-to-consumer (B2C) organizations’ situations, which have resulted in a lack in research concerning B2B contexts (Williams, et al., 2011; Hollmann, et al., 2014).

Bryman and Bell (2011, p.151) described operationalization as the process where the researcher schedules measures of the concepts that are of interest. In Table 2, the different concepts that have been investigated in this study are demonstrated and defined. In addition to theoretical definitions, operational definitions are given. Bryman and Bell (2011, p.716) describes an operational definition as the description of a concept in terms of the activities that will be carried out during the measurements. In addition to the concepts and definitions that will be used in this research, the interview questions that are connected to each concept are presented in the table. The interview guide that have been used when collecting the data can be found in Appendix 1.

<table>
<thead>
<tr>
<th>Concept</th>
<th>Theoretical Definition</th>
<th>Operational Definition</th>
<th>Interview Questions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer value</td>
<td>The worth both parties receive from a business relationship and the cooperation they have with each other, where it is possible to increase both parties’ efficiency (Hansen, Samuelsen &amp; Silseth, 2008).</td>
<td>How created customer value can have a positive impact on relationships as well as the negative effects of the lack of value in relationships.</td>
<td>Questions 3, 3a, 3b, 3c, 3d</td>
</tr>
<tr>
<td>Relationship quality</td>
<td>The evaluation of how strong a</td>
<td>How Swedish B2B firms are able to</td>
<td>Question 3, 3a, 3b, 3c, 3d, 4, 4a, 4b, 4c</td>
</tr>
<tr>
<td>Trust</td>
<td>When the two parties in a relationship perceive the other party as trustworthy and rely on their capacity (Gil-Saura, Frasquet-Deltoro &amp; Cervera-Taulet, 2009).</td>
<td>How decreased or increased trust in customer relationships affect customer retention and defection.</td>
<td>Question 4, 4a, 4b, 4c</td>
</tr>
<tr>
<td>---------------</td>
<td>-------------------------------------------------------------------------------------------------</td>
<td>-------------------------------------------------------------------------------------------------</td>
<td>------------------------</td>
</tr>
<tr>
<td>Satisfaction</td>
<td>When customers are satisfied with the service they are provided by the selling firm (Rauyruen &amp; Miller, 2007).</td>
<td>How Swedish B2B firms work in order to keep their customers satisfied and thereby avoid customer defection.</td>
<td>Question 4, 4a, 4b, 4c</td>
</tr>
<tr>
<td>Commitment</td>
<td>The perception that a relationship is crucial which leads to a desire to maintain and continue it (Gil-Saura, Frasquet-Deltoro &amp; Cervera-Taulet, 2009).</td>
<td>How Swedish B2B firms work in order to be perceived as committed by the customer and thereby avoid the defection of customers.</td>
<td>Question 4, 4a, 4b, 4c</td>
</tr>
<tr>
<td>Retention</td>
<td>How organizations interact with their customers in order</td>
<td>How Swedish B2B firms work in order to avoid that</td>
<td>Question 1, 1a, 2, 2a, 2b</td>
</tr>
</tbody>
</table>

cooperative business relationship is (Alejandro et al., 2011). create strong relationships with their customers in order to retain their customer bases.
to make them satisfied and create strong relationships with them, to avoid that customers switch to competitors (Chang \textit{et al.}, 2012).

| Non-relational sales proposal | When the benefits with the relationship itself have not been sufficiently communicated to customers (Friend \textit{et al.}, 2014). | Factors that contribute to the defection of customers. | Question 1, 1a, 2, 2a, 2b |

|  | customers switch to another supplier. |  |  |

Table 2. Operationalization of the Study
3. Methodology

The methods that have been used when collecting and analysing data will be presented in this chapter. This includes descriptions of the available methods to choose between, what approaches that have been chosen and why these particular methods have been suitable for this study.

3.1 Research Purpose

Exploratory case studies are usually carried out through surveys with numerous participants in order to be able to map out the subject for future researchers, whereas in descriptive research, case studies are conducted in order to elaborate on the subjects that were investigated by survey research (Bryman & Bell, 2011, p.62). The research purpose of this study has been to conduct a descriptive research, where the author has investigated already existing research from previous authors in order to interpret that information and describe it. In addition to this, a multi-case study has been conducted in order to add data to already existing theories.

3.2 Research Approach

3.2.1 Qualitative vs Quantitative Approach

The kind of research approach one chooses affects how the research is conducted, and in the case of conducting a qualitative or a quantitative study, there are a couple of differences that needs to be taken into account (Barnham, 2015). Quantitative researchers usually focus on quantification when collecting and analysing data, whereas qualitative research is focused on words (Bryman & Bell 2011, pp.26-27). Quantitative research is focused on measurements, numbers and percentages which can be acknowledged as facts within the chosen sample group, whereas qualitative research wants to generate in depth knowledge about, for example, customers’ attitudes and behaviours (Barnham, 2015).

Barnham (2015) argued that when conducting quantitative research, researchers usually deploy a number of what-questions, whereas qualitative research is mainly connected to why-questions. It has been stated that due to qualitative research focusing on these types of why-questions, it is possible to go more into depth in a specific topic (Barnham, 2015). The focus in quantitative research is thereby to test already existing theory, a so
called deductive approach, whereas qualitative researchers usually want to generate theories instead of testing already existing ones, which is an inductive approach, however, there have been occurrences where qualitative researchers have tested existing theory instead of generating new ones (Bryman & Bell, 2011, pp.26-27). Researchers can also choose to use a so called mixed methods research, which is a combination of the quantitative and qualitative research methods, however, when using this particular method, both qualitative and quantitative processes should be combined, and not only used in tandem (Bryman & Bell, 2011, p.628).

This study has a qualitative research approach, where in-depth interviews have been conducted. This method was chosen in order to gain a thorough understanding of why Swedish B2B companies’ customers decide to switch suppliers even if the supplying firms work with value creation and relationship quality. It can be stated that a qualitative research method was the most suitable approach for this study, in order to get an accurate insight into how these companies work and why customer defection occurs. In addition to this, in order to be able to fulfill the purpose, discussions with the companies were required, and the chosen approach made it possible to go more into depth in the stated research questions.

### 3.2.2 Deductive vs Inductive Approach

Bryman & Bell (2011, p.11) explained a deductive approach as one that focuses on how theory and research are related, and researchers that use this approach investigate the already existing knowledge about a particular subject in order to come up with hypotheses that will be empirically tested. Researchers then need to state how the data will be collected in an appropriate way for the chosen concepts associated with the hypotheses and thereafter, it is possible for the researcher to compare his or her findings with the stated hypotheses and they can be either confirmed or rejected, and the researcher then goes back to theory to revise it (Bryman & Bell, 2011, p.11). In an inductive approach, researchers are trying to observe and find patterns in the collected data, and thereby investigate how different variables are related in order to be able to generalize the sample to a broader population (Woo, O’Boyle & Spector, 2017).

A deductive approach has been chosen for this study, due to it being based on a theoretical foundation that has been put in contrast with the empirical findings. This
approach was chosen since there are already various studies focusing on value creation and the defection of customers, with established models that could be used for this study. Also, this is a qualitative study, and the aim is therefore not to generalize the findings.

3.3 Research Design

According to Bryman and Bell (2011, p.40-41), a research method is the technique for how data is collected, such as deciding whether to conduct interviews or provide participants with questionnaires, whereas a research design is the framework for how data in a research will be collected and analysed. In addition to this, the authors acknowledged that there are five different research designs to choose among: Experimental design, Cross-sectional design, Longitudinal design, Case study design and Comparative design (Bryman & Bell, 2011, p.40-41).

Experimental design is not common in business research, however, it involves a high level of trustworthiness regarding causal findings, and experiments therefore have strong internal validity (Bryman & Bell, 2011, p.45). The Cross-sectional design is also referred to as social survey design. It involves more than one case when collecting data, at a single point in time, in order to receive quantitative or quantifiable data (Bryman & Bell, 2011, p.53). According to Bryman and Bell (2011), pp.57-58), longitudinal design involves the mapping of change in business research, and this type of research design is rather rare due to the time and cost that is associated with the method. Longitudinal design normally involves social survey research, with self-completion questionnaires and structured interviews, moreover, in this design, a sample is explored and then examined on at least one other occasion (Bryman & Bell, 2011, pp.57-58).

In case study designs, researchers focus on one single case, where the details and complexity of this specific case is of interest, and this particular research design has been used to a great extent among business researchers (Bryman & Bell, 2011, p.59). According to Bryman and Bell (2011, p.63), a case can involve a single organization, location, person or event, whereas comparative design involves the use of identical methods when investigating two (or more) cases. It includes comparisons in order to be able to understand social phenomena, and this method can be used in both quantitative and qualitative research, however, when using the comparative design in qualitative
research, it is performed as a multiple-case study (Bryman & Bell, 2011, pp.63, 66). A multiple-case study, which also can be referred to as multi-case study, happens when researchers investigate more than one case, and this is usually adopted in business research, when two or more organizations are compared to each other, however, people can also be cases in this design (Bryman & Bell, 2011, p.66).

Two organizations have been involved in this study, which makes it a multi-case study. For more information about the two companies, see section 3.5 Sample Selection. This particular method was chosen in order to receive a greater understanding as well as viewpoints from individuals from different backgrounds. Even if the companies were similar to a great extent, it can be stated that the involvement of two companies contributed with a broader knowledge about why customers switch suppliers despite the firms’ efforts in value creation.

3.4 Data Collection Method

According to Gill et al. (2008), there are a number of data collection methods to choose between, where qualitative approaches includes; observations, analyses of texts or visuals such as books and videos, and interviews, which can be carried out either in groups or individually, whereas interviews and focus groups are generally the most used ones. The purpose with interviews is to investigate individuals’ experiences, perceptions, beliefs and/or incentives in particular subjects, and when using a qualitative method it is possible to gain a deeper understanding which would not be possible in a quantitative approach (Gill, et al., 2008). Bryman and Bell (2011, p. 466) stated that the main focus in qualitative interviews is the participants’ experiences and opinions, while a quantitative approach is more focused on the researchers’ interests. Interviews are more commonly used when there is a lack of knowledge in a specific topic, or when elaborated answers are necessary (Gill, et al., 2008).

Gill et al. (2008) stated that the three most commonly used kinds of interviews are; structured, semi-structured and unstructured. In structured interviews there are a number of questions that have been constructed beforehand, and in this approach follow-up questions or further discussions do not take place, therefore, the interviews do not give the researcher a deeper insight into the topic (Gill et al., 2008). Gill et al. (2008) also stressed that unstructured interviews are rather unorganized, normally requires plenty of
time, and might be quite hard to conduct due to the lack of structure. However, if there is a need for a thorough understanding of the participants’ insights, experiences and opinions, this kind of method is useful (Bryman & Bell, 2011, p. 472). In semi-structured interviews, the researcher uses a number of main questions which can be helpful for the participants in order to understand the topic that will be discussed, and this method makes it possible for the participants to further elaborate on a topic (Gill et al., 2008). Gill et al. (2008) explained that this flexible approach can also make the interviewee provide information that the researcher did not consider. This method is common when the researcher has a rather explicit focus and specific questions can be dealt with (Bryman & Bell, 2011, p. 472).

This study has a qualitative approach, where in-depth interviews have been conducted in order to be able to discuss the topic with the participants as well as being able to ask follow-up questions. The interviews have been semi-structured, with a few main questions with follow-up questions in order to generate discussions with the interviewees. This has made it possible to receive elaborated answers from the participants which has been helpful when answering the stated research questions. The questions asked during the interviews can be found in Appendix 1. The interviews consisted of face-to-face interviews as well as phone interviews. Face-to-face interviews are preferable since this method makes it possible to meet the participants and see their reactions to the questions, which is not possible when conducting interviews over the phone. However, phone interviews were favourable for one of the two companies due to the distance, and since all the participants at this firm did not have the opportunity to participate at the same date.

3.4.1 Pretesting

Before the interviews were conducted, the interview questions were discussed and tested. The questions were sent to one person with academic experience and one with work experience related to relationship management. The person with academic knowledge gave valuable comments about the most appropriate order of the questions, as well as the number of questions that should be involved, in order to gain as much information as possible during the interviews. This person was therefore chosen in order to receive comments about the structure of the interviews, which has been very helpful. Thereafter, the questions were sent to a person who has worked as a key account
manager for 15 years, and thereby has more than 25 years of experience from working with marketing. This person was chosen in order to receive comments about whether the questions were understandable and relevant. Thereby it was possible to receive valuable comments about the questions’ relevance.

3.5 Sample Selection

There are different ways for researchers to carry out their sample selections. Bryman and Bell (2011) identified two main approaches to sampling; Probability sampling and Non-probability sampling. A probability sampling method is used when the researcher strives for a sample that is representative, therefore, this process includes a random selection of participants (Bryman & Bell, 2011, p.165). Non-probability sampling covers all the other types of sampling that do not fit into the category of probability sampling, therefore, it includes various strategies for sampling, however, the most commonly used methods in non-probability sampling are; convenience sample, snowball sample and quota sample (Bryman & Bell, 2011, p.190).

It is common that qualitative research involves so called purposive sampling, also called purposeful sampling (Palinkas et al., 2013; Bryman & Bell, 2011, pp.441-442), which is related to non-probability sampling, and in this method, the participants are not randomly selected since the purpose is to find participants that can be suitable for the stated research questions and relevant for the purpose of the research (Bryman & Bell, 2011, pp.441-442). Palinkas et al. (2013) argued that this method is particularly used when there are limited available resources and when participants with a lot of information, experience and knowledge are targeted. In addition to this, participants in purposive sampling are chosen due to their willingness to be a part of the study as well as how available they are (Palinkas et al., 2013). In many cases researchers are looking for participants that are different in order to reach a variety of answers, however, the results from a purposive sampling approach cannot be generalized due to it being a non-probability sampling method (Bryman & Bell, 2011, pp.441-442).

A purposive sampling method has been carried out for this study, which is related to the non-probability sampling approach. This is because the purpose of the study has been to investigate why customers decide to switch suppliers despite industrial B2B firms’ efforts in value creation. Therefore, the most appropriate method has been to find
relevant participants that have the right experience and knowledge in order for them to be able to provide accurate and informative answers.

The sample group consisted of employees at two different industrial manufacturing companies. One of the companies, referred to as Company X, operates in the packaging industry, with more than 120 employees in Sweden, whereas the other company, referred to as Company Y, produces machinery constructions and has approximately 200 employees in Sweden. However, both organizations are international, and therefore has multiple employees at different production sites all over the world. The employees that were chosen for this study were individuals with rather long experience from working with customers in B2B contexts, as well as the ones that have direct contact with customers. All of the participants in this study have requested to be anonymous, which has been respected by the author. Therefore, no information that can be connected to any of the employees, nor any of the involved firms, will be presented. However, in Table 3, information about the participants’ overall experience of working with sales in B2B, the date of the interviews as well as what kind of interview that has been conducted is presented.

<table>
<thead>
<tr>
<th>Company X</th>
<th>Overall experience from sales in B2B</th>
<th>Date of interview</th>
<th>Type of interview</th>
</tr>
</thead>
<tbody>
<tr>
<td>Participant A</td>
<td>20 years</td>
<td>2018-05-08</td>
<td>Face-to-face</td>
</tr>
<tr>
<td>Participant B</td>
<td>20 years</td>
<td>2018-05-08</td>
<td>Face-to-face</td>
</tr>
<tr>
<td>Participant C</td>
<td>20 years</td>
<td>2018-05-08</td>
<td>Face-to-face</td>
</tr>
<tr>
<td>Participant D</td>
<td>22 years</td>
<td>2018-05-08</td>
<td>Face-to-face</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Company Y</th>
<th>Overall experience from sales in B2B</th>
<th>Date of interview</th>
<th>Type of interview</th>
</tr>
</thead>
<tbody>
<tr>
<td>Participant E</td>
<td>1 year</td>
<td>2018-05-14</td>
<td>Phone-interview</td>
</tr>
<tr>
<td>Participant F</td>
<td>1.5 years</td>
<td>2018-05-14</td>
<td>Phone-interview</td>
</tr>
<tr>
<td>Participant G</td>
<td>28 years</td>
<td>2018-05-15</td>
<td>Phone-interview</td>
</tr>
<tr>
<td>Participant H</td>
<td>16 years</td>
<td>2018-05-15</td>
<td>Phone-interview</td>
</tr>
</tbody>
</table>

Table 3. Participant Information
3.6 Data Analysis

When conducting a qualitative study, researchers generate plenty of heavy data due to, for example, field notes and interview transcripts, and it can therefore be difficult to analyse all of that material (Bryman & Bell, p.571). Bryman and Bell (2011, p.574-575) recognized two methods of data analysis; analytic induction and grounded theory. In analytic induction the researcher collect data until there are no cases that are not consistent with a hypothesis, and this is performed since the researcher is looking for universal explanations (Bryman and Bell, 2011, p.575). However, the most common method when analysing data in qualitative research is grounded theory, which consists of a couple of tools that are used when analysing data, which are; Theoretical sampling, Coding, Theoretical saturation, and Constant comparison (Bryman & Bell, 2011, p.577). Bryman and Bell (2011, p.577) described that in the Coding process the collected data are divided into different components; Theoretical saturation involves both the coding of data as well as the collection of it; Constant comparison is referred to how the researcher maintains a connection between the collected data and the conceptualization. It includes the researcher’s attention to how the collected data is coded within different categories in order for him or her to be able to elaborate on theory (Bryman & Bell, 2011, p.577).

The grounded theory approach suggested by Bryman and Bell (2011) has been an inspiration for this study. This is due to the ability to structure the collected data in a way that makes it possible to keep track of the results from the empirical findings in a convenient way. This has also simplified the possibility to reach the conclusions for this study, that are connected to the findings and theory that have been used in order to fulfil the purpose.

3.7 Quality Criteria

A crucial aspect to consider when conducting research is validity, which involves the integrity related to the conclusions (Bryman & Bell, 2011, p.42). Validity is also related to whether a researcher is observing or measuring what he or she claims is the case, however, it has been stated that qualitative and quantitative research should not be estimated the same way (Bryman & Bell, 2011, p.395). Bryman and Bell (2011, p.395) acknowledged two main criteria when evaluating qualitative research, which can be used as a substitute to reliability and validity. These two are; trustworthiness and
authenticity, where trustworthiness consists of four criteria, which are; Credibility, Transferability, Dependability and Confirmability (Bryman & Bell, 2011, p.395).

Credibility implicate that the collected data and the participants’ opinions are presented in a truthful way (Cope, 2014). It also involves how the researcher should conduct the research in an appropriate way as well as demonstrate that he or she has understood the participants correctly (Bryman & Bell, 2011, p.396). In order to consider a study as credible, the explanations of the participants’ experiences should be acknowledged by individuals with the same background, and researchers can demonstrate that their studies are credible by presenting his or her involvement as well as the methods that have been used (Cope, 2014).

Transferability deals with whether a study can be reused in other cases or processes, where in qualitative research, transferability is included if the results makes sense to people that have not been part of the study (Cope, 2014). Therefore, the researcher should provide the right amount of information in order to give the readers the possibility to make judgments about whether the findings are transferable or not (Bryman & Bell, 2011, p.398; Cope, 2014). However, transferability depends on the purpose of the study, and might only be of relevance if the researcher wants to generalize his or her findings (Cope, 2014). Dependability in qualitative research is equivalent to reliability when conducting a quantitative research (Bryman & Bell, 2011, p. 398). It refers to the durability of the gathered data and how it can be reused in similar processes, and studies are considered dependable when they are replicated for similar occurrences and individuals (Cope, 2014).

Confirmability involves how the researcher should be able to verify that the gathered data is the participants’ actual opinions (Cope, 2014). This includes that the researcher should be objective and not involve his or her personal values in the research process (Bryman & Bell, 2011, p.398). Confirmability can be demonstrated through explanations of how the conclusions were constructed and how the findings are the result from the collected data, for example, researchers could use exact quotes to demonstrate that the participants’ actual opinions are included in the study (Cope, 2014).
Authenticity involves the criteria Fairness of the study, which focuses on how the participants are being represented and that their different opinions and experiences are fairly discussed (Bryman & Bell, 2011, p.398; Cope, 2014). Authenticity also involves criteria such as Ontological authenticity which focuses on how the researcher is able to help individuals understand the topic to a greater extent, Educative authenticity which focuses on how the researcher present other individuals’ perspectives, Catalytic authenticity which involves how the study makes individuals act in order to make a change, and Tactical authenticity which includes how the research has motivated individuals to act (Bryman & Bell, 2011, p.399).

In order to be able to involve credibility in this study, the face-to-face interviews were sound recorded. This made it possible to listen to the interviews later on and make sure that the participants have been understood correctly, and that the participants’ exact words and statements could be written down later on. During the phone interviews, the participants’ own words were written down, in order to see their exact formulations about the topic. This has also been helpful when working with the confirmability of the study, since the participant’s own opinions have been written down literally. In addition to this, a number of quotes have been presented in the empirical findings, in order to demonstrate the participants’ opinions in their own words.

3.8 Ethical Considerations

Ethics in business research focuses on how participants in a study should be treated and whether there are any activities that should be avoided when integrating with them (Bryman & Bell, 2011, p.122). Wallace and Sheldon (2014) acknowledged four principles that should be taken into account when conducting research; Research merit and integrity, Justice, Beneficence and Respect. Research merit and integrity focus on how the research is conducted in a suitable manner and designed in a way that is respectful towards everyone involved and supervised by people with the right knowledge (Wallace & Sheldon, 2014). According to Wallace and Sheldon (2014), justice involves the sampling method when choosing participants for the study, that it should be carried out in a fair way, that no participant is exploited and that the results are available for everyone involved. Beneficence focuses on how participating in the research should involve more advantages than risks, and that the well-being of the participants are of high importance, whereas the last principle, Respect, involves how
participants’ privacy should be respected and that the interactions should be confidential (Wallace & Sheldon, 2014).

Bryman and Bell (2011) discussed four main areas of ethical principles:

- Harm to participants
- Lack of informed consent
- Invasion of privacy
- Deception

Harm is related to risk and includes physical or psychological harm, social harm which involves negative impacts on participants’ economy, personal relationships or networks with others or legal harm (Wallace & Sheldon, 2014). Harm can also involve negative effects on participants’ self-esteem, stressful situations and damage on career opportunities (Bryman & Bell, 2011, p. 128). Lack of informed consent deals with how every participant in the research needs to be provided with all the necessary information in order for them to be able to make a proper decision about participating or not (Bryman & Bell, 2011, p. 133). Invasion of privacy is related to informed consent, since when participants have all the needed information about what the research is about, they are able to make a decision concerning whether they perceive the sharing of information as too private or not (Bryman & Bell, 2011, p.136). According to Bryman and Bell (2011, p.136) deception happens when a researcher gives a participant the wrong idea of what the study is actually about.

The different aspects of ethics in business research have been taken into account in order to protect all the involved participants. The participants have been provided with all the necessary information in order to assure that they are aware of what kind of sharing of information that is expected from them. This has made it possible for them to decide whether they want to participate in the study or not and if the research questions seem to be too private. Also, everyone involved have been given the opportunity to be anonymous in the study, and their choices have been respected by the author.
4. Empirical Findings

In this chapter, the collected empirical data will be presented. Also, in this section, the participants from the two companies’ experiences, views and opinions are discussed. This includes different aspects and factors that have been stated as important in each of the discussed topics during the interviews. As was stated in the methodology, the interviews have been conducted through personal communications, either face-to-face or via phone. The interviews took place at the dates; 2018-05-08, 2018-05-14, and 2018-05-15. For more information about the participants, which participant that was interviewed at what date and through which method, see Table 3. Participant Information, in the methodology chapter.

4.1 Value in Customer Relationships in B2B

Quality was stated as one of the most important aspects to consider in order for relationships with customers to be valuable, where quality refers to the quality of the product (Participant A, B, E, F, G). Participant F explained product quality as;

“(...) The things [the customers] buy is up to standard, they get what they pay for, they get good material, good safety. Nothing should be destroyed in the transportation, nothing should break down after two to three months. They have a lifetime guarantee. High quality”.

( Participant F, personal communication, 2018-05-14).

It was also discussed that being able to prove that the products are being tested in order to assure a certain quality can give the customer additional value (Participant A, E, G, H). In addition to this, the ability to demonstrate that the company has products of high quality through certificates have been valuable for customers (Participant E, G, H).

“The documented higher quality, where a third party has guaranteed it, is very appreciated among the customers. Since the requirements on the products are getting higher, this requires a certain level that we have verified, we keep what we promise which is very appreciated”

Participant C stated that being a manufacturing company and thereby being able to adjust the production and delivery can give the customer value, which also makes it possible for the firm to provide products to the customer on a short notice if it is needed. Moreover, as a manufacturing company, it is possible to provide the customer with additional value by being able to produce customized products (Participant E, H). In addition to product quality, the delivery dependability was stated as an important factor, where being able to deliver in time can have great impacts on the perceived value for customers, since it affects the customers’ processes (Participant A, B, C, G, H).

Moreover, Participant A argued that as much as price can have an impact on a customer’s decision to switch to another supplier, it can also make the customer decide to stay, therefore, price was mentioned as another important aspect of the value in customer relationships. Moreover, the ability to solve the customers’ problems was stressed as one of the cornerstones to value creation in relationships (Participant A, B, E, F, G, H), since it is related to the service that the company provides (Participant G).

“Most, most important is the service, not price, quality is not important, most important is to be there for the customer, fast responses. Sooner or later something will go wrong, and then it is important to immediately fix that as painless as possible. If you have done a wrong delivery and fix it you will get a better relationship [with the customer] than when everything works”.


Participant A stressed that communication is an important part of the value-creation, since it will have an impact on the collaboration between the two parties.

“Communication, frequent communication with the customers, and good cooperation makes it easier to communicate things. (...) If the customer feels that they receive their things in time and that they are being informed, that we come with solutions for the customer, it affects the trustworthiness for the company. The trustworthiness and cooperation gives both the customer and the company value, for example, that the customer fix their orders and forecasts in time so that we can adjust our production if any changes would occur. That [the customer] also makes sure that everything works”.

(Participant A, personal communication, 2018-05-08).
This also includes the ability to give the customers feedback fast (Participant A, C, F, G, H). Moreover, honesty was mentioned by Participant C and D as another aspect that is valuable for the customer, for example, if there are any problems with the production it is important for the customer to receive information about it in order for them to be able to continue with their operations. Being a problem solver for the customer, and come up with solutions for them, including being fast, have products of high quality and give excellent support will provide value to the customer (Participant G, H).

One of the companies provides value to their customers by providing them with not only a product, but also a solution (Participant E, G, H). Participant E and G explained that they help the customer from the beginning with their drawings and guides them towards the best solution for them. The product is then produced and installed, and thereafter the company has continuous contact with the customer and gets involved in their projects in order to be there for them if any problems with the product would occur (Participant E, G).

“Everything from participating during the drawings, (...), draw solutions in programs to give them the right product, guide them to give them the best solution for them. The product is produced, we help with the installation. The customers get what they ask for. After the product has been delivered we have continuous contact with the customers, sometimes we are involved in their projects, if we are not involved the customers will contact us to receive help with broken goods, spare parts, and that is when we are there for them”.

( Participant E, personal communication, 2018-05-14).

Having less distance to the customer can also make it possible to help them solve their problems fast, since it is easier to visit the customer, and this will also make it possible to avoid negative impacts of time differences (Participant E, G). Moreover, it was argued that as an international company, it is possible for them to be local in many different countries in the world (Participant E, G). This is turn brings value to the customer due to less distance and because of the possibility to receive service and support in their own language (Participant B, E, G).
4.2 Relationship Quality in B2B Relationships

4.2.1 Trust

Participant C stated that trust can be created in a relationship due to the selling firms’ ability to keep its promises concerning deliveries and quality of products. However, when problems occur, for example, when the firm cannot deliver in time and a specific customer is affected multiple times, there is a risk that the trust for the company is negatively affected (Participant C). The same employee explained:

“Sometimes, when there are complications, if we have a wreckage, and then the production is full, and there are a lot of things that affect our ability to deliver, and it might be a specific customer that is bothered by this more often than others, that is when I feel: How can they trust us? We are supposed to be the best”.

(Participant C, personal communication, 2018-05-08).

Participant C and D stressed that when disturbances occur in the different processes that in turn can have a negative impact on the trustworthiness of the company, communications with the customers are of importance. This involves sharing of information, to inform the customer that, for example, the delivery is delayed and why (Participant C, D). Participant C acknowledged that if there is a strong relationship between the company and the customer, it makes it easier to come up with excuses, since these will be accepted more easily. According to Participant D, as a manufacturing company, there is a risk for delivery problems, since anything can happen. Participant E discussed that it is possible for firms to be perceived as trustworthy by demonstrating that the products that are delivered are of high quality, which can be done through continuous tests of the products.

It was acknowledged by Participant E that by being there for the customer, establish a relationship, deliver in time and have an even production it is possible to create trust, and this also includes being there for the customer if any problems would occur. Participant H argued that mistakes will occur at some point as a manufacturing company, however, by being able to solve these problems fast and efficiently, it is possible to create an ever stronger relationship with the customer than if everything would proceed smoothly. Participant G acknowledged that by having a strong brand, a stable organization and deliver what has been promised it is possible to be perceived as
trustworthy. However, the same participant argued that misunderstandings can make these processes harder to manage, for example, if the customer has not been clear enough about what is expected from the company.

4.2.2 Satisfaction

The quality of products as well as deliveries have important impacts on the customers’ satisfaction with the company (Participant A, B, C, E, F, G, H). One of the companies were able to track their customers’ level of satisfaction thanks to a computer system, and they could therefore find out that the satisfaction of their customers were rather high (Participant A, B). However, Participant A stated that the satisfaction with the company takes plenty of time to build up. In addition to this, it was argued by Participant B that the loyalty of customers operating in B2B contexts is generally better, since the decision to switch to another supplier comes with more risks for these type of clients. However, Participant A stressed that some of their clients might be loyal due to the comfortability of purchasing from the same company, since some customers have been purchasing from the same organization for so long that they would not know where to go if they wanted to switch (Participant A).

“We have noticed that the customers are [now] aware of how the world has contracted and that they can find alternative suppliers outside of Sweden. That is good though, since we no longer can take the customers for granted anymore, the change of generations has made that impossible and more is required”.

(Participant A, personal communication, 2018-05-08).

Another participant explained satisfied and loyal customers like this:

“The customers are loyal since they have been coming back [to us] for decades. If they would not have been satisfied they would not have come back, it speaks for itself (...). Customers are not loyal for the loyalty itself”.

(Participant F, personal communication, 2018-05-14).

Participant G stressed that satisfaction can be reached when having a stable organization with a closer location, high quality of products, no damaged goods and high delivery dependance. It is then important to deliver the products that have actually been ordered
in order to make sure that the customers feel safe and that there is a low risk for them when purchasing from the company (Participant G). However, the same participant stated that dissatisfaction can occur if the customer expect to receive the best solution for them for a low price, which might not be possible for the supplying firm to fulfil, since the best solutions usually comes with a higher price. Moreover, it was also explained by Participant G that there are always competitors that state that they have the same solution for a lower price, and that is when the firm needs to be able to motivate the customer and demonstrate that their quality is higher than the competitors’.

### 4.2.3 Commitment

Participant A stated that they have shortcomings in the communications when it comes to the time it takes for them to give the customers answers, since they have difficulties when trying to find answers in their huge organization, which makes the customers dissatisfied since the time it takes before getting a response is too long. It was stated by the same participant that the bigger the company is, the harder it is to communicate who is responsible for what, however, even if the company do not believe that their customers would perceive them as less committed because of this, it is something that bothers them.

According to participant A, switching salespeople is not always positive for the company, however, new personnel can help the firm come up with new ideas and approaches in comparison to the ones that have been employed at the company for a very long time. However, if the company would switch the sales force too often, people might wonder if there is anything wrong with the company and why people do not want to work there, and the communication is therefore important, to explain the changes to the customers and why (Participant A). Moreover, Participant A claimed that having the same contact person for the same customers for many years can make the relationship too personal, which might lead to unfavourable occurrences for the company.

> “It is not always good to replace the salesforce. It is healthy with some kind of staff turnover, for new ideas and new approaches than by someone who has been here for a very long time. If you change too fast [and] too often, people might wonder why [and] what is wrong with the company”.

( Participant A, personal communication, 2018-05-08).
“It does not have to be negative that personnel is being replaced, since new people can be good. However, it can be dangerous when one person leave and no one else get in touch [with the customer], that is when you can lose a customer”.

(Participant D, personal communication, 2018-05-08).

It was acknowledged by Participant C and D that one of the biggest problems with switching salespeople is when one person leaves and the new one does not get in touch with the customer to explain the situation. It was stressed by participant E that by being there for the customer from the beginning until the end it is possible to demonstrate that the company is committed to the relationship, and the same participant stated that the company participates in exhibitions where they know their customers are present. Also, coming up with solutions including customizations for customers can have a positive impact on the perceived commitment (Participant E). Participant F and H stated that commitment is the result of how everyone at the company are involved and dependant upon each other. This means that everyone are informed in time and takes their part of the responsibility, and commitment is therefore created due to how everyone gets involved in problems that occurs. This is also the result of a smooth internal communication, however, the information is also sent out to the customers in time, since there is a deadline for how long the customers should have to wait (Participant F).

Participant G stressed that by simplifying the processes for the customer, providing a good product where the customer also purchase a solution together with it, it is possible to be perceived as committed to the relationship. However, this perceived commitment can be negatively affected if older products are being erased from the product portfolio that older customers still want or if a customer want to order a very customized, specific product that the company cannot produce. The same participant acknowledged that it is then of importance for the firm to be able to discuss the issues with the customer and try to come up with alternative solutions for them.

4.3 Customer Defection in B2B

The definition of customer defection has been described in various ways. Participant B defined customer defection as the process where sales initiatives directed to a potential client do not succeed, while others define it as the event where a contract with a client is
broken or not renewed (Participant A, C, D, G). However, some employees defined customer defection as a customer that is dissatisfied, and where it is clear that this particular customer will not come back (Participant A, B, D). A customer can clearly demonstrate that he or she is not interested in continuing the collaboration either by directly imply that the relationship is over (Participants A, D), or by switching to another supplier (Participant A, C, E, F). Moreover, some customers might not repurchase one specific product from the company, which does not mean that this is a defector, since the client continues to purchase other products from the firm (Participant A, B, E, G). Participant E mentioned that the loss of money is not only the result when customers decide to switch suppliers, since the company might also lose advertising in the form of word-of-mouth marketing.

Participant B stated that the movement of the production involves the occurrence where a production site has been moved to another location, which has resulted in inconveniences for some customers since the advantages with having the production site nearby have been erased. This has in turn resulted in that the customer has decided to move on to another supplier where the distance is shorter (Participant B). It was also stated by Participant E, G and H that the location of the support for the customer can in some occurrences have a great impact on whether the customer decides to stay or switch to another competitor. This is because some customers find it convenient to have contact persons who speak the same language as them, as well as not having too much of a time difference (Participants E, G, H).

Problems with a product is related to quality problems, where the customer’s standards or expectations have not been met, which has resulted in dissatisfaction (Participant B and G). Participant G stressed that problems with a product can also involve difficulties for the firm to meet customers’ demands if they are too high. In some cases, customers want products that are not a part of the standard sortiment, which in some cases cannot be met, and in other cases will include a price that is too high for the customer to accept. This might in turn lead to the customer looking for a solution elsewhere. In some cases customers look at the price and not the quality of the products, which makes them leave for a competitor (Participant G). Participant B argued that it can be rather difficult to persuade customers that have a supplier that they are satisfied with to come back to the company. Therefore, customers that have found new suppliers that they are satisfied and
comfortable with can be seen as defectors, due to the extreme difficulties in getting them back (Participant B).

“Dissatisfaction can be a situation where [the customer] has expected to receive the best solution for the lowest price, and it is not possible to meet those requirements since the best solution costs more. There are competitors who says they can solve the same solution for a lower price, so we need to try to motivate the customer through test results and that we have better quality than the smaller competitors. They do not offer the same thing. The customers can sometimes look at the price tag and gets dissatisfied with us”.


It was stressed that price adjustments, regarding increases of prices, is one of the most common reasons for customers to leave the cooperation (Participant A, B, C). If the selling firm realizes that they are losing money because of the current prices being to low, there are no other way out than raising the prices for some customers (Participant A, H). However, even if there is no need for the company to raise their prices, there will always be some competitors that offer lower prices, which can be a threat regarding customer defection (Participant A, B, E, F, H). It was stressed by employees at both companies that due to higher quality and stricter tests of the products, it is not always possible for the firm to offer lower prices, which makes it harder for them to compete with some of their competitors that focus on price rather than quality (Participant A, E, G).

“We have lost customers because competitors press the prices. We work with quality while competitors work with prices”

( Participant E, personal communication, 2018-05-14).

Delivery problems were also stated as having a negative impact on the relationship with customers (Participant B, C), since problems for the customer can emerge when the supplier is not able to deliver in time (Participant A, C). According to Participant A and C, too many mistakes cannot occur if the company wants to retain its customer base. Mistakes can, for example, be related to quality aspects and delivery problems (Participant A, C). Participant C stressed that customers that are satisfied with the
processes that occur at the company do not have any reason to switch to another supplier, therefore, too many mistakes can have a negative impact on the relationship which might result in the defection of customers.

In addition to this, it was acknowledged by Participant H that in some cases customers are taken for granted, which weakens the relationship between the parties.

“(...) In many cases we take customers for granted, we do not visit them, do not show any interest for the customer, and that is also when they lose their interest. It is [then] difficult to get back the trustworthiness again since we have not showed any interest [earlier].”

5. Analysis

In this part of the study, an analysis of the empirical findings and the theoretical framework will take place. The research questions that have been the focus of this study are: How do Swedish B2B firms create value in their business relationships? and Why do customers switch suppliers despite the supplying firm’s efforts in value creation? These questions will guide the discussion in this chapter.

5.1 Value Creation and Relationship Quality

5.1.1 Value Creation

<table>
<thead>
<tr>
<th>Communication</th>
<th>Service</th>
<th>Quality</th>
<th>Delivery</th>
<th>Distance</th>
<th>Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trustworthiness</td>
<td>Efficiency</td>
<td>Testing of products</td>
<td>Efficiency</td>
<td>Being close to customer</td>
<td>Appropriate price for customer</td>
</tr>
<tr>
<td>Collaboration</td>
<td>Problem solving</td>
<td>Quality certificates</td>
<td>Own production</td>
<td>Same language as customer</td>
<td></td>
</tr>
<tr>
<td>Information sharing</td>
<td>Solutions for customer</td>
<td>High quality</td>
<td>Flexible production</td>
<td>No time difference</td>
<td></td>
</tr>
<tr>
<td>Continuous contact</td>
<td>Fast service / feedback</td>
<td>No defects</td>
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</tbody>
</table>

Table 4. Important Aspects in Customer Relationships

The factors that have been stated as having an important impact on the value creation for customers by the participants in this study can be found in Table 4. A majority of the participants stated that product quality is the most important value they provide to their customers (Participant A, B, E, F, G). It can be argued that this is the case since the main focus for both firms is on quality rather than price. In addition to this, it can be interpreted that product quality provides value to customers since less maintenance is
needed and less problems occur when the product do not break. Thereafter, the service
and the deliveries of the product were stated as crucial ways to work with value creation
(Participant A, B, C, G, H). However, Hansen, Samuelsen and Silseth (2008) argued
that it can be rather difficult to determine what the actual value in intangible services
are. According to the participants in this study, a valuable service is the one that is fast,
efficient and where the supplying firm is able to come up with solutions for the
customer in order to solve their problems (Participant A, B, C, E, F, G, H). These were
the stated aspects that both firms work with in order to create valuable service and
products for the customers and in turn differentiate among their competitors in order to
avoid that their customers switch to another supplier.

It can be argued that all of the stated aspects of value creation in Table 4 can have an
impact on the customers’ perceptions of value. The customers’ perceptions are of
importance, since it is they who determine what a valuable offer is and how this offer
can bring additional value to their own organization. It can be argued that some of the
factors that were stated by the participants at the supplying firms as important when
creating value is not as interesting for the customers. For example, both firms found it
valuable to have their own production since it makes it possible for them to plan the
production, customize products and fulfil customers’ requirements on a short notice
(Participant C, E, G). However, it can be discussed that the value for the customer is
that they are able to receive products on a short notice etc, and not the production itself.
This is also something that competitors might be able to fulfil as well, although they do
not have their own production. Therefore, the customers’ perception of value can differ
from what have been stated as valuable for the customers by the supplying firms.

According to Grönroos (2011), co-creation of value is the result of the communications
that takes place between two parties, which can have a positive impact on both firms’
performance and perceptions. Communications where information sharing, continuous
contact, honesty and collaboration takes place were stated as valuable by the
participants (A, C, D, E, F), and these factors can in turn impact the trustworthiness of
the company (Participant A, D). It can be argued that when the supplying firms have
continuous interactions with their customers it is possible to be perceived as committed
towards the company, since the firm demonstrates that they are interested in having a
relationship with the customer. According to Grönroos (2011) supporting customers can
impact their perception, trust, commitment and the comfort with the interactions in a positive way, and it can also make the supplier appear as more attractive. Therefore, it can be acknowledged that the customers’ perceptions of the relationship and the company has an important impact on whether the relationship will be perceived as valuable by the customer or not. In addition to this, it can be argued that satisfaction, trust and commitment are related to one another when it comes to the created value in business relationships. If the customer is satisfied with the product, service and interactions that occur between the two parties, the company can be perceived as trustworthy due to its ability to deliver products of high quality in time as well as committed because of the engagement in communications with the customer. These three factors; satisfaction, trust and commitment, can in turn have a positive impact on the customers’ perceptions of value.

Hohenschwert and Geiger (2015) argued that salespeople have an important role in the value creation for customers and Alejandro et al. (2011) stated that the key contacts are of importance since the company can be negatively affected if any of these would leave or be transferred. However, Participant A stated that having the same contact person for the same customer for a long time is not always beneficial for the company since the relationship can turn into being too personal. The same participant argued that when salespeople are replaced, it can actually be valuable for the customers since new people often have new ideas and do not work in the same way as the previous salesperson. Therefore, even if companies can benefit from creating strong relationships with their customers, it can be a good idea to change the sales force or certain customers’ contact persons at some point in order to provide the customers with new ideas and solutions, which in turn can be valuable for the customer. It can be argued that if customers are provided with the same proposals and solutions for many years, new contact persons with new ideas can create additional value for customers and might also come up with solutions and problem solving that the previous sales person did not consider.

According to Corsaro and Snehota (2010), the capacity of the salespeople such as flexibility, reliability and competence can be valuable for customers. It can be interpreted that the value for the customer does not have to be the interactions with the same contact person, but interactions with a competent contact person.
Among the factors that have been established as important for the value creation for customers in the business relationships by the participants, the distance between the business and the customer were brought up by both firms (Participant B, E, G). This was due to the convenience of being able to visit the customer efficiently and as soon as possible when needed, the possibility so serve customers in their own language as well as the avoidance of time differences (Participant B, E, G). It can be stated that these factors provide the customer with additional value besides the product, which can improve the customers’ satisfaction with the company, and in turn leads to stronger relationships (Ata & Toker, 2012). It can be argued that these three aspects makes it possible for the firms to differentiate themselves on the market. Since language skills and time differences are out of the company’s control, this is something some competitors might not be able to come up against. In addition to this, moving an entire production site can also be stated as rather complicated, therefore, the distance can also be difficult for competitors to shorten.

5.1.2 Relationship Quality

5.1.2.1 Trust

Gil-Saura, Frasquest-Deltoro and Cervera-Taulet (2009) stated that trust is the way a company works in order to achieve positive results for the other party in a relationship and avoid activities that do not. This was also acknowledged by the participants of the study, who claimed that trust can be created when the selling firm is able to keep their promises regarding, for example, deliveries and quality of the product (Participant G, H). In addition to this, the way a company is able to keep its promises towards their customers will have an impact on the perceived trustworthiness (Rauyruen & Miller, 2007). Participant C confirmed that trust can therefore be affected if the company cannot deliver in time, since this will have negative impacts on the customers’ processes. Trust can therefore be created by delivering in time, without defects and by sending what the customer actually wanted, which can positively affect the perceived trustworthiness of the firm which in turn affect the created customer value.

However, it can be argued that trust can either be created or neglected in all processes that occur in a relationship between a customer and a supplier. Firms therefore need to be able to keep their promises related to every stage of the sales process and in the relationship. For example, both firms were able to create trustworthiness due to
certificates that states that the products are of high quality, however, trust must also be involved in the deliveries and the service around the products, and that the customer is reassured that the supplying firm will be there for them when problems occur. Therefore, trust can be difficult to achieve due to the many aspects that needs to be taken into consideration in business relationships, and trust can also easily be negatively affected when disturbances occur in any of the processes. It can be stated that the customer value can be either positively or negatively affected when trust it either created or neglected.

5.1.2.2 Satisfaction
Chumpitaz Caceres and Paparoidamis (2007) found three levels of satisfaction; Interactions with personnel, Core Service, and The organization. The involved participants in this study stated that they find it important to provide service of high quality to their customers and continuously communicate with them (Participant A, E, F, H). In addition to this, they provide high quality products to their customers and make sure that the deliveries are in time and without any defects. When these requirements are met, customers are usually satisfied with the organization (Participant E, F, H). Participant G argued that dissatisfaction can occur when customers are not provided with the best solution for the lowest price, which is not possible for the supplying firm to fulfil since the higher quality is more costly. It can therefore be argued that value is provided to the customer by providing a product of high quality, which makes the customer satisfied, however, the customer can also be dissatisfied due to the higher price that comes along with that product. The supplying firm can therefore find themselves in a situation where they have to decide if they are going to lose money when providing a lower price to a customer that is not profitable for the firm, or lose the customer due to not being able to meet their requirements, which can also lead to the loss of money. It can be discussed that firms that mainly work with products of high quality therefore might need to find additional value to provide to the customer in order to make them satisfied, and to make it worth the higher price, since the created value related to quality is not always enough.

Rauyruen and Miller (2007) discussed that customer satisfaction and retention are related, and that these factors have an important role in the investigation of loyalty and why customers decide to repurchase from a specific firm. In addition to this, according
to Williams et al. (2011), satisfaction and loyalty are interrelated. Therefore, the more satisfied customers are with the supplying organization, the more loyal they will be towards it. It was discussed by participant B that loyalty might be easier to achieve in B2B contexts in general, due to the high risks for the customer to switch to another supplier. However, it was stated by Participant A that some customers might stay with the supplying firm due to the comfortability to continue with the known and familiar as well as lack of knowledge about the available options on the market. This might be the case since these customers have been purchasing from the same firm for so long that they might not know where to go if they would leave their current cooperation (Participant A). It can therefore be discussed whether customers that operates in the B2B sector do not switch suppliers because they are satisfied or due to the inconvenience and risk of switching to another supplier. Since many customers’ processes depends on the performance of their suppliers, the risk of switching might be too serious, and continuing with the familiar can therefore be a safety for these customers. However, this is something that should not be taken for granted, since this can change in the future with new technology, people and competition on the market. Also, this can be perceived as a risk that B2B firms need to take into consideration in order to avoid customer defection.

5.1.2.3 Commitment

In order for an organization to be successful with their customer relationships, it has been stated that commitment is crucial (Rauyruen & Miller, 2007). Communication was acknowledged as an important factor when demonstrating commitment to the customer by a majority of the participants (Participant A, C, D, E, F, G, H). This could also include how the firm was involved from the beginning until the end in the sales process (Participant E, G, H). The willingness to continue and develop a relationship and thereby stay with the same firm have also been stated as indicators for commitment (Rauyruen & Miller, 2007; Gil-Saura, Frasquest-Deltoro and Cervera-Taulet, 2009). It can be stated that both firms work in a way that makes it possible for them to be perceived as committed by their customers since they have continuous contact with them, work with problem solving and solutions that are beneficial for them as well as making sure that everyone at the company gets involved with the customers’ problems (Participant A, B, C, D, E, F, G, H). It can be interpreted that the perceived value of the customers is positively affected when commitment is present in the relationship.
Participant H claimed that problems with customer relationships can occur when the supplying firm takes the customer for granted. This occurs when no visits takes place and the firm does not show any interest for the customer, which makes it hard to be perceived as trustworthy later on by the customer (Participant H). It can be argued that when supplying firms take customers for granted it shows a lack of commitment. This can in turn have a negative impact on the business relationship between the two parties, when the supplying firm fail to communicate with their customers and show them that they are interested in continuing the relationship, which can result in customer defection in the long run.

5.2 Customer Defection in B2B

<table>
<thead>
<tr>
<th>Defection related to production</th>
<th>Defection related to product</th>
<th>Defection related to price</th>
<th>Defection related to problems</th>
<th>Defection related to competitors</th>
<th>Defection related to mistakes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Movement of production</td>
<td>Problems with specific product</td>
<td>Higher price than competitors</td>
<td>Delivery problems</td>
<td>Competitor has closer location</td>
<td>Take customers for granted</td>
</tr>
<tr>
<td>Problems with production</td>
<td>Too complex product</td>
<td>Increase in price</td>
<td>Quality problems</td>
<td>Competitor has lower prices</td>
<td>Customer is dissatisfied</td>
</tr>
<tr>
<td>Delayed production</td>
<td>Price adjustments</td>
<td>Production problems</td>
<td>Competitor has better service / delivery</td>
<td>Too many mistakes</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Wrong price to customer</td>
<td></td>
<td>Customer is satisfied with another supplier</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 5. Factors that Affect Customer Defection

A number of reasons were stated as having an impact on customers’ decision to end the cooperation or switch to another supplier. Table 5 demonstrates the different factors that
have been acknowledged during the interviews as having an impact on customers’ decisions to leave the company and cooperation. Kumar and Petersen (2012, p. 149) argued that the most efficient way to find potential defectors among customers is to gain knowledge about the reasons and factors behind the customer’s behavior. Table 5 demonstrates all the factors that were acknowledged during the interviews as reasons for the customers to leave the cooperation, however, it can be discussed that another way of detecting potential defectors could be to look at the reasons for customers to stay. By understanding why customers find the relationship with the supplying firm as valuable, it is also possible to understand when mistakes in these processes have made customers switch suppliers.

For example, value can be provided to customers by offering a product of high quality, however, this value can be decreased if the price is too high. It was stated during the interviews that price is a common reason for customers to switch suppliers, due to the price being increased or due to competitors offering lower prices (Participant A, B, C, E, G). Therefore, the higher value that makes customer stay in the form of high quality can also make a customer leave when the higher quality and costly materials requires a higher price. Another example can be that fast deliveries were stated as valuable for customers, however, when problems occur in the production and deliveries are delayed, it affects the relationship negatively.

Corsaro and Snehota (2010) stated that product quality, delivery performance, service support, personal interaction and supplier know-how are important factors that affect value in business relationships. According to the participants in this study, the most common reasons for customers to switch to another supplier were related to the production, product, price, problems, competitors and mistakes, where mistakes are related to the provided service for the customers. It can be discussed that the aspects that are of importance to consider in order to create valuable relationships for customers are also the ones that needs to be taken into account when avoiding customer defection. As mentioned above, the factors that can be valuable for customers can also decrease value when they are not managed properly, or when it is not possible to meet all of the customers’ requirements.
Friend *et al.* (2014) created a Conceptual sales failure model, where one of the categories, Non-relational sales proposal, focuses on the lack of ability to communicate benefits related to the business relationship itself. In this model it was stated that Inadequate collaboration, such as lack of perceived seller commitment and limited information sharing are reasons for customers to leave the cooperation (Friend *et al.*, 2014). It was stressed that customers might decide to leave the collaboration if the supplying firm takes them for granted (Participant A, H). It can be stated that when firms take their customer for granted, it can be perceived as a lack of commitment towards the customer, which will negatively impact the relationship. According to Participant H, customers were taken for granted when the firm did not show any interest towards them, visit them or contact them. It can be argued that the customers in Friend’s study and suppliers in this study’s perspectives when it comes to Non-relational sales proposal goes hand in hand, where the commitment to the relationship and lack of communications negatively affect the business relationship, due to negative impacts on the value creation.

Another aspect in the category of Non-relational sales proposal is Broken trust, which focuses on the unmet performance expectations and dishonesty (Friend *et al.*, 2014). It was stated during the interviews that some customers might leave the cooperation due to problems with products as well as the product being too complex and therefore hard to understand (Participant B, H). Participant C argued that when too many mistakes occur in the relationship, it is hard to be perceived as trustworthy. However, even if the supplying firm is honest about the mistakes that have occured and inform the customer about the incidents, it can be stated that there is a risk for negative impacts on the trustworthiness of the company. Therefore, even if the supplying firm is not dishonest towards their customers, broken trust can occur. It can be discussed that this in turn can negatively affect the perceived value for the customers.

Moreover, even if companies work with prices, production, and problem solving, additional factors can affect the value for the customers that might be difficult for firms to impact. For example, participant B, E and G stated that being close to the customer has a positive impact on the relationship, whereas participant E acknowledged that competitors with less distance to the customers are a greater threat. It can therefore be stated that there is a risk for customer defection if competitors open up production sites
that are closer. In addition to this, language was stated as an important factor when creating value in relationships, since customers appreciates being able to conduct business in their own native language (Participant B, E, G). Language can therefore also be a risk if competitors are able to speak the language of foreign customers. It can be interpreted that these factors creates a comfortability aspect for customers that are valuable for them.
6. Conclusions and Implications

This chapter will begin with a discussion of the conclusions of the study. Thereafter, theoretical and managerial implications will be presented. Moreover, limitations and suggestions for future research will be demonstrated.

6.1 Discussions

The research questions that have been dealt with in this study are:

- How do Swedish B2B firms create value in their business relationships?
- Why do customers switch suppliers despite the supplying firm’s efforts in value creation?

Communicating with customers in order to create strong relationships with them, as well as providing products and services of high quality and deliver in time are factors that can positively affect the perceived value among customers. This helps the supplying firms to appear as trustworthy and committed to their relationships, and it is also possible for them to make their customers satisfied, which is part of the perceived relationship quality. However, even if the product, quality, service and delivery have been acknowledged as effective aspects to consider when creating value in customer relationships, the same factors were stated as reasons for customers to switch suppliers if these were not managed properly. When comparing the findings of what aspects that have been stated as important when creating value as a B2B company, and what have been stated to be the reasons for customers to switch suppliers, it is rather clear that when the aspects that have a positive impact on the perceived value for customers are not enough, nor communicated or practiced properly, there is a risk for customer defection. In addition to this, it was found that having the same contact person for the same customer is not always what creates strong, valuable relationships, since it is the competence of the salesperson that creates value.

The definition of customer defection varied among participants, and there were numerous reasons for customers to switch suppliers. Among reasons such as problems with products, production and deliveries, which makes it difficult for customers to maintain their own processes, there were also less obvious reasons for customers to
switch suppliers. These involved other practical reasons for switching suppliers, including distance, language and time differences. These three aspects had a great impact on customers, since they enjoyed the possibility to be close to their supplying firms, to speak the same language as their contact person at the company and to avoid time differences. These factors creates comfortability and convenience for the customer but can be hard for the supplying firm to influence and control. However, it was stated that comfortability in some cases were so high that customers might stay with the cooperation even if they are not entirely satisfied with it. This is something that might change in the future, when new generations enters the companies with a greater knowledge about what options there are on the market and how to manage businesses abroad. Therefore, difficulties can emerge in the future related to the maintenance of customers that might have been comfortable enough to stay, but now have other options on the market to satisfy their needs, and a comfortability aspect should therefore be considered when investigating the reasons for customer defection. However, it is of importance to remember that value is the perception of the customers, meaning that in the end it is the customers that decide if an offer and a relationship is valuable enough to work for.

6.2 Theoretical Implications

In order to answer the stated research questions and fulfill the purpose of this study, the theoretical framework consists of models such as Gil-Saura, Frasquet-Deltoro and Cervera-Taulet’s (2009) Structural Model and Friend et al.’s Conceptual Sales Failure Model. Previous literature have stated that trust, satisfaction and commitment have positive impacts on customer relationships, however, few studies have focused on the negative aspects. This study provides suggestions of how relationship quality between two parties can be negatively affected, where the perceived trust, satisfaction and commitment are decreased. In addition to this, explanations of why customer defection occurs have been provided. Therefore, this study can be a contribution to the existing literature and the gaps concerning why some firms decide to defect their business cooperations and why firms fail with their sales initiatives.

6.3 Managerial Implications

This study has resulted in a number of factors and aspects that should be taken into consideration by firms when working with their business relationships in order to
maintain their current customer base and avoid customer defection. The factors that were stated as having an impact on the potential customer defection are related to production, product, price, problems, competition and mistakes. These factors should be taken into account by managers in order to avoid customer defection. In addition to this, it was stated that aspects that can have a positive impact on customer relationships are related to communication, service, quality, delivery, distance and price. These aspects should also be taken into account in order to create strong relationships that can be valuable for the other party, which also in turn can help firms avoid customer defection. Moreover, an additional reason for firms to continue a cooperation can be related to a comfortability aspect that should be considered by managers.

6.4 Limitations

In order to get an overview of how companies work with relationship value and quality for their customers and the effect it has on the retention of their customer bases, it would have been interesting to discuss the topic with some of their clients. The customers that would have been of interest for this particular study would be the ones that have decided to end a cooperation, or seem to be planning to do so. However, due to it being rather sensitive information from the selling firms’ perspectives, it has not been possible to get in touch with these customers. Therefore, this paper is limited to the selling firms’ perspectives, experiences and opinions. It can be argued that in order to receive an in depth understanding of why some customers have decided to switch to another supplier, the customers’ point of view and experiences are of high relevance and interest.

Since this is a qualitative study, it is of importance to remember that the findings cannot be generalized to an entire population or to all industrial companies operating in Sweden. The findings that have been presented in this study are the opinions and experiences of the employees of the two involved companies and should not be taken out of its context. However, the findings in this study can be considered and used by firms operating in similar contexts.

6.5 Suggestions for Future Research

A suggestion for future research can be to investigate customers and selling firms’ perceptions of their common business relationship and make comparisons of whether
these are in line and conformed. This can be interesting since, for example, it will be possible to see whether there are aspects that customers are not satisfied with that the selling firm has not noticed. Another direction for the investigation and comparison of customers and selling firms’ relationships could be to look into why a customer has decided to switch suppliers and what the selling firm believe the reason is. This could provide additional knowledge about perceptions and attitudes in B2B relationships.

In addition to this, it can be of interest to look into the reasons for loyalty when it comes to comfortability aspects. This can be of interest since some customers operating in B2B might only be loyal due to the convenience of avoiding risks with switching to another supplier as well as continuing working with what is already known. However, this is something that might change in the future when new generations enter the firms, with new ideas and techniques. Therefore, firms operating in B2B contexts could benefit from an investigation of the actual underlying reasons for loyalty.
List of References

- Friend, S.B., Curasi, C.F., Boles, J.S., Bellenger, D.N. (2014), ‘Why are you really losing sales opportunities? A buyers’ perspective on the determinants of


- Kumar, V., Petersen, A.J. (2012). *Statistical Methods in Customer Relationship Management*. Chichester: John Wiley & Sons, pp. 2-


Appendices

Appendix 1 Interview Guide

1. How would you define a lost customer / relationship?
   a. Why is that a lost customer for you?

2. When was the last time you lost a customer?
   a. Why did you lose that customer?
   b. How did you lose that customer?

3. What would you say are important aspects of your business relationships?
   a. Why are these important aspects?
   b. How do you work with these aspects?
   c. When do you work with these aspects?
   d. How do these aspects bring value to your customer relationships?

4. How do you think your customers perceive you as a company regarding trustworthiness, commitment and satisfaction?
   a. Why do you think that?
   b. Do you share that perception?
   c. How do you work with these aspects?