SNF-REPORT NO. 83/00

Brand Strategies and Brand Effects in Industrial Markets

by

Einar Breivik

SNF- project No. 6632 "Brand Strategies and Brand Effects in Industrial Markets"
The project is financed by The Research Council of Norway

FOUNDATION FOR RESEARCH IN ECONOMICS AND BUSINESS ADMINISTRATION
BERGEN, DECEMBER 2000

ISBN 82-491-0117-0
ISSN 0803-4036

Preface

This report is part of the project, Brand strategies and brand effects in industrial markets, financed by the Norwegian Research Council.

Several persons have contributed to this report. Rune Lines, Aksel Rokkan, Magne Supphellen, and Eivind Farstad have all contributed with valuable input to the present report.

Summary

The purpose of this report is to identify variables and situations that influence the importance of brands and brand strategies. Building strong brands may be of vital importance for these industries to compete with foreign companies both in international markets and in the domestic market. In the report we discuss the importance of brands and different brand assets in general. Since the literature has focused mainly on the consumer markets, most of the concepts are adapted from research in consumer behavior. However, we apply the concepts to an industrial context. The first part of the report contains a theoretical review of potential brand effects.

There are three types of brand effects that are tested in the report. First, we examine the role of brands as a means for decision simplification. Second, and somewhat related, we look at the use of brands as a means of reducing perceived risk. Finally, we look at brands as a means of obtaining influence in the buyer's decision process. In this report we do not distinguish between company reputation effects and brand effects, since the evaluative processes involved are similar.

To test the hypotheses two empirical studies were conducted. The first study involved purchase of salmon and included responses from retailers and wholesalers in three different countries: England, France, and Norway. The data were tested using LISREL 8.30 for a set of both single group and multiple group analyses. The second study involved purchase of red meat and the respondents were persons responsible for purchasing of meat in Norwegian restaurants.

The hypothesized effects of company reputation receive some support, although the effects in general are weak and several hypotheses are rejected. It appears that company reputation is important in risk reduction, since it is an important contributor to decision confidence. Furthermore, perceived purchase importance is positively associated with the importance of company reputation. The data analysis also revealed that retailers attached higher importance to

company reputation as opposed to the wholesalers. We found few differences with regard to nationality in the present study.

Based on the theoretical discussion and the findings it is concluded that also in industrial markets you find brand effects, although some of the effects admittedly are small. Some limitations and directions for future research are discussed.

Contents

Introduction

There are numerous articles and books written about brands and branding, but nearly all concern consumer products and markets. Although branding is claimed to be equally relevant for industrial products and business-to-business markets (cf. Aaker, 1991; Kapferer, 1993), there are few contributions that specifically address branding in an industrial context. This report focuses on the role of brands in an industrial context. Furthermore, since this project's goal is to investigate brand effects in industrial markets from the perspective of Norwegian fisheries and agricultural industries, the producers are typically small and medium sized firms (at least from an international perspective). Thus, building strong brands become increasingly difficult because of the limited resources and budgets typically involved. Consequently, both focus and consistency in marketing programs are critically important (Keller, 1998). The fact that very little is written about branding from the perspective of a SMB in an industrial context does not imply that branding is less important from the perspective of Norwegian fisheries and agricultural industries. Building strong brands may be of vital importance to these industries to compete with foreign companies both in international markets and in the domestic market. The purpose of this report is to identify variables and situations that influence the importance of brands and brand strategies. First, we discuss the importance of brands and different brand assets in general. Since the literature has focused mainly on the consumer markets, most of the concepts are adapted from research in consumer behavior. However, we apply the concepts to an industrial context. Consequently, we address potential differences between consumer and industrial markets from a purchasing perspective.

Report outline

The report is organized as follows. In the first part we include a brief review of the literature on the importance of brands and brand assets. We also include a section discussing brand image and other related sub-images. The subsequent part addresses the role of brands in product evaluation. In the following part we discuss the role of brands and brand management in different contexts. In particular, we highlight potential differences with respect to brand effects between consumer and industrial markets. Based on this review several hypotheses are developed. The final part contains the empirical analyses conducted to test the hypotheses.

The Importance of Brands and Brand Assets

A primary goal of marketers is to create competitive advantage by constantly adapting to and instigating change, since a competitive advantage is lost as soon as competitors are able to duplicate or counter a company's capabilities. However, increased technological adoption reduces opportunities to maintain a differentiation based on tangible product aspects. Hence, managers turn to immaterial aspects of products in search of a basis for differentiation and defensible competitive advantage (Shocker, Srivastava and Ruekert, 1994). Correspondingly, the focus is not primarily on the physical product, but rather on the perceptions of brands by customers. Brand building entails the selection and subsequent communication of a core set of strong, unique and favorable brand associations, that is the selection of a brand identity or brand concept (Park, Jaworski and MacInnis, 1986; Aaker, 1991; Kapferer, 1992; Keller, 1993). The overriding purpose is to develop a "unique selling proposition" in the mind of the consumer that establishes a compelling reason for buying that particular brand (Aaker, 1982; Wind, 1982). This kind of competitive advantage rooted in consumers' perceptions is easier to sustain than advantages based on physical and more easily copied aspects of the product (Aaker, 1991). At the same time as being more effective, the brand image position is more flexible than positions based on physical attributes of the product offering. Brand images can be maintained for longer time periods during which the physical product may change several times. Also, as the brand image is typically more abstract than a selling proposition based on physical attributes, it is more easily transferred to other products and therefore better suited for brand extensions.

The branding literature suggest that the brand provides several assets to firms referred to as brand equity, which can be several times higher than the company's book value. Aaker (1991) proposed that the following asset categories were most important to a brand's equity: Brand Awareness, Brand

Loyalty, Perceived Quality and Brand Associations. In addition to the above listed assets other proprietary assets such as patents and distribution power may contribute to the brand equity. The different brand assets have the potential to create value to both the company and its customers. Customer value is created by enhancing customer's confidence in the purchase decision, simplification of the purchase decision and enhancing use satisfaction, while company benefits include increased prices/margins, efficiency and effectiveness of marketing programs, sustainable competitive advantage and potentially more effective product development through brand extensions (Aaker, 1991). Keller (1998) also argues for the same benefits from brand equity, but proposes only *brand awareness* and *brand image* (brand knowledge) to be the two sources of brand equity. Keller's definition implies that brand associations and perceived quality are parts of the brand image, while loyalty is better conceptualized as a consequence of brand equity.

There are several forms of images that may have similar functions as a brand in the purchase decision, such as country-of-origin, corporate image and image of users. Thus, we address the relationship between brand image and different sub-images to get a broader picture of the different sources and influences on the brand image.

Brand Image and Different Sub-Images

There are several sub-images that may contribute to the brand image. The figure below illustrates different types of sub-images that may influence the brand image.

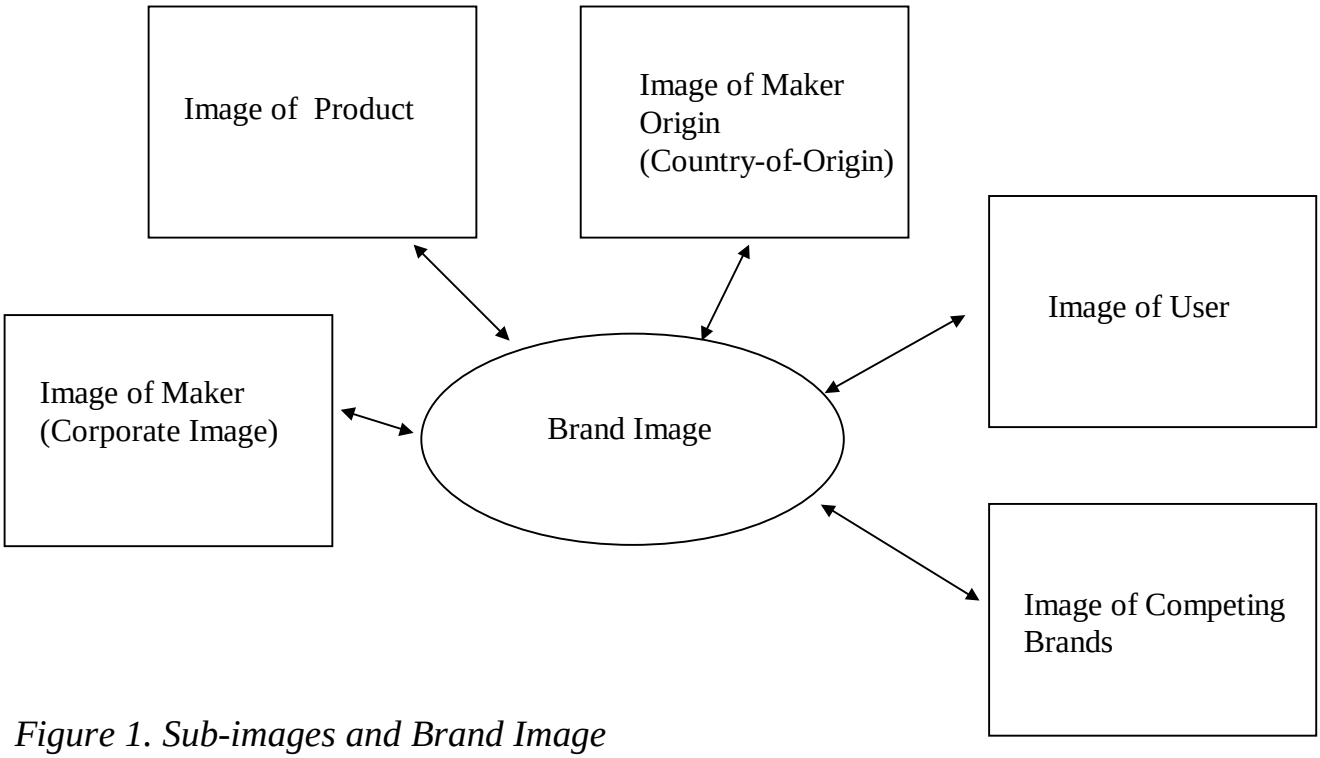


Figure 1. Sub-images and Brand Image

The importance of the different sub-images may vary for different products, contexts and individuals. For instance, in the case of some food products, such as Norwegian salmon, the country-of-origin image can be the dominating source of the brand image. However, the dominating part of the brand image of other brands, for instance Sony, IBM and Ford, stems from the associations linked to the company, while the brand image of Marlboro is almost not influenced by the corporate image of Philip Morris. In the latter case the users may contribute most to the overall brand image (Biel, 1993). Thus in some cases a brand image can be almost equated with one of the sub-images presented in the figure above, while in other several or all of the sub-images contribute to the brand image.

Corporate Associations (Image of Maker)

In the branding literature it is proposed that corporate associations influence the associations of the brand. There are some studies that have identified effects of corporate image in the retail industry and companies dealing in electronics (Dowling, 1993). However, little systematic research exists on these effects (Brown and Dacin, 1997). In a study of these effects Brown and Dacin distinguished between corporate ability associations and the company's perceived social responsibility. In a study of new product evaluations both factors were found to influence the evaluation of the company. Furthermore, the perception of corporate ability was found to influence the evaluation of product sophistication. However, the effect of corporate evaluation, which can be seen as a global set of company associations, was found to have mixed effects on the product evaluation. In their first study a significant positive effect was found, but this effect was not confirmed in their second study. Although the empirical results from this study do not provide unambiguous support for the effects of the company image, the numerous anecdotes and stated importance of the corporate image suggest that managers should be aware of the potential of a strong company image. Indeed, studies including corporate reputation have found this to be a significant contributor to consumers' satisfaction (Selnes, 1993).

Dowling (1993) argues that to develop a company image into a corporate asset, the companies should employ means similar to those used for branding in general. Managers must co-ordinate the company's vision, marketing communications, corporate strategy, organizational design and culture. Again consistency and integration appear to be the key concepts.

Country-of-Origin (Image of Maker Origin)

There are several ways that the country-of-origin can affect the evaluation of products. Li and Wyer, Jr. (1994) identified four different ways for the country-of-origin to affect product evaluations:

1) as a product attribute whose implications combine with other attributes to influence evaluations,

2) as a signal to infer more specific product characteristics,

3) as a heuristic, and

4) as a standard relative to which the product is compared.

Depending on the consumer's familiarity, availability of attribute information, importance of evaluation and the order of in which country-of-origin and intrinsic product information was presented, different models appeared to be applicable (Li and Wyer, Jr., 1994). In fact, only the country-of-origin as a heuristic model did not receive support. However, there is a fifth potential model where country-of-origin can function as a screening or a rejection criteria, determining the consumer's consideration or choice set. In determining relevant (acceptable) or irrelevant (unacceptable) alternatives country-of-origin may very well function as a heuristic.

There are several studies that suggest that country-of-origin or a link to foreign country perceptions influence product evaluation. For instance, Leclerc, Schmitt and Dubé (1994) found that the use of French branding actually changed consumers' perception even in the presence of direct sensory experience. In marketing the link to the maker's origin is often exploited, either embedded in the brand name (such as SAS or Dale of Norway) or as the main theme in marketing campaigns (such as Jarlsberg).

Associations of Products, Users and Competing Brands

Associations of products, users and competing brands may also influence the brand image. For instance, product category associations are found to be important for brand extensions. Keller (1998) suggests that one should try to avoid extending brands into categories that is seen as easy to make. Users may

also be a substantial source of associations for the brand image. Prestige and symbolic product concepts are often associated with particular users that may either facilitate or inhibit an intended brand image. Other brands may also influence the brand image, i.e. through their influence on product category associations.

The Roles of Brands in Product Evaluation

In this report we will focus on potential branding effects in industrial markets (business-to-business). Consequently, we will address the role of brands in purchasing decisions from an industrial purchaser perspective. However, since most of the branding literature has focused on consumer behavior we start out with a review of branding effects in general before we return to branding effects from an industrial perspective. Previous research indicates that the brand affects product evaluation (Jacoby, Syzabillo and Busato-Schach, 1977; Allison and Uhl, 1964). The brand may serve several roles in the product evaluation. First, brands are important for *identification* of a product. In most product categories there are numerous alternatives from which the customer can choose. However, the consumer is not willing or able to process information regarding all alternatives. Thus, he or she is likely to focus on brands he/she is aware of. Furthermore, brands are also used to *differentiate* between product alternatives. In this differentiation process brands may serve both as a heuristic for simplification and risk reduction. Finally, brands sometimes provide unique value to consumers as means for signaling status or social position.

Brand Identification

The impact of branding on current marketing research also reflects managers' growing problem of catching and keeping consumers' *awareness.* When the number of competing brands increases, the struggle for a "top-of-mind position" is intensified. Research has demonstrated that a high awareness level for a brand may inhibit recall of competing alternatives (Alba and Chattopadyay, 1986; Laurent, Kapferer and Roussel, 1995). Thus, a central goal for brand image management is to increase brand awareness as the communicated brand image provides a focus for consumers' brand perceptions (Park, Jaworsky and MacInnis, 1986). When the same limited set of carefully positioned associations

are communicated over time, a strong and more distinct memory trace is created, which in turn improves the probability of consumers' recall and recognition of the brand under different conditions (Rossiter and Percy, 1987). Brand awareness has proven important in consumer decision making for several reasons. First, brand awareness is strongly related to the likelihood that a brand will be a member of the set of alternatives that the consumer seriously considers for purchase (Nedungadi, 1990). Second, brand awareness can affect decisions about brands within the consideration set. For instance, Jacoby, Syzabillo and Busato-Schach (1977) found that some consumers applied a decision rule only to buy well-established brands. This kind of decision rule is particularly pertinent to situations where consumers have low involvement and/or lack of product knowledge (Petty and Cacioppo, 1986). Finally, brand awareness is a precondition for the qualitative effect of the brand image on brand evaluations. A favorable and unique brand image will have no effect if it is not captured by consumers' awareness in situations where choice or considerations set formations are made. Persistent and image-consistent brand management also enhances *brand familiarity*. When the same associations are communicated consistently over time, the brand image become clearer and the consumer develops a better understanding of what the brand is all about (Aaker, 1991; Park et.al., 1986). Familiarity, in turn, is positively correlated with liking and, hence, with choice probability.

In addition to awareness branding is important for *differentiating* products. Consequently, it is important to consider how brand image is employed in consumer evaluation processes. Brands may serve as an information chunk used by the consumer as a simplifying heuristic in the evaluation of products. The idea that buyers use certain types of heuristics to simplify a decision task is prevalent in several research areas within marketing. Accordingly, the importance of brands in product evaluations is likely to be affected by both the difficulty associated with the evaluation task and the perceived risk associated

with the purchase decision. Consequently, factors such as evaluation difficulty and perceived risk need further examination. Finally, brand image (associations) can also add meaning and value to the product. For instance, brands may evoke affect similar to that of a person (brand personality, cf. Aaker, 1997; Aaker, 1999), and also be a potential relationship partner (Fournier, 1998).

Evaluation Difficulty

What makes an evaluation task difficult? It is possible to distinguish at least two different dimensions; perception of goal and perception of processing effort (Waern, 1982). The former dimension refers to the definition and representation of the task or problem at hand. This implies that difficulties with respect to this dimension correspond largely to ill-defined problem representations. The latter dimension is a process variable that mainly captures the level of effort needed to solve a particular problem. A number of factors can make a task ill defined and thus influence the degree of difficulty in evaluating a stimulus. Kaufmann (1988) identifies at least three conceptual distinct aspects of stimulus conditions that can make a task difficult. These are novelty, complexity and ambiguity. The first source of difficulty, novelty, refers to lack of familiarity in making a decision or judgment, while complexity refers to the number of information pieces (or information load) that are to be put together. The third aspect of difficulty is ambiguity. Ambiguity can occur due to competing images or goal structures.

Within the marketing field a number of theories address the difficulty imposed on the consumer facing decisions involving novel products (e.g. Carpenter and Nakamoto, 1989; Ozanne, Brucks and Grewal, 1992). A particularly relevant contribution can be found in the literature with respect to the adoption process, where it is suggested that the consumer goes through different phases ranging from problem awareness to product adoption. The adoption process can be thought of as containing three different stages, starting

out with a cognitive stage including problem perception, awareness and some aspects of comprehension (Horton, 1984). The second stage can be conceptualized as an affective stage including comprehension and attitude, while the third stage is a conative stage including trial and adoption. Furthermore, a number of theories on attention and perception are used in order to explain phenomena regarding novelty of product decisions, pointing out biases and weaknesses with respect to problem solving as a consequence of selective attention, limited problem solving capacity and so forth.

In consumer research several aspects of complexity that affect ease of evaluation have been investigated. This focus on complexity can be identified in research areas such as information load (Jacoby, Speller and Kohn, 1974; Keller and Staelin, 1987), task complexity (Payne, 1976), task format (Bettman and Kakkar, 1977; van Raaij, 1977; Bettman and Zins, 1979) and technical wording (Anderson and Olson, 1980). The information load paradigm suggests that decisions become more difficult if the number of alternatives and number of attributes (or both) are high, resulting in an overload of information. According to Jacoby et al. (1974) a decrease in decision accuracy when the amount of information was too high, while others have found that decision accuracy increases with more information (Russo, 1974) or there is no relationship at all (cf. Best and Ursic, 1987). Within alternative variance[1] and the similarity of alternatives are also found to be significant factors explaining decision accuracy (Best and Ursic, 1987). Best and Ursic (1987) found that high within alternative variance and high degree of similarity between alternatives had more negative influence on decision accuracy (decreasing) than number of attributes and alternatives. Keller and Staelin (1987) found decision accuracy to increase with higher information quality and to decrease with increasing information quantity. Information quantity refers to the number of alternatives and attributes, while information quality refers to the information's inherent usefulness (measured

[1] Defined as the extent of agreement between all the information pieces of a brand.

through an importance rating). Other research areas such as task complexity and information format identify different processing strategies as a result of differences in the stimuli[2]. Although some of the above listed contributions also claim to look at the quality of the information (Keller and Staelin, 1987), most of the studies are concerned with quantitative aspects of information and/or the valuation aspects of the attribute bundle (attribute variability within an alternative or attribute variability between alternatives).

In advertising the use of technical wordings is assumed to add to processing difficulty. Traditionally one has assumed that the best strategy is to "keep it simple" in order to obtain persuasive effect (Anderson and Olson, 1980). The argument opposing this traditional view is that the use of technical wording should vary across market segments, in order to match the technical level of the advertisement with the technical level of the market segment (Anderson and Olson, 1980). Support for this proposition can be found in the literature where prior knowledge is one important factor that facilitates processing of technical information (Johnson and Kieras, 1983).

Ambiguity is the third source for perceived evaluation difficulty. An image, or product representation, may be ambiguous because of the lack of relevant information or a surplus of irrelevant information (Lindsay and Norman, 1977). It can also be ambiguous because of the existence of several different ways of constructing a meaningful representation of the product. Within consumer behavior ambiguity has been addressed both in theories of learning from product experience (Hoch and Ha, 1986; Hoch and Deighton, 1989) and advertising - evidence interactions (Ha and Hoch, 1989). Ha and Hoch (1989) define product ambiguity as "the potential for multiple interpretations of product quality". They also propose that consumers making global evaluations go through a three-stage process: (1) identifying relevant attributes for

[2] Task complexity refers largely to the quantity dimension mentioned above (Payne, 1976), while format refers to the information presentation (Bettman and Zins, 1979). However, the focus is on processing strategies.

consideration, (2) evaluating the level of each attribute, and (3) combining this information to form an overall evaluation of each alternative. Ambiguity may be present at all stages. Little product experience, excessive information load or lack of relevant information may cause problems in identifying relevant attributes. Attributes that are fuzzy or entangled with other attributes can result in problems with determining attribute levels. Ambiguity at the latter stage in the above outlined process may arise if consumers cannot apply a consistent information strategy (Ha and Hoch, 1989). Such a situation arises when consumers cannot identify dominant alternatives.

Evaluation difficulty can also be addressed as process variables. Process variables such as invested effort and time might be used as indicators of evaluation difficulty. Waern (1982) identified perception of processing effort as one dimension of difficulty. A task is perceived as more difficult the more effort one has to invest to reach a satisfactory result.

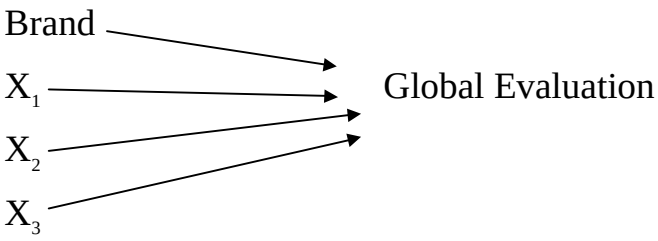
Brand Effects and Evaluation Difficulty

In the above sections three different sources of difficulty were identified; complexity, novelty, and ambiguity. Brands can be used as a simplifying heuristic in all situations. In consumer behavior the notion of information chunk points to the brand as a simplifying heuristic (Jacoby, Szybillo and Busato-Schach, 1977). The models presented in Figure 2 below illustrate different roles of the brand in product evaluation.

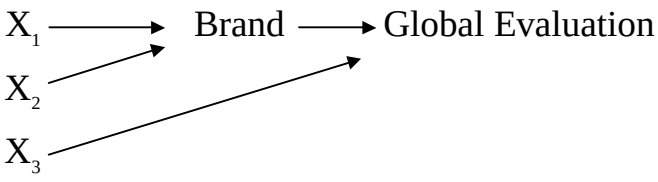
Model 1 suggests that the brand is one out of several attributes included in a multi-attribute model. The brand may serve as a signal of some kind of status or position, and thus add value to the product. The role of the brand is dependent on the relative importance weight ascribed to the brand compared to the other attributes. Simple decisions and/or situations with highly involved consumers might employ model 1. However, the other models point to simplifying heuristics involving the use of brand image. Model 2 proposes that the brand

attribute is a summary of other attributes. Consequently, the brand functions as a simplifying heuristic by incorporating a number of attributes into one dimension. The basis for this summary process, including what attributes and the levels of attributes, tends to vanish over time. Thus model 2 might eventually turn out to be rather similar to model 1. The third model suggests that the brand attribute functions as a driver of the other attributes. This implies that the brand image evaluation positively influences the evaluation of other attributes and subsequently the global evaluation. An alternative to this model would be that a brand within a choice or consideration set determines the relevant attributes. This could be the case in situations with novel products, particularly in the context of brand extensions. The fourth model, the general impression model, illustrates that all the other evaluations, including global evaluation, is derived from the brand image. In situations with high levels of ambiguity and complexity this would be a simplifying heuristic that make evaluations possible.

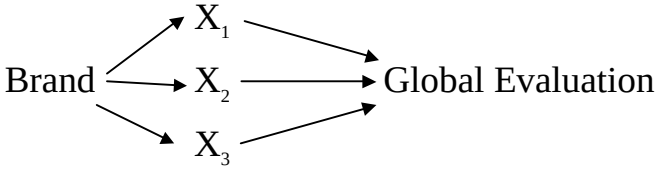
1) Brand as one out of several attributes



2) Brand as a summary construct



3) Brand as driver



4) Brand as a general Evaluation impression

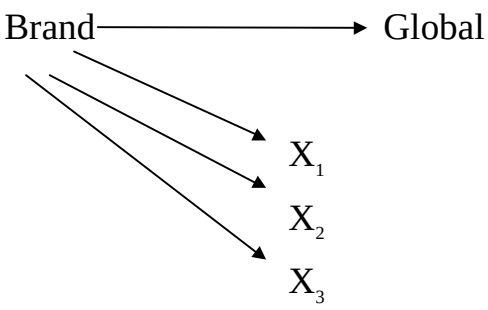


Figure 2. The Role of Brands in Product Evaluation: Alternative Models

All the above models, with the exception of model 1, suggest some kind of simplifying heuristic involving the brand. Consequently, the identification of situations where these models are relevant is an important issue. In addition to the above outlined models the brand may function as a screening heuristic determining whether an alternative should enter the consideration or choice set. This model suggests that the purchaser use the brand to decide upon an acceptable set of brands and then consider these alternatives in more detail (Nedungadi, Mitchell and Berger, 1993). Although the importance of the brand in this situation is significant, it is not easy or straightforward to estimate the impact of the brand on the final choice.

Perceived Risk

Consumers change behavior when they experience risk. They search more information, become brand-loyal, stick to well-known brands, and take other steps to minimize product failure (Folkes, 1988), such as reduction of aspiration levels and risk adoption (Cox, 1967; Murray, 1991; Dowling and Staelin, 1994). Roselius (1971) pointed out four different strategies for risk resolution. The first strategy implies decreasing the probability that a purchase will fail or reducing the severity of real or imagined loss if the purchase should fail. The second strategy involves a shift from one type of perceived loss to one for which the buyer has more tolerance, while the third strategy is to postpone the

purchase. Finally, the fourth strategy is to make the purchase and absorb the unresolved risk.

Research on information acquisition has investigated the effect of risk with respect to search for information. For example, Jacoby et al. (1994) studied the relationship between information acquisition and uncertainty reduction. They found that subjective uncertainty reduction followed distinct information acquisition patterns, with the dominating pattern conforming to an accelerating or linear power function. Another research area is the use of information sources and their influence on the risk reduction strategies employed by consumers (Murray, 1991; Weinberger and Brown, 1977; Swartz and Stephens, 1984). Consumers use two broad types of information sources when evaluating products; internal and external information sources (Bettman, 1979). Examples of internal information sources are past product and purchase experiences, and previous learning about the environment (Murray, 1991). Several typologies of external sources are found in the marketing literature. External information can be classified in terms of source origin (marketer-dominated or general) and source type (personal (face to face) or impersonal (mass media)). Engel and Blackwell (1982) combined the above dimensions (source origin and source type) in a two-by-two matrix including cells for 1) word-of-mouth, 2) general media, 3) personal selling, and 4) advertising. Murray (1991) included impersonal and personal advocate information sources (marketer dominated), impersonal and personal independent information sources, direct observation, personal experience and outright purchase in his study. Studies have found that consumers demonstrate a higher preference for interpersonal sources (Perry and Hamm, 1969) and personal experience (Locander and Hermann, 1979) as external information sources, when the perceived risk associated with a purchase increase. Examples of personal sources are the observed attitudes of others towards the product, such as others use and ownership of the product, and verbal opinions of

others' towards the product (i.e. recommendations, etc.). Several studies investigating differences in information acquisition patterns between traditional products and services have found that preferences with respect to different information sources vary between the two categories (cf. Zeithaml, 1981). These differences are attributed to differences in perceived risk, where services are said to involve heightened risk level as compared to traditional products (Murray and Schlacter, 1990; Murray, 1991). Weinberger and Brown (1977) investigated differences in informational influence of various information sources between goods and services. Their study focused on differences in informational influences associated with the use of three external information sources; neutral, consumer and marketer-dominated sources. The main hypothesis was that services were more susceptible to external information influences than goods, due to the heightened risk and evaluation difficulty associated with services compared to goods. The results provided mixed support for this hypothesis, although the authors concluded that the study supported much of the conceptual service literature (Weinberger and Brown, 1977). Swartz and Stephens (1984) studied information search for services and found that contacts with provider (personal marketer-dominated) were the most important information source for the included services. This information source was even more important than independent personal sources. Murray (1991; also see Murray and Schlacter, 1990) presents a comprehensive study of differences in consumer information acquisition activities between goods and services. Again, the higher perceived risk associated with services as opposed to goods serves as the basis for the study. The hypotheses are concerned with usage and preference for information sources, effectiveness of information sources, and confidence in information sources. All Murray's hypotheses are supported and the author concludes that purchasing of services is associated with heightened perceived risk, and accordingly the information acquisition strategies for services differ from those strategies employed when purchasing goods (Murray, 1991). Murray (1991)

argued, based on previous findings on information acquisitions and risk perceptions (cf. Murray and Schlacter, 1990), that the consumer may utilize the following risk reduction strategies:

1) use of more information sources (or decreased preference for outright purchase),
2) increased reliance on personal information sources and finally
3) increased reliance on personal experience and increased use of direct observation.

All purchases necessarily involve risk, or can be seen as a form of risk-taking behavior (Bauer, 1967). The perceived risk approach conceptualizes risk as a function of the amount at stake (consequences if the act was not favorable) and the individual's subjective feeling or degree of certainty that the consequences will be unfavorable (Cox, 1967; Dowling, 1986). Thus, perceived risk can be conceptualized as containing two dimensions: Risk importance and risk probability. These two dimensions are taken from Laurent and Kapferer (1985). Furthermore, the perceived risk literature suggests that the construct includes a dimension containing the product of risk importance and risk probability, since the perceived risk literature suggest that the absence of either dimension eliminate risk (Dowling, 1986). In some cases only the product term is used to conceptualize perceived risk. However, both risk importance and risk probability have been found to influence the extensiveness of the decision process (Kapferer and Laurent, 1985/86). Also, risk importance and has been found to influence use of information sources such as use of personal and impersonal information sources, reliance on personal experience, direct observation and preference for outright purchase (Breivik, 1995). In a follow-up study the effects on use of information sources of both risk importance and risk probability was examined as well as an interaction term between the two risk dimensions. Only risk importance turned out to be significant in explaining the use of information

sources outlined above. Risk probability was only found to have a positive impact on the use of personal information sources, while no effects were found for the interaction term (Breivik and Troye, 1998). Accordingly, consumers will engage in an extended information acquisition process, which implies that consumers are less inclined to purchase a service/product with high levels of risk importance and risk probability without some form of information processing prior to purchase.

Brand Effects and Perceived Risk

Consumers can arrive at product evaluation estimates from a variety of external information sources. The discussion above has illustrated that different sources are perceived differently in terms of their risk reduction potential. Brand images or perceptions, either communicated by others or by previous experience or encounters, have the potential to be included in a risk reduction strategy. Previous studies have demonstrated that the brand name influenced consumers estimate of product failure (Folkes, 1988). Furthermore, previous studies have found that consumers are more satisfied with their decision when brand information was available (Jacoby, Szybillo and Busato-Schach, 1977). There are several potential explanations for these findings. First, brands may serve a function as an information chunk and thus contain other information pieces (similar to Model 2 in Figure 2). Second, the unavailability of brand information may appear unrealistic and consequently the results may reflect an unrealistic experimental condition and thus be merely a methodological artifact. Third, the brand may serve as a risk reduction strategy, since consumers may demonstrate higher confidence in familiar brands. The latter explanation is in accordance with most of the branding literature (Aaker, 1993; Keller, 1998).

Brand Effects in Different Contexts

Brand effects are expected to differ depending on the decision context. In the following we address the impact of product characteristics, decision involvement and the decision makers familiarity and knowledge with the purchase decision situation. Although there are potentially more contexts that could affect the importance attributed to brands, such as social situations and peer pressure, we will only deal with these issues to the extent that they are present in the treatment of the three above mentioned decision contexts.

The Importance of Brands Depending on Product Characteristics

The processing of product and brand information is likely to be influenced by the purchaser's ability to process product information (Bitner and Obermiller, 1992). Furthermore, the purchaser's ability is dependent on the available product information or the product characteristics. There are several different typologies of product characteristics offered in the literature. Different product characteristics may influence brand evaluations differently depending on the typology one is using. One such typology is the distinction between search, experience and credence characteristics, which we do believe is particularly relevant for investigating differences in brand evaluations depending on the product information available. Nelson's (1970; 1974) classification of search and experience characteristics, and Darby and Karni's (1973) extension of this classification to also include credence qualities, has been used to explain differences in evaluation difficulty (Zeithaml, 1981). Search characteristics are available prior to purchase (e.g. color, texture, etc.) and are consequently assumed to be easier to evaluate compared to experience characteristics that require product experience in order to be evaluated (comfort, reliability, taste). The proportion of search relative to experience qualities has even been used as a direct measure of pre-purchase difficulty (Arnthorsson, Berry and Urbany,

1991). Although simple in definition, the use of Nelson's classification is not frequently found in the marketing literature. Surprisingly little has been written about the antecedents that differentiate search from experience attributes (Wright and Lynch, Jr., 1995). Wright and Lynch, Jr. argue that the consumer possesses a reliable subjective inferential rule for search attributes that links an observable aspect of the product with a desired attribute, benefit or outcome. For experience attributes the consumer perceives a far less reliable link between information available and the benefits or outcomes experienced later. Experience attributes can thus not be verified before use. The evaluation becomes even more difficult when the products contain mainly credence characteristics that cannot be assessed even after consumption, without requiring extra information gathering (i.e. many consultancy services). The evaluation difficulty associated with experience and credence characteristics can be found at several stages. First it may be difficult to identify and find relevant attributes due to complexity and ambiguity. Second, it may be difficult to discriminate between alternatives on the identified attributes due to ambiguity. Finally, the integration of attribute evaluations into an overall evaluation further adds to the problems described for the earlier stages. Consequently, brand effects are expected to be more influential in situations where the product contains more experience and credence attributes as compared to situations where search characteristics are the dominating part of the product.

The Importance of Brands Depending on Decision Involvement

Consumers and industries face a lot of decisions with low levels of involvement. A theoretical conceptualization that might shed light on how involvement influences decisions is the Elaboration Likelihood Model (ELM) (Petty, Cacioppo and Schumann, 1983). The ELM identifies two different routes to persuasion; a peripheral and a central route. The central route views "attitude change as resulting from a person's diligent consideration of information he/she

feels is central to the true merits of a particular attitudinal position" (Petty et al., 1983), while a peripheral route is not characterized by careful considerations of pros and cons of an alternative. The literature on ELM has identified involvement (Petty et al., 1983; Axsom, Yates and Chaiken, 1987; Borgida and Howard-Pitney, 1983), need for cognition (Cacioppo and Petty, 1982; Cacioppo, Petty, Kao and Rodriguez, 1986) and ability (Bitner and Obermiller, 1985) as mediators and moderators in predicting the route that is most effective in persuasion. A peripheral route is most likely when a person has a low level of involvement, low need for cognition and is less able to process relevant information. Miniard, Sirdeshmukh and Innis (1992) have investigated the effect of different persuasion routes on brand choice, and found that a peripheral route only had effect if the accessible central decision inputs did not possess diagnosticity. Diagnosticity of the decision input was linked to discriminative ability that is closely connected to the perceived variability among alternatives with respect to the decision inputs. This finding supports the proposition made by the services marketing literature, where services are said to lack diagnostic information inputs and thus facilitate the reliance on surrogate (or peripheral) cues in product evaluations. The ELM model suggests that involvement directly influence decision strategies. In low involvement situations consumers' employ simplifying cues and heuristics, while a more careful evaluation process is associated with high involvement situations. Consequently, brand effects are more likely in low involvement situations than in high involvement situations.

The Importance of Brands Depending on Familiarity and Knowledge

There exists a large body of literature that has identified differences between novices and experts with respect to information search and processing (cf. Alba and Hutchinson, 1987). Experts are supposed to use more and make better use of available information as compared to the novices. Consequently, the ability dimension raised within the ELM also refers to the consumer's

knowledge/familiarity with the product category. Highly knowledgeable consumers are less likely affected by brand effects compared to less knowledgeable consumers.

Although the consumer literature has identified several brand effects and situations where brand effects are more or less likely, the results do not necessarily extent directly to industrial markets. To assess the extension potential of the results it is important to address how different industrial markets are to consumer markets. Thus, in the following we will address proposed differences between consumer and industrial markets.

Consumer versus Industrial Buying: How Different?

Industrial purchasing is claimed to differ from consumer purchasing. However, different perspectives on industrial purchasing are also found in the literature. The two most common perspectives stem from the distinction between a transactional versus relational focus. The first perspective views industrial purchasing to be a structured buying process focusing on single transactions, while the second perspective stresses the role of relationships made up of a sequence of episodes or transactions which must be examined together and not as unique instances. In the following we first review relevant characteristics of the transactional perspective and address potential branding effects. Then we discuss potential branding effects for the relational perspective.

Industrial Buying and Branding Effects: A Transactional Perspective

This perspective has the transaction as the focal point when addressing industrial purchasing, which is similar to most of the research within consumer behavior. However, Webster (1984) states that industrial purchases typically involve more people and are better structured (not necessarily more rational) than consumer decision making. Industrial purchasing is more often dependent on persons and departments occupying different roles and consequently industrial purchasing involve a higher degree of functional interdependence. Furthermore, the products involved are frequently more technically advanced and consequently require more skills than most decisions involving consumer products. It is frequently assumed that industrial buyers are highly *motivated* to perform buying tasks in a manner that secures good fit between the final choice of supplier and the firm's relevant goals (Ames, 1970; Webster, 1988; Hutt and Speh, 1985). In contrast, high levels of motivation and product involvement are assumed to a lesser extent to characterize the consumers' buying process. Since consumers often are less involved in the product they typically conduct less

extensive information search and engage only in superficial processing of the available information (Olshavsky and Granbois, 1979). Further, industrial buyers are assumed to have *high levels of relevant knowledge* for performing the different stages in the buying process as compared to consumers. In standard models of industrial buying behavior (e.g. Webster, 1988) an implicit assumption is that all available alternatives are known. This is in contrast with models of consumer's decision making, where generation and composition of awareness sets and consideration sets, as well as their impact on the final choice, are important research topics.

The "rational" model of industrial buying behavior outlined above leaves relatively little room for branding effects. If we are dealing with a fully informed buyer who selects alternatives based on a comprehensive evaluation of all alternatives on all relevant criteria, it is not likely to observe strong brand effects on decisions. However, it appears somewhat unlikely that individuals that behave "irrational" in general, suddenly become completely rational in a work context. Thus, in the following we will address some of the implicit assumptions underlying the "rational" model of industrial buying. There are several factors that may influence the decision process resulting in less rational decision models. The factors producing these violations are related to the structure in the supplier sector, product/service characteristics and buyer knowledge and involvement.

Awareness of Relevant Alternatives

Rationality in a strict sense (choice of optimal alternative given a firm’s objective function) requires awareness of all relevant alternatives. Unless all alternatives are known, there is no way to secure that an optimal alternative is chosen. For many agricultural and fisheries products, the number of possible suppliers is so high that it is unlikely to be aware of more than a small fraction of the alternatives. For a French smoked salmon manufacturer, there are

probably more than 100 possible suppliers from Norway alone. As the Norwegian market for agricultural products becomes deregulated, the numbers of suppliers facing food industry firms such as Orkla and Rieber are likely to increase sharply, leading to a situation similar to the one facing French salmon smokers. When the number of alternative suppliers becomes high, it is likely that even industrial buyers will rely on simplifying information processing heuristics in order to generate consideration sets (the set of suppliers which are further considered). This situation will give way for brand awareness effects like those previously described for consumers. Well known industrial brands have higher probability of being included in the consideration set, and therefore experience a higher likelihood of being purchased. Thus, the study of processes involved in how different alternatives enter the consideration set may be just as important for industrial markets as compared to consumer markets.

Product Characteristics

According to the rational model of industrial purchasing behavior, the task of comparing alternatives is limited to a relatively straightforward collection of information on unambiguous supplier characteristics. The model implicitly assumes that the level of relevant factors (attributes) for each alternative can be estimated without greater difficulty. According to research in industrial buying behavior, purchasers emphasize supplier attributes such as reliability, ability to develop according to the changing needs of the focal company, market orientation, capacity to participate in concurrent engineering projects, just in time logistics, technological competence, precision of delivery and so on. Even if personnel involved in the purchase task are highly motivated and competent, there is no way the levels of many of these criteria can be estimated with certainty for the alternatives. Usually the error component in the estimates will be rather large, which makes it difficult to rely exclusively on a rational, computational procedure for making the decision. This shortcoming of the

rational approach opens the possibility for brand effects based on beliefs concerning the levels of relevant attributes in a way that resembles the mechanisms found in consumer markets. Also, industrial brands can be used as a proxy for overall evaluation. Both the complexity of products and the diagnosticity of product information prior to supplier selection contribute to these kinds of brand effects.

Information Integration and Rationality

According to the rational model of industrial buying, integration of information on relevant attributes is quite straightforward. However, given that a purchase decision frequently is taken by a buying center, it is unlikely that the relative importance of different criteria not differ across members of the buying center. Some of the members might emphasize supplier development potential of the alternatives, while others stress unit price. Some might stress unit price while others are more concerned with life cycle costs. Unless levels of different attributes can be weighted and combined into an index representing overall evaluations, it will be difficult to rely on calculation for making supplier decisions. A rational decision mode requires a weighting scheme and explicit rules for combining attribute levels that are known to and accepted by all participants in the buying center. Research on industrial buying has also identified formal or informal organizational units to perform different buying tasks. These units are termed buying centers whether they form permanent organizational units as part of the formal organizational structure or not. The existence of buying centers have led the researchers' attention towards group processes preceding the final choice, and a focus on participation, power and influence in the process (e.g. Kohli, 1982). For selection of seafood suppliers, a recent survey reveals that the average size of buying centers in France, Spain and UK is 2.5 persons, ranging from one to four (Lines, 1995). Research from other sectors shows that buying center size varies by industry (e.g. Johnston and

Bonoma, 1981; Lines and Denstadli, 1994). In situations were participants have different preferences for alternatives (e.g. due to different weighting of attributes) it can be very difficult to reach an agreement through group processes. One way of resolving such conflicts is by using legitimate or expert power. However, by focusing on a well-known brand with excellent reputation a decision can be made by referring to industry practice.

Knowledge, Involvement and Rationality

Even under conditions that permit rational decision-making, the procedure requires high levels of skills as well as high levels of involvement because of the time and cognitive efforts involved in the process. Some industrial buyers obviously meet both of these criteria. However, for some industrial purchases it is unrealistic to expect high levels of involvement and knowledge. In particular the levels of these variables will depend on the ratio between an item cost to total cost of the purchasing firm. Items contributing little to total cost will receive much less attention than high volume and high cost items. For instance, the cost of salmon will have very little impact on total cost for expensive white cloth restaurants such as Jacques Cagna and Taillevent. For relatively unimportant items, purchasers are more likely to rely on simplifying decision procedures such as brand awareness or brand associations.

In accordance with the existing literature on brand management the discussion above suggests that brands also play a role in industrial markets similar to that of consumer markets. Consequently, when we in the following review the roles of brands in product evaluation we do not distinguish between industrial and consumer markets.

Industrial Buying and Branding Effects: A Relational Perspective

The second perspective is based on the observation that industrial markets to a large extent are characterized by long-term relationships (Håkansson, 1982).

During the last decade, relational exchange has received increased attention among practitioners as well as researchers (Heide and Stump, 1995). The core of the theory is that informal coordination based on norms-of-behavior and trust is an alternative to market transactions as well as hierarchical and quasi-hierarchical arrangements, and that such informal coordination offers benefits otherwise not available. Compared to market transactions, relational exchange is characterized by trust, long-term orientation, overlapping roles and high information exchange. This is associated with benefits like increased risk-bearing capability (Heide and John, 1992), higher growth rates and performance - especially in situations characterized by high uncertainty (Larson, 1992; Noordwier, John and Nevin, 1990), and more effective product development (Dwyer, Schurr and Oh, 1987). Compared to hierarchical and quasi-hierarchical arrangements, relational exchange is argued to be more flexible and innovative (e.g. Macaulay, 1963; Moss Kanter, 1989). Furthermore, Dabholkar, Johnston and Cathey (1994) propose that long-term relationships allow companies to develop a competitive advantage in terms of profit, market share and customer satisfaction. Little attention has been given to the fact that relationship marketing also may incur costs. We would like to point at the following potential cost elements: First, the set-up of collaborative ventures involves administrative costs: Plans must be made and joint problems must be solved. Second, closer cooperation and increased interdependence with one company, implies that the ability to exploit the offerings of other companies is reduced (opportunity loss). Third, closer cooperation and high levels of commitment may reduce the incentives or motivation for high-level performance, since "high-powered" incentives of market transactions may be lost (Williamson, 1985).

Most of the current literature suggests that the decision to enter and/or maintain a relationship is a deliberate evaluation where the parties (or the buyer) carefully examine pros and cons regarding benefits and business payoffs of such a

relationship. However, relationships are not always necessarily based on a careful assessment of business payoffs, but might evolve on a less "rational basis". For instance, relationships can be a result of inertia (Assael, 1992), in that a customer undertakes repeat purchase on the basis of situational cues, such as familiarity or personal ties. This accords with the claim that in practice the most common reason for choosing a company is "because we have always bought from that company" (Hague and Jackson, 1994). The absence of rational decision input has been addressed in the consumer behavior literature, where the basis for consumers' evaluations has been questioned (Olshavsky and Granbois, 1979). For instance, consumers' degree of elaboration varies depending on degree of involvement as proposed in the Elaboration Likelihood Model (Petty, Cacioppo and Schumann, 1983). A low degree of evaluation is most likely when a person has a low level of involvement, low need for cognition and is less able to process relevant information. Although these findings are taken from the consumer behavior literature, we believe that they also might serve as a description of industrial markets. In spite of the proposed assumption that professional buyers are more rational than consumers (see Ames, 1970; Webster, 1988; Hutt and Speh, 1985), industrial decision makers also face time constraints, information overload and less important decisions. For instance, previous research has found that purchasing agents' perceptions of product quality, credit and service were affected by the way the salesman dressed (Stuart and Fuller, 1991). Thus, given the difficulty involved in evaluating alternative suppliers and the likely lack of deliberate consideration in many purchase situations, the existing supplier is expected to possess an advantage over its competitors, similar to the incumbent brand advantage found in consumer research (Muthukrishnan, 1995). Consequently, long-term relationships may result from lack of evaluation and not necessarily from a careful evaluation of pros and cons associated with entering or maintaining a relationship. In either case it may increase

relationalism (e.g., Heide, 1994; Gundlach and Cardotte, 1994; Gundlach, Achrol and Mentzer, 1995), but the process and potential in the relationships may vary substantially. Below we address some factors that may predict the degree of elaboration when deciding whether to enter and/or maintain a relationship.

Factors Influencing the Degree of Elaboration

In line with suggestions made in the Elaboration Likelihood Model we focus on what factors influence the degree of elaboration in relational exchange. We propose that a low degree of elaboration provides a bias towards repeat purchase (on the basis of inertia), since an active processing of information regarding alternatives will be absent. A previous study by Heide and Weiss (1995) provides some support for this claim. In their study of vendor consideration in high-technology markets Heide and Weiss (1995) identified several factors that influenced the likelihood of including new vendors in the consideration set and/or the likelihood of switching vendors. The inclusion of new vendors into the consideration set can be seen as a proxy of elaboration or careful assessment of alternatives. The authors identified the following factors that were expected to influence the consideration set: buyer uncertainty, switching costs and situational factors. High uncertainty was expected to result in "open" consideration sets (the respondents were also willing to consider new vendors and more vendors), while high switching costs were expected to result in a closed consideration set. The importance of the purchase (situational factor) was expected to facilitate open consideration sets. The hypotheses received partial support.

There are several factors that influence the degree of elaboration in marketing relationships. We will address the following aspects: satisfaction with specific transactions and interaction processes, personal contacts and relational norms, buyer uncertainty, product factors and situational factors. An overview of different factors is presented in Table 1.

Table 1. Factors that may Influence the Degree of Elaboration

Factors Facilitating Evaluation of Alternative Suppliers	Factors Inhibiting Evaluation of Alternative Suppliers
Evaluation of Specific Transactions: - Negative Disconfirmation of Expectations	Evaluation of Specific Transactions: - Positive Disconfirmation/Confirmation of Expectations
Evaluation of Interaction Process: - Negative Disconfirmation of Expectations	Evaluation of Interaction Process: - Positive Disconfirmation/Confirmation of Expectations Personal Relations Relational Norms
Buyer Uncertainty Perceived Differences of Alternatives	
Product Characteristics: - High Proportion of Search Attributes	Product Characteristics: - High Proportion of Experience or Credence Attributes
Situational Factors: - Purchase Importance - Formal Purchasing Rules	

A high degree of elaboration involves a careful assessment of pros and cons of alternative suppliers for a particular purchase decision. In the subsequent part we will address the following dimensions of elaboration: a) information acquisition activities regarding suppliers and b) size and openness of the consideration set, as indicators of the degree of elaboration. The first dimension reflects the degree of active information seeking of relevant information in order to evaluate different suppliers. The second dimension reflects the number of alternatives considered and the degree to which the consideration set is restricted to only existing vendors. If a buyer restricts its attention to only existing vendors, the consideration set is defined as closed (Heide and Weiss, 1995).

Satisfaction with Specific Transactions and Interaction Processes

An obvious reason for assessing alternative suppliers would be dissatisfaction with the existing supplier. Dissatisfaction could stem from both the outcome of specific encounters and the interaction process. An inferior delivery or poor outcome of a specific transaction is expected to increase the likelihood of investigating alternative suppliers. For instance, product stock-outs are found to trigger consideration of alternative suppliers (Dion and Banting, 1995). The impact of an inferior delivery is dependent on the context in which it takes place. Based on attribution theory one single inferior transaction in a series of successful transactions is not expected to hurt the existing supplier as much as an unfortunate transaction where the buyer has only few previous experiences with the supplier. Similarly, a number of inferior transactions is likely to be interpreted as a systematic characteristic of the supplier and consequently affect the evaluation of the existing supplier. The attribution process is also dependent on the kind of episodes that produce dissatisfaction. For instance, Dion and Banting (1995) found that buyers displayed more loyalty to product brands than to suppliers as a consequence of product stock-outs indicating that stock-outs naturally were attributed to the supplier and not the brand. Poor performance of a particular product may demonstrate a higher likelihood to be attributed to the brand. Also, satisfaction with the interaction process influences the overall satisfaction with the supplier. A study of switching behavior of ad agency clients (Henke, 1995) illustrates this point. The clients in the study pointed to an agency's creativity as the critical dimension for choosing an agency. However, Henke found that one of the most prominent reasons for switching agency was lack of attention to the client's account, even though the clients that switched expressed greater satisfaction with the prior agency's creativity than those who retained their previous agency.

Personal Contacts and Relational Norms

The importance of personal relations is well established in the literature (Cunningham and Turnbull, 1982). Personal contacts may serve different purposes and includes different roles, such as an information exchange role, assessment role, social role, etc. The amount of personal interaction between organizational members of buying and selling firms varies considerably in its intensity. Close contact between organizational members from the buyer and seller is likely to inhibit evaluation for at least two reasons. First, close relations affect the evaluation, especially when product experience is ambiguous. Due to the confirmation bias evaluations tend to be more consistent with the initial evaluation (Hoch and Deighton, 1989), which frequently would be positive in close relations. Accordingly, Kaufmann and Stern (1988) found that in an ongoing exchange relationship, the degree of relational contract norms of the relationship were negatively correlated with the likelihood of evaluating (otherwise comparable) outcomes as negative. Second, close personal relations may increase the possibility to correct negative outcomes. Similar arguments can be made for the consequences of relational norms. Hence, relations may persist even though the efficiency of the relation is less than the buying company would otherwise demand. It may also be argued that evaluation may be based on other decision criteria than efficiency. That is, the relation survives because "it is nice". In other words, not only is active evaluation reduced, but the aspiration level as well - and that appears through the efficiency loss needed before dissatisfaction triggers active evaluation.

Buyer Uncertainty and Perceived Similarity Between Alternatives

Uncertainty may prevail for two reasons: 1) the buyer lack relevant experience with the product category, and 2) particular market conditions impose demands on a buyers' information processing capacity (Heide and Weiss, 1995).

Rapid technological change and lack of a technological standard ("dominant design") are examples of such conditions. As found in previous studies (Murray, 1991; Heide and Weiss, 1995), decision makers may respond to uncertainty by elevating information acquisition activities, since the costs of searching additional vendors are relatively low compared to the expected benefits. Also when the buyer perceives the differences between alternative suppliers as high or substantial, the expected benefits of information acquisition activities increase.

Product Factors

Attributes of the purchased product may also influence the degree of evaluation of alternative suppliers. As previously mentioned, some product attributes can easily be evaluated prior to the purchase (e.g. color, volume, appearance) while other attributes only can be evaluated after purchase, since product experience is necessary (e.g. reliability, service). This distinction refers to Nelson's (1970) search and experience attributes. Thus, products containing many search attributes make evaluation of different alternatives prior to a purchase relatively easier as compared to products containing mostly experience attributes that require product experience with the different alternatives in order to compare them. Furthermore, experience attributes are also found to be relatively non-diagnostic even in consumption evaluations (Hoch and Deighton, 1989; Pechmann and Ratneshwar, 1992). Consequently, the expected benefits from extensive information acquisition activities are likely to be higher for products containing high proportions of search attributes as compared to products containing high proportion of experience attributes.

Situational Factors

High purchase importance would mean that the buying organization has a higher stake in the transaction, and hence would be more interested in testing

the market opportunities and to exploit the "high-powered" incentives related to it. Therefore, an incentive exists for information acquisition (Heide and Weiss, 1995). Formal purchasing rules, being set-up by the company itself, or regulatory actors - as is often the case if the buyer is a public company or the government - trigger evaluation of alternative suppliers. It is, however, an open question whether the consideration set is closed, since there may be a stable set of vendors that appear on the "bidding list". Consequently, we do not propose any specific effects with respect to the degree of openness of the consideration set.

The Relational Perspective and Brand Effects

The discussion above has revealed that there are many factors that inhibit a deliberate process of selecting relationship partners and maintaining relationships. Consequently, a less deliberate process of evaluating relational alternatives also opens up for the influence of brands. The attractiveness of a relationship partner may be at least partly determined by the brands the partner possess and the reputation of the potential partner. The evaluation of a relationship partner also involves an evaluation of the future potential of this partner, which is an evaluation based on intangible future benefits and therefore also quite risky. In such situations the brand (or company reputation) may be rather important in order to reduce perceived risk.

Due to the fact that both inertia (maybe based on an initial evaluation of a company including its reputation) and more deliberate relationships may be difficult to distinguish empirically, many relationships may have wrongly been assumed to be based on a deliberate decision process instead of more peripheral evaluation processes. The often rather weak association found between the length of a relationship and the development of relational norms serves as an indication of this possibility. Conversely, both for deliberate and more peripheral evaluation situations one expects to find some isolation from competition through

rather closed consideration sets and inflated evaluations of existing relationship partners. Thus the existing literature on relationship marketing has not been as successful in explaining the processes of how relationships are established and maintained as it has been in describing structural characteristics of both market and relationships.

Conceptual models

Based on the literature review and the arguments put forward in the previous sections we would like to explore the following propositions:

1) Do the perceived evaluation difficulty influence the role of brands (or company reputation) in the evaluation of suppliers?

2) Do the perceived heterogeneity among suppliers influence the role of brands (or company reputation) in the evaluation of suppliers?

3) Do decision importance influence the role of brands (or company reputation) in the evaluation of suppliers?

Furthermore, to assess the explanatory power of the brand (or company reputation) in the evaluation process of suppliers, we compare a brand model with a transactional model and a relational model of industrial purchase. The conceptual models will be outlined in the following sections. Furthermore, brands may also play a useful role in adding confidence to purchase evaluation. Thus, we also include the following proposition:

4) What is the influence of brands (or company reputation) on evaluation confidence in industrial purchase?

Before we argue for the above listed propositions it is important to note that in the present context we do not distinguish between a brand and company reputation. Although these concepts have been treated as unique concepts in the literature, the effects on evaluation are not expected to differ and the strategic implications appear to be similar (Dowling, 1993). While consumers more often relate to brands attached to products, industrial purchasers are more likely to

evaluate the reputation of the supplier. Consequently, the company reputation is assumed to possess the same role as brands frequently do in a consumer context.

The two first propositions incorporate both product and individual factors. Since we investigate the perceived evaluation difficulty and perceived heterogeneity among suppliers, we do not distinguish the sources from which perceived evaluation difficulty and perceived heterogeneity among suppliers may stem from. One source of perceived evaluation difficulty might be the product, due to inherent product characteristics. Some characteristics may be difficult to evaluate, since they may require product experience. Another source might be the market. For instance, a large number of supplier alternatives may contribute to the complexity of the decision. Finally, the individual is also a potential source for evaluation difficulty, due to varying levels of knowledge and familiarity. Similar arguments can be made for perceived heterogeneity among suppliers.

We have used two different approaches for assessing the impact of decision importance. First, we have used a similar conceptualization as that employed for assessing perceived evaluation difficulty and perceived heterogeneity among suppliers. However, in addition to this measure we have gathered data from both wholesalers and retailers assuming that the purchase importance should be higher for the wholesalers. The reason for this assumption is that wholesalers are believed to buy larger volumes and the purchase should count for a relatively higher proportion of the total purchasing of wholesalers as compared to retailers. Consequently, we have two measures of importance, where the first measure is more subjective than the second one. We propose that the two measures have different effect on the likelihood of strong brand effects. The perceived evaluation importance is proposed to be positively associated with the importance of brand effects, since brand (or company reputation) is a potentially important source for reducing risk for the buyer. Company reputation may serve as a cue for future potential of the vendor partner. Conversely, we propose that

brand effects should be less prevalent in situations with high purchase importance as compared to situations where the importance is relatively lower when we utilize the classification of wholesalers and retailers as a measure of importance. Since wholesalers are expected to buy larger quantities and the salmon purchase is expected to account for a higher proportion of the total purchase, we propose that salmon purchase is more important for the wholesalers. Furthermore, wholesalers are expected to have more expertise and thus may be more able to process and utilize more information. This is in line with the previous discussion on knowledge and familiarity and the elaboration likelihood.

Model 1: The Transactional Model

The first model to be presented is a traditional model based on transactional exchange. Environmental perceptions and perceptions of decision difficulty and importance are expected to influence evaluation outcomes such as openness in consideration set and information search (cf. Heide and Weiss, 1995), and tolerance for deviations (cf. Fournier, 1998). Openness in consideration set and openness in information search refer to the alternatives that are evaluated. An open consideration set implies that one evaluate both new and existing alternatives, whereas a closed consideration set implies that only the existing vendor is included in the evaluation. Below the conceptual model is presented.

Based on the previous arguments with regard to perceived risk, we propose the following hypothesis:

$H1_{transactional}$: Perceived heterogeneity among suppliers, perceived evaluation difficulty, and perceived importance of the purchase decision are positively associated with openness of the consideration set and openness of the information gathering, and negatively associated with tolerance for deviations.

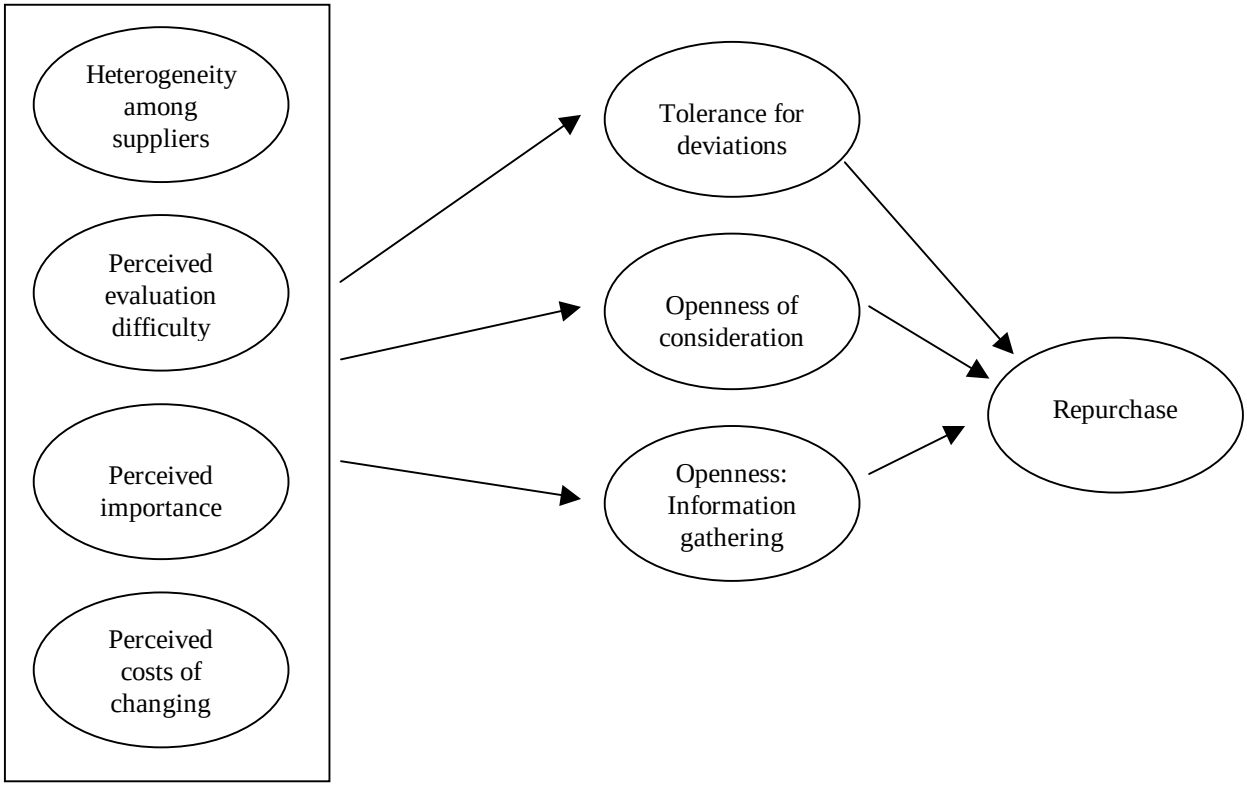


Figure 3. Transactional Model of Vendor Evaluation

The model also includes the perceived cost of changing supplier. If the buyer perceives the cost of changing supplier to be high, due to necessary modifications in purchasing routines or cost of searching information regarding alternatives, we expect the buyer to be more tolerant for deviations and less willing to search and consider new alternatives as opposed to buyers who do not perceive the cost of changing supplier to be that high. Consequently, we state the following hypothesis:

H2:The perceived cost of changing supplier is negatively associated with openness in the consideration set and information search, and positively associated with tolerance for deviations.

The last part of the model contains the consequences of the evaluation outcomes with respect to likelihood of repurchase. The expected consequences are straightforward, and the hypothesis below summarizes the expected effects.

H3: Openness of the consideration set and openness of the information gathering are negatively associated with likelihood of repurchase, while tolerance for deviations is positively associated with the likelihood of repurchase.

The last hypothesis is not uniquely tied to the transactional model. Thus, it will be part of the subsequent conceptual models as well.

Model 2: The Company Reputation (Brand) Model

The company reputation model is an alternative to the transaction model. Company reputation may serve several functions. It may be used to simplify a purchase decision, to reduce perceptions of risk for a purchase decision, and as a means to signal future potential of the supplier. The proposed effects are illustrated in the conceptual model below. In addition to the paths presented in the model below, all exogenous constructs have direct paths to tolerance for deviations, openness of consideration set, and openness of information gathering.

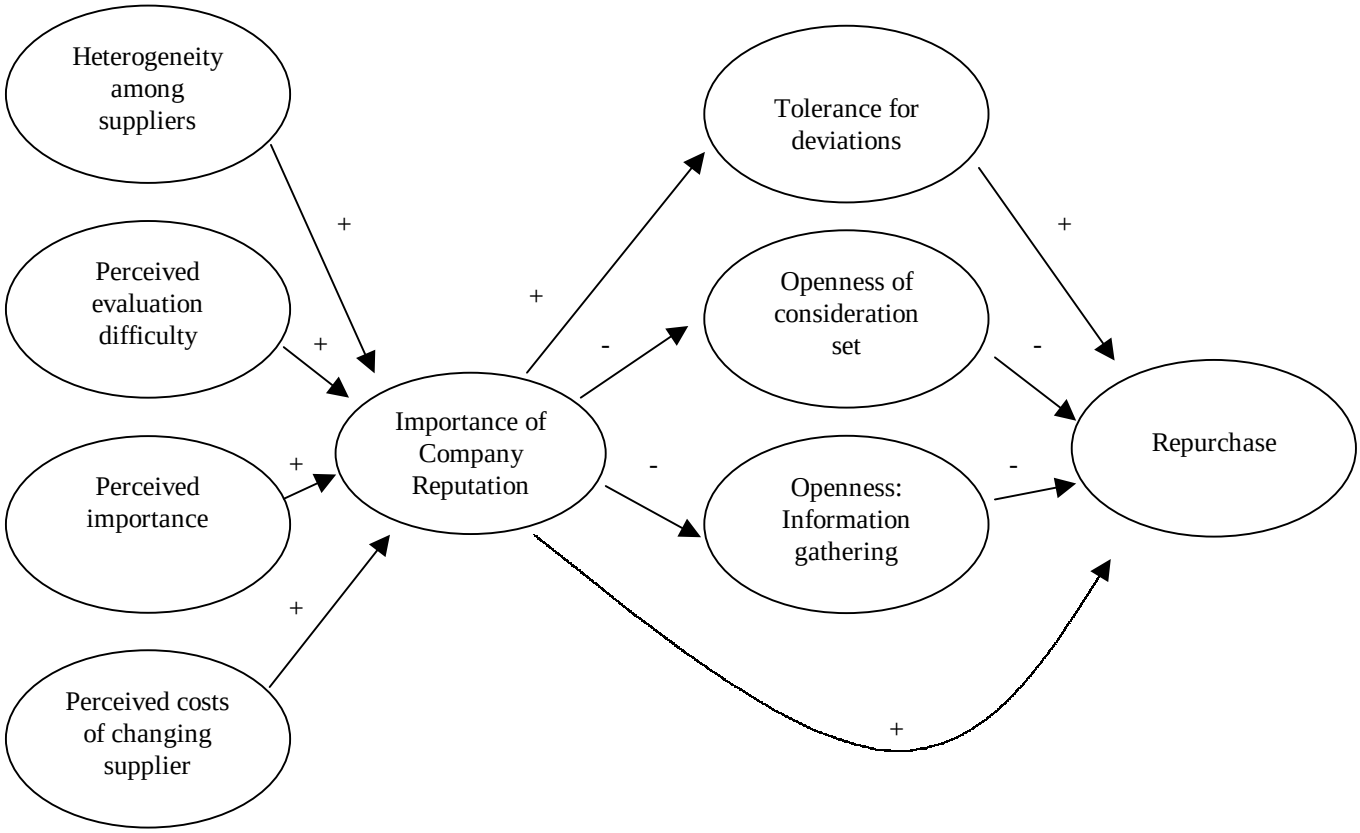


Figure 4. Company Reputation Model of Vendor Evaluation

To a certain extent an increase in the exogenous constructs imply increased risk or evaluation difficulty. The company reputation may be a strategy to reduce risk or complexity of the purchase decision. Consequently the following hypothesis is proposed.

$H4_{company\ reputation}$: Perceived heterogeneity among suppliers, perceived evaluation difficulty, perceived importance of the purchase decision, and perceived costs of changing supplier are positively associated with the importance of company reputation..

Previously we have suggested that company reputation may be used to simplify a decision and to reduce risk. Thus, the evaluation process resembles that of a peripheral evaluation process, and thus company reputation is proposed to be negatively associated with the openness of the consideration set and the

openness of the information gathering. Furthermore, since company reputation also may be used as a cue for evaluating future potential of the supplier, it is expected to be positively associated with tolerance for deviations.

H5: The importance of company reputation is negatively associated with openness of the consideration set and openness of the information gathering, and positively associated with tolerance for deviations.

The company reputation is proposed to have a direct influence on the likelihood of repurchase. This is to adjust for the potential inadequacy of the proposed evaluation outcomes to account for all the influence stemming from company reputation. Also, company reputation has the potential to influence the likelihood of purchase directly, since it also contains information of future potential of the particular supplier. Thus, the following hypothesis is proposed:

H6: The importance of company reputation is positively associated with the likelihood of repurchase.

The influence of openness of the consideration set and information gathering on the likelihood for repurchase is the same as that proposed in hypothesis H3. This is also the case for the influence of tolerance for deviations on the likelihood for repurchase.

Model 3: The Relational Model

The structure of the relational model is similar to that of the company reputation model. However, instead of the importance of company reputation, the commitment to the supplier partner mediates the effects from the exogenous constructs. Similar to that proposed for the importance of company reputation, commitment to the supplier may serve as a strategy to reduce perceived risk and simplify the purchase decision. Risk reduction in this sense is mainly achieved

through intimate knowledge of the other party. Furthermore, a relationship also implies mutual adaptation and thus flexibility from both parties if unexpected events should evolve. The conceptual model illustrating the proposed effects with regard to commitment is presented below. Again, all exogenous constructs have direct paths to tolerance for deviations, openness of consideration set, and openness of information gathering.

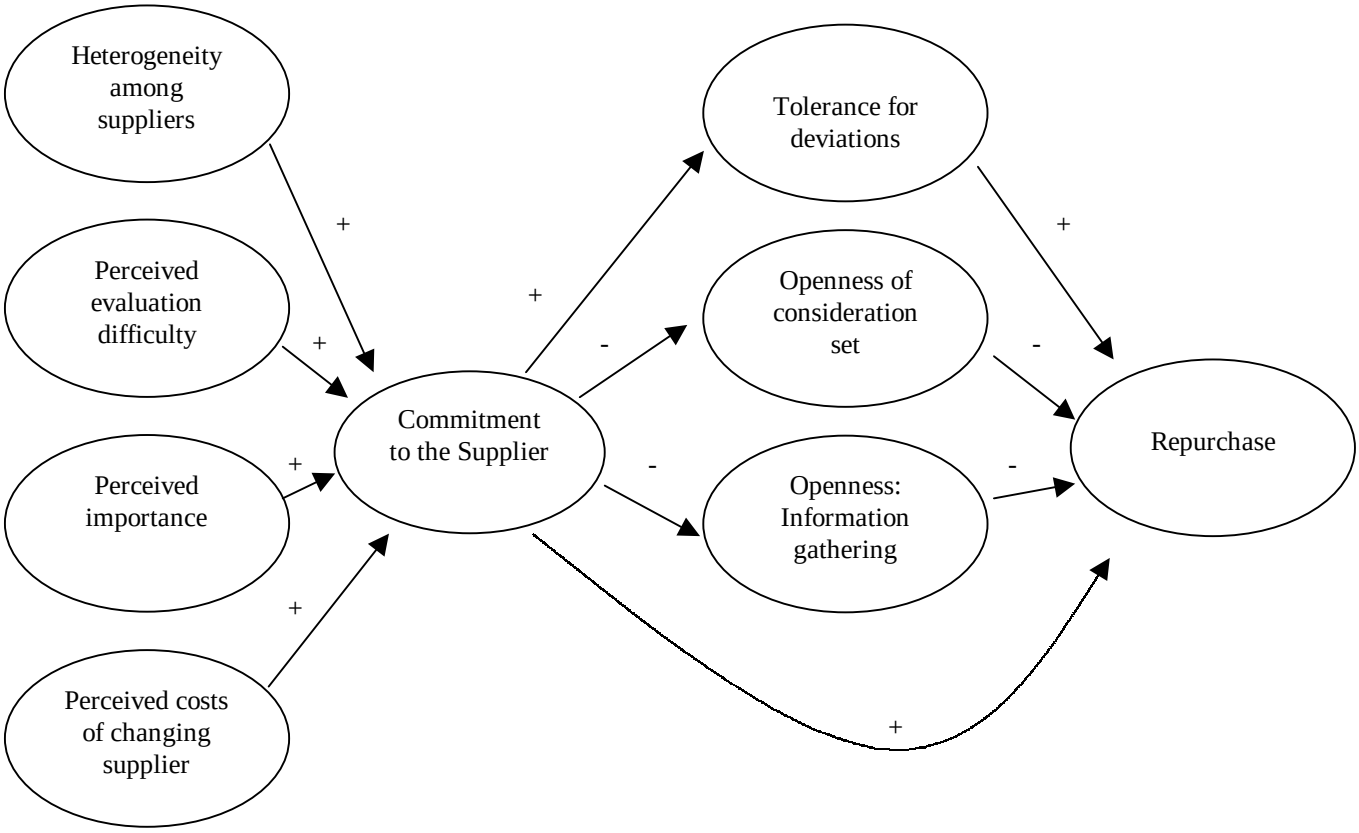


Figure 5. Relational Model of Vendor Evaluation

Based on the previous discussion the following hypotheses are proposed:

$H7_{relational}$: Perceived heterogeneity among suppliers, perceived evaluation difficulty, perceived importance of the purchase decision, and perceived costs of changing supplier are positively associated with the commitment to the supplier.

Commitment to the supplier is likely to hold a positive influence on tolerance for deviations, since commitment to another party implies acceptance of

both positive and negative aspects of the other party. Furthermore, commitment to another party also implies that one willingly accepts opportunity loss. Thus, the commitment to the supplier is expected to negatively influence the openness of the consideration set and the openness of the information gathering. Indeed, one of the claimed advantages of engaging in close relationship is the reduction of costs and effort in searching information regarding alternatives. Finally, one of the major reasons for being involved in a relationship is the relationship development potential. Thus, one is expected to commit the company to a supplier, and that commitment naturally involves repurchase. Thus, commitment to the supplier is expected to be positively associated with the likelihood of repurchase.

H8: The commitment to the supplier is negatively associated with the openness of the consideration set and the openness of the information gathering, and positively associated with tolerance for deviations.

H9: The commitment to the supplier is positively associated with the likelihood of repurchase.

To further explore the influence of company reputation (brand) on vendor evaluation a conceptualization of the role of company reputation in a relational perspective is presented below. Since the commitment to the supplier implies a long-term investment, it is likely that the buyer will emphasis company reputation in the initial selection of a viable partner. The company reputation provides information regarding future potential, and thus may be a strategy to reduce risk. In a cross-sectional study we will expect company reputation to positively influence commitment to the supplier, due to the initial evaluation in the vendor selection. Furthermore, the relationship between company reputation and commitment to the supplier may be strengthen over time, due to positively biased partner evaluation. Figure 6 below contains a model including the proposed effects of company reputation in a relational perspective.

H10: The importance of company reputation is positively associated with commitment to the supplier.

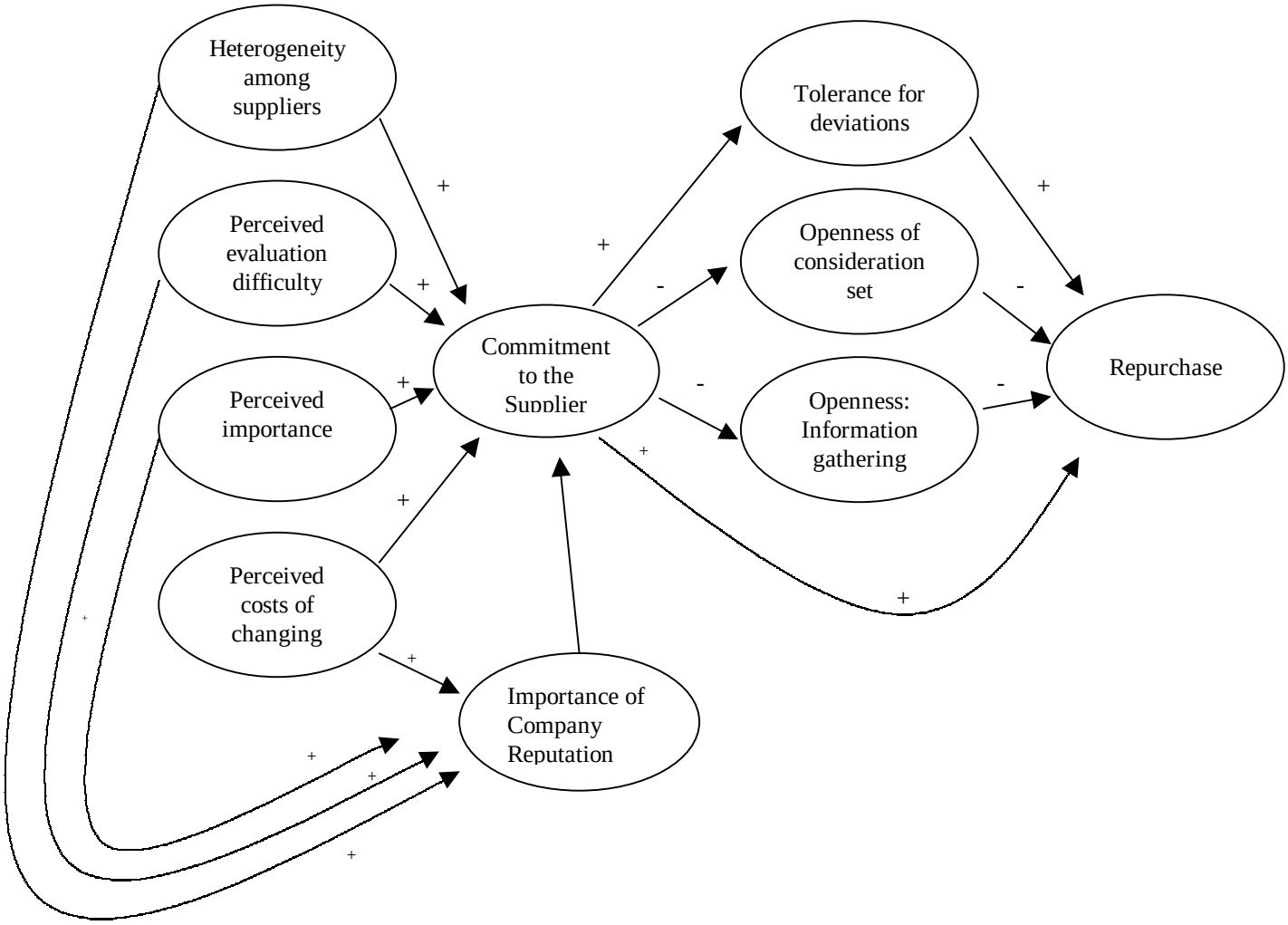


Figure 6. Company Reputation and Commitment to the Supplier

The influence of company reputation and the various other endogenous constructs are not displayed in the above diagram. The effects are expected to be similar to those proposed in Figure 4.

The Importance of Company Reputation on Certainty of Evaluation

In the theoretical discussion on brand effects we proposed that brands were important in simplifying decisions. Also, brands may serve as a means to add confidence in the decision for the decision maker. In the subsequent model we

explore the relative importance of company reputation as a source for perceived confidence in the purchase decision. Along with perceived heterogeneity, perceived decision difficulty, knowledge of the supplier, and perceived costs of changing supplier, importance of company reputation is proposed to influence perceived evaluation confidence. The model and the hypothesis are presented below.

H11: Perceived heterogeneity among suppliers and perceived evaluation difficulty are negatively associated with perceived evaluation confidence, while importance of company reputation, knowledge of the supplier, and perceived costs of changing supplier are positively associated with perceived evaluation confidence.

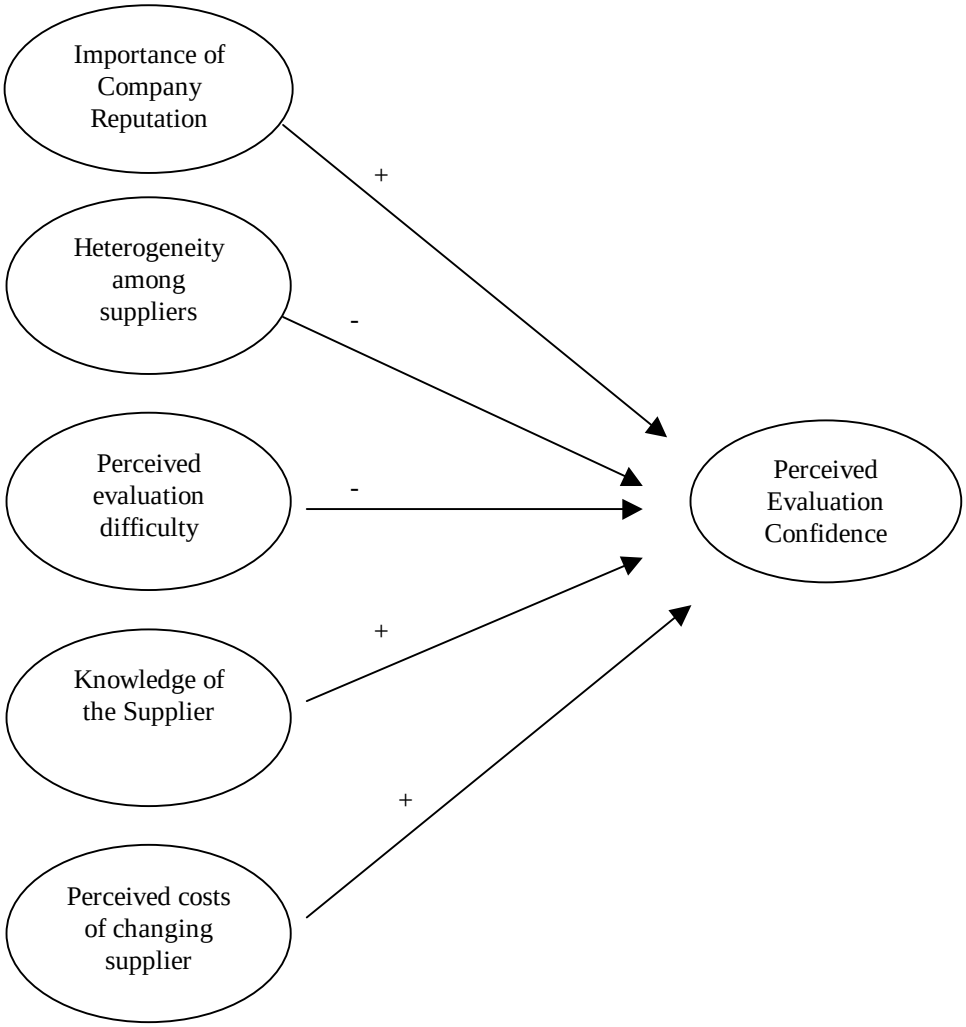


Figure 7. Sources to Perceived Evaluation Confidence

In addition to the signs of the paths displayed in Figure 7, the relative importance of the different sources is of importance to explore the role of company reputation with respect to evaluative confidence.

Company Reputation and the Buying Center

Industrial purchases are often conducted by buying centers. A buying center contains two or more persons that have different roles and influence on the purchase decision. For most SMB companies the buying center is typically small. For instance, a recent study of buying centers for the selection seafood suppliers found that the centers consisted of 2 up to 4 persons (cf. Lines, 1995). The research on how brands or company reputation affect processes in the

buying center is scarce (cf. Weiss, Anderson, and MacInnis, 1999). Thus, we will explore some potential effects of company reputation on the buying center. In particular, we will address the influence of the supplier on the purchase decision of the buyer. We propose that the company reputation of the supplier, but also the company reputation of the buyer, might influence the possibilities for the supplier to participate in the buying center. Figure 8 presents different hypotheses for how company reputation might influence the buyer's purchase decision.

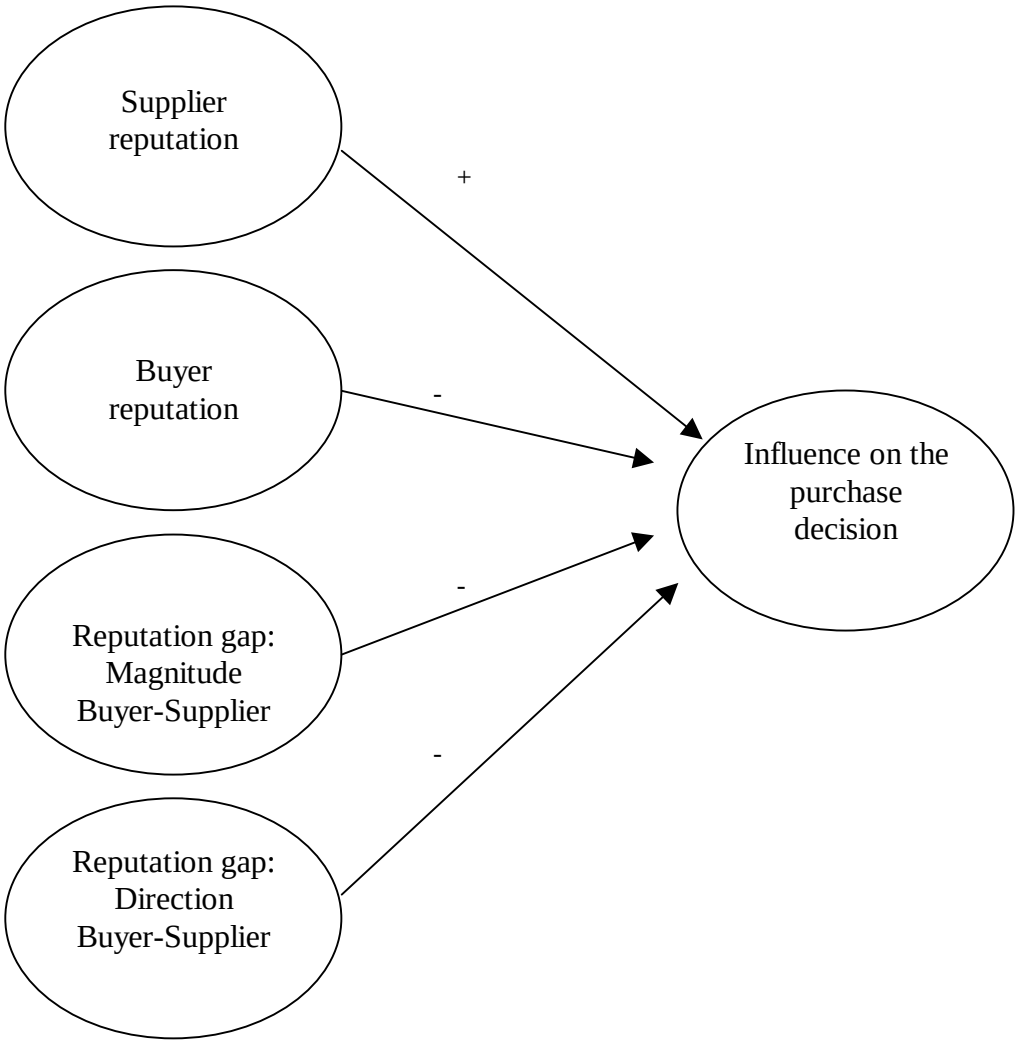


Figure 8. Company Reputation and Influence on Purchase Decision

The first path proposed in Figure 8 includes a positive sign for the impact of supplier reputation on the influence on the buyer's purchase decision. This only implies that if the supplier has a favorable reputation, it is proposed to have more

influence on the buyer's purchase decision. The second effect is that of the reputation of the buyer on supplier influence on the purchase decision. First, the buyer might be more careful in the examination of the supplier to maintain his/her reputation. This suggests a negative effect. We suggest that buyers who report that they entertain a favorable image are eager to maintain this position. This requires a high level of control, and therefore it is not likely that the supplier is allowed a significant role in the buyer's decision process. A follow-up on this latter point will be to examine the fit of the reputation of the supplier and the buyer, or the opposite gap in perceived reputation (Weiss, Anderson, and MacInnis, 1999). The distance between the buyer's perception of his own reputation and the supplier's reputation has two critical components: direction and magnitude. Magnitude refers to whether such a gap is large or small, while direction refers to whether the gap is positive or negative. Thus, a large positive gap exists when the manufacturer perceives its own reputation as far more positive than that of its supplier. Both these two components might affect the supplier's influence on the decision process. A small magnitude can be taken as an indication of match between the parties, and this match might result in a perception of familiarity, which in turn might lead to favorable attributions of the supplier's competence and ability to understand the buyer. The direction suggests something about the buyer's position relative to the supplier. Thus, a positive direction suggests that the buyer perceives its company as more able and respected compared to the supplier, and consequently, one does not expect the supplier to have any active role in the decision process. We propose the following hypothesis:

H12: Supplier reputation is expected to be positively associated with the supplier's influence on the purchase decision, while buyer reputation, and perceived gap in reputation (both in terms of magnitude and direction) are

expected to be negatively associated with the supplier's influence on the purchase decision.

We also expect the effects to be more pronounced when there are more people involved in the purchase decision.

Test of Conceptual Models

The conceptual models were tested by a survey distributed in England, France, and Norway. In the following sections we present the methodological approach and the results of the data analysis.

Methodology

A questionnaire was distributed to a random sample of salmon purchasers in three different countries: England, France and Norway. The reason for choosing salmon was that we had to reduce variation stemming from the product category, both due to design consideration and standardization of the questionnaire. Furthermore, since salmon is an important export product it appeared to be the most promising candidate. The survey included both wholesalers and retailers. Approximately 100 wholesalers and 100 retailers responded in both England and France, while 100 retailers and 50 wholesalers responded in Norway. The final sample split between wholesalers and retailers in the different countries is presented in Table 2 below.

Table 2. Sample Description

Country:	Wholesalers	Retailers
Norway	52	100
France	100	100
England	101	104

In England and Norway we used mail surveys, where the respondents were notified and asked to participate by phone. The respondents were personnel responsible for the purchasing of salmon in the company. In France we used telephone interviews, since mail survey was deemed unsuitable by the local

research agency. Feedback Research AS and their English and French associates were responsible for the data collection.

Before we look into specific results in the different countries a brief investigation of some differences between the wholesalers and retailers in the different countries are presented. Table 3 contains a description of the Norwegian sample on several grouping questions dealing with the importance of the supplier in question. Table 4 and 5 present similar descriptions of the English and the French samples.

As can be seen from the tables both the Norwegian and English samples appear to reveal a similar pattern. The wholesalers purchasing of salmon count for a higher percentage of their purchasing of raw material as compared to the retailers. Furthermore, the wholesalers seem to use more suppliers than the retailers.

Table 3. Description of the Norwegian Sample

	Wholesaler	Retailer	T-value
# of last 10 purchase*	5-6	8-9	-5.35
Frequency of contacts with the supplier*	Often	Sometimes/Often	not significant
% of purchase of raw material from salmon	36 %	9 %	5.29
# of suppliers used	8.87	1.60	5.05
% of salmon from the largest supplier	56 %	77 %	-3.68
% of salmon from the 5 largest suppliers	62 %	**	
% of salmon from the last supplier	41 %	56 %	-1.66
# year purchasing from the last supplier	6.34	6.40	not significant

*Note. * The content of the category in the questionnaire is presented instead of the means for illustrative purposes. ** Due to missing observations this number is not meaningful and left out of the summary.*

Table 3. Description of the English Sample

	Wholesaler	Retailer	T-value
# of last 10 purchase*	7-8	8-9	-4.01
Frequency of contacts with the supplier*	Often	Often/Almost daily	-2.19
% of purchase of raw material from salmon	32 %	17 %	4.31
# of suppliers used	3.31	2.05	4.01
% of salmon from the largest supplier	74 %	87 %	-4.13
% of salmon from the 5 largest suppliers	80 %	96 %	-3.15
% of salmon from the last supplier	64 %	87 %	-5.48
# year purchasing from the last supplier	6.65	8.23	-1.62

*Note. * The content of the category in the questionnaire is presented instead of the means for illustrative purposes.*

Table 4. Description of the French Sample

	Wholesaler	Retailer	T-value
# of last 10 purchase*	7-8	8-9	not significant
Frequency of contacts with the supplier*	Often/Almost daily	Often/Almost daily	not significant.
% of purchase of raw material from salmon	23 %	21 %	not significant
# of suppliers used	3.26	2.50	1.72
% of salmon from the largest supplier	76 %	77 %	not significant
% of salmon from the 5 largest suppliers	97 %	98 %	not significant
% of salmon from the last supplier	76 %	76 %	not significant
# year purchasing from the last supplier	8.74	7.21	not significant

*Note. * The content of the category in the questionnaire is presented instead of the means for illustrative purposes.*

The French sample appears to be somewhat different from the other two, since there are hardly any significant differences between the wholesalers and the retailers. There is only indicated that the wholesalers use more suppliers than the retailers. The reason for this difference between the samples is not easy to point out. One potential possibility could be the common held stereotype that French retailers are more knowledgeable about food products in general and

therefore appear to be more similar to the wholesalers. However, this is just a speculation and should be treated accordingly. A further examination of the French sample revealed that the quality of the sample differed from the Norwegian and English samples. The measures of the constructs were found to be less reliable (that is less homogeneous within constructs) as opposed to the Norwegian and English counterparts. Thus, we will focus on the Norwegian and English data in the analysis and deal with the French data in a special section afterwards. In the following we describe the measurement of the constructs used in the analysis.

Measurement model

In the analysis we distinguish between nationality and role in the distribution chain. More specifically, we test among differences between the Norwegian and the English samples, and among differences between wholesalers and retailers. In all statistical analyses we have used LISREL 8.30. In the following section the measurement models are presented. The conceptual models are tested in the subsequent sections.

The items included in the measurement model are presented in Appendix. The final measurement model for the English and Norwegian samples (two group analysis) is presented in Table 6. A similar analysis was also conducted for wholesalers and retailers. The results with respect to construct reliability, however, are only trivially different and thus we have not included this model in the presentation.

Table 5. Measurement Model (Evaluative Consequences)

Constructs	Factor loading	Construct reliability
Likelihood of Repurchase	0.70 0.93	0.88
Commitment to the Supplier Partner	0.52 0.71 0.50	0.64
Tolerance for Deviations	0.63 0.81 0.77 0.81	0.90
Perceived Cost of Changing Supplier	0.75 0.78 0.55	0.82
Openness of the Consideration Set	1.00	
Openness of Information Gathering	1.00	
Perceived Heterogeneity	0.54 0.62 0.77 0.86	0.87
Perceived Evaluation Difficulty	0.87 0.68	0.84
Perceived Purchase Importance	0.49 0.63 0.91	0.81
Importance of Company Reputation	0.79 0.89 0.73	0.91

Note. Two group analysis. Standardized factor loadings (common metric). Construct reliability based on composite reliability (cf. Bagozzi and Yi, 1988). Items are presented in Appendix.

The fit of the measurement model was deemed satisfactory, with a χ^2 value of 796.70 (544 df), RMSEA value of 0.051, and a CFI value of 0.90. The model fit of the wholesaler/retailer model was almost identical, with a χ^2 value of 791.06 (544 df), RMSEA value of 0.051, and a CFI value of 0.90. All constructs were well above the 0.6 heuristic for construct reliability (cf. Bagozzi and Yi, 1988), and thus the measurement was found to be reasonably reliable.

Also, tests of differences between the perceptions of English and Norwegian buyers, and wholesalers and retailers were performed. The results are displayed in Table 7 below. It is important to note that the differences refer to differences between latent constructs, and that the scale is not necessarily meaningful. Instead it is important to inspect the sign of the difference and the T-values to determine if one group score higher or lower on a particular latent construct. Several differences were found both between perceptions in England and Norway, and between retailers and wholesalers. Particularly interesting are the differences found between retailers and wholesalers. Wholesalers appear to utilize a more "rational" evaluation process as compared to the retailers. This is indicated by less commitment to the supplier, less tolerance for deviations and lower importance attached to company reputation. Furthermore, wholesalers demonstrate more openness with respect to both consideration set and information gathering. Also, the perceived cost of changing supplier is lower for the wholesalers as opposed to retailers. The results for the national differences are not as easily interpretable. First, it is important to note that the retailers weigh more heavily in the Norwegian sample (includes twice as many retailers as compared to wholesalers) compared to the English sample (even split between retailers and wholesalers). The identified differences between England and Norway with regards to tolerance for deviations and the perceived cost of changing supplier might to a certain extent be accounted for by the bias towards retailers found in the Norwegian sample.

Table 6. Differences Between Samples for Various Evaluative Outcomes

Constructs	Difference England - Norway	Difference Retailers - Wholesalers
Likelihood of repurchase	0.19 (1.96) *England > Norway*	not significant *Retailers = Wholesalers*
Commitment to supplier	not significant *England = Norway*	0.26 (2.45) *Retailers > Wholesalers*
Tolerance for deviations	-0.39 (2.76) *England < Norway*	0.42 (2.91) *Retailers > Wholesalers*
Perceived cost of changing supplier	-0.38 (2.25) *England < Norway*	0.57 (3.25) *Retailers > Wholesalers*
Openness of consideration set	-0.17 (1.97) *England < Norway*	-0.25 (3.03) *Retailers < Wholesalers*
Openness of information gathering	-0.38 (3.31) *England < Norway*	-0.36 (3.21) *Retailers < Wholesalers*
Perceived heterogeneity	0.19 (1.87) *England > Norway*	not significant *Retailers = Wholesalers*
Perceived evaluation difficulty	not significant *England = Norway*	not significant *Retailers = Wholesalers*
Perceived importance of purchase	0.28 (2.44) *England > Norway*	not significant *Retailers = Wholesalers*
Importance of company reputation	not significant *England = Norway*	0.67 (3.97) *Retailers > Wholesalers*

Note. T-values in parentheses

It is interesting to note that the consideration sets and the information gathering for salmon purchase is found to be more open for Norwegian salmon purchasers as compared to their English colleagues.

Test of models

In the following we present the test of the different models.

Test of the transactional model

The transactional model includes a set of independent constructs (perceived heterogeneity, perceived evaluation difficulty, perceived purchase importance, and perceived cost of changing supplier) that are proposed to have a direct influence on the tolerance for deviations, the openness of the consideration set, and the openness of information gathering. Furthermore, the independent constructs have an indirect impact on the likelihood of repurchase mediated by the previously listed constructs (cf. Figure 3). The fit of the transactional model containing both England and Norway was reasonable, with a χ^2 value of 483.47 (335 df), RMSEA value of 0.050, and a CFI value of 0.92. Factor loadings and structural coefficients were set to be invariant across groups, while error terms and variances were allowed to vary across groups. The model, however, did not perform as well in explaining the variance of the dependent constructs. Table 8 presents the structural multiple correlations for the structural equations, which is the r^2 equivalent and should be interpreted accordingly.

Table 7. Squared Structural Correlations and Latent Mean Differences for the Transactional Model

Group (country)	Likelihood of repurchase	Tolerance for deviations	Openness of consideration set	Openness of information gathering
England	12 %	22 %	17 %	9 %
Norway	16 %	28 %	14 %	6 %
Difference: England - Norway	0.22 (2.36)	-0.24 (1.80)	-0.27 (3.24)	-0.47 (4.08)

Note. T-values in parentheses.

As can be seen from the table, tolerance for deviations is fairly well explained by the model (accounts for 22 % and 28 % of the variance), while the explanatory power of the model with respect to the other constructs is more modest. The model structure does not alter the results with respect to the differences in the latent means of the dependent constructs (cf. Table 7). However, it is interesting to note that the differences for the openness of consideration sets and information gathering seems to increase when controlling for the independent constructs included in the transactional model. Thus, the differences found for openness of the consideration set and openness of information gathering cannot be explained by differences in perceptions of heterogeneity, evaluation difficulty, purchase importance, and costs of changing supplier.

Table 9 presents a matrix including the common metric standardized coefficients for the model.

Table 8. Standardized Coefficients for the Transactional Model

	Tolerance for devia-tions	Openness of consider. set	Openness of inform. gathering	Perceived hetero-geneity	Perceived decision difficulty	Perceived purchase impor-tance	Perceived cost of changing supplier
Likelihood of repurchase	0.28	-0.12[a]	*	-0.09[b]	-0.06[b]	*	0.18[b]
Tolerance for deviations				-0.23	-0.13	*	0.43
Openness of consider. set				0.18	*	*	-0.36
Openness of inform. gathering				0.11[a]	0.12	0.11[a]	-0.18

*Note. * not significant. [a] p < 0.1 two-tailed test. [b] indirect effects*

Apart from the perceived cost of changing supplier the independent constructs have relatively small impact on the dependent constructs. However, the significant effects do lend some support to the stated hypotheses.

In a similar analysis the effects of the transactional model for retailers and wholesalers was examined. The fit indices suggested that the model fit the data reasonable well, with a χ^2 value of 518.13 (335 df), RMSEA value of 0.055, and a CFI value of 0.90. Table 10 reveals the squared structural equations.

Table 10. Squared Structural Correlations and Latent Mean Differences for the Transactional Model

Group	Likelihood of repurchase	Tolerance for deviations	Openness of consideration set	Openness of information gathering
Retailer	14 %	23 %	11 %	5 %
Wholesaler	12 %	22 %	14 %	6 %
Difference: Retailer - Wholesaler	not significant	not significant	-0.14 (1.65)	-0.27 (2.42)

Note. T-values in parentheses

Again tolerance for deviations is fairly well explained by the model, while the explanatory power of the model with respect to the other constructs is rather poor. A comparison of the latent mean differences with those found in Table 7 shows that the difference between retailers and wholesalers with respect to tolerance for deviations vanishes when controlling for the model structure. Thus, the mean differences are explained by the influence from the exogenous constructs (most likely by the relatively large difference found for the perceived cost of changing supplier, cf. Table 7). The results also suggest that the mean differences found for the openness of the consideration set and the openness of the information gathering are reduced when controlling for the model structure.

Table 11 presents a matrix including the common metric standardized coefficients for the model.

Table 11. Standardized Coefficients for the Transactional Model

	Tolerance for devia-tions	Openness of consider. set	Openness of inform. gathering	Perceived hetero-geneity	Perceived decision difficulty	Perceived purchase impor-tance	Perceived cost of changing supplier
Likelihood of repurchase	0.28	-0.11[a]	*	-0.10	-0.07[b]	*	0.18[b]
Tolerance for deviations				-0.23	-0.14	*	0.42
Openness of consider. set				0.15	*	*	-0.31
Openness of inform. gathering				*	0.15	*	-0.14

Note. * not significant. [a] $p < 0.1$ two-tailed test. [b] indirect effects.

Table 11 reveals small effects from most of the constructs apart from perceived cost of changing supplier.

Test of the company reputation model

The company reputation model introduces the importance of company reputation as a mediating factor between the exogenous constructs and the openness of consideration set, the openness of information gathering, and the tolerance for deviations. Thus, the exogenous constructs are modeled to have both direct and indirect effects on these endogenous constructs. The fit of the model including both the English and the Norwegian sample was deemed satisfactory, with a χ^2 value of 632.67 (451 df), RMSEA value of 0.047, and a

CFI value of 0.92. The modeling procedure was similar to that described for the transactional model. Table 12 includes the squared structural correlations and the latent means for the included endogenous constructs.

Table 12. Squared Structural Correlations and Latent Mean Differences for the Company Reputation Model.

Group (country)	Likelihood of repurchase	Tolerance for deviations	Openness of consideration set	Openness of information gathering	Importance of company reputation
England	13 %	22 %	19 %	10 %	22 %
Norway	17 %	29 %	17 %	6 %	25 %
Difference: England - Norway	0.24 (2.43)	not significant	-0.30 (3.62)	-0.49 (4.23)	-0.29 (1.77)

Note. T-values in parentheses

The model does not add much explanatory power to the transactional model, but the mean difference found between England and Norway for tolerance for deviations in Table 7 and Table 8 was found to be insignificant in this model.

Table 13 presents a matrix including the common metric standardized coefficients for the model.

Table 13. Standardized Coefficients for the Company Reputation Model

	Tolerance for devia-tions	Open-ness of consider. set	Open-ness of inform. gathering	Imp. of company reputation	Percei-ved hetero.	Percei-ved decision diffi-culty	Percei-ved purchase imp.	Percei-ved cost of changing supplier
Likelihood of repurchase	0.27	*	*	* *0.12*[b]	*-0.09*[b]	*-0.06*[b]	*[b]	*0.19*[b]
Tolerance for deviations				* *[b]	-0.22 *-0.24*[b]	-0.13 *-0.14*[b]	* *[b]	0.40 *0.44*[b]
Openness of consider. set				-0.17 *-0.18*[b]	0.17 *0.20*[b]	* *[b]	* *[b]	-0.31 *-0.39*[b]
Openness of inform. gathering				* *[b]	0.10[a] *0.12*[ab]	0.12 *0.14*[b]	0.14 *0.12*[ab]	-0.16 *-0.20*[b]
Importance of company reputation					*	*	0.35	0.30

*Note. * not significant. [a] p < 0.1 two-tailed test. [b] total effects*

Company reputation is only found to influence the openness of the consideration set. Apart from this effect the importance of company reputation is found to have a weak, positive, total effect (including both direct and indirect effects) on the likelihood of repurchase. It is interesting, however, to note that both the perceived purchase importance and the perceived cost of changing supplier do positively influence the importance of company reputation. Thus, purchasers that experience higher levels of risk, represented by an increase in perceived purchase importance and perceived costs of changing supplier, respond by attaching greater importance to company reputation.

The company reputation model was also analyzed for retailers and wholesalers. The fit of the model was reasonable, with a χ^2 value of 662.30 (451 df), RMSEA value of 0.051, and a CFI value of 0.90. Table 14 includes the squared structural correlations and the latent means for the included endogenous constructs.

Table 14. Squared Structural Correlations and Latent Mean Differences for the Company Reputation Model

Group	Likelihood of repurchase	Tolerance for deviations	Openness of consideration set	Openness of information gathering	Importance of company reputation
Retailers	15 %	24 %	13 %	5 %	24 %
Wholesalers	12 %	23 %	15 %	6 %	21 %
Difference: Retailers - Wholesalers	not significant	not significant	not significant	-0.26 (2.20)	0.59 (3.63)

Note. T-values in parentheses

Similar to that found for the comparison of the company reputation model of England and Norway, the company reputation model does not add much explanatory power to the transactional model for retailers and wholesalers. However, apart from the differences found for openness of information gathering and the importance of company reputation, the other mean differences presented in Table 7 disappear.

Table 15 presents a matrix including the common metric standardized coefficients for the model.

Table 15. Standardized Coefficients for the Company Reputation Model

	Tolerance for devi-ations	Open-ness of consider. set	Openness of inform. gathering	Imp. of company reputation	Perceived hetero.	Perceived decision difficulty	Perceived purchase imp.	Perceived cost of changing supplier
Likelihood of repurchase	0.27	*	*	* *0.13*[ab]	*-0.10*[b]	*-0.07*[b]	*[b]	*0.19*[b]
Tolerance for deviations				* *[b]	-0.23 *-0.24*[b]	-0.15 *-0.15*[b]	* *[b]	0.39 *0.44*[b]
Openness of consider. set				-0.15 *-0.14*[b]	0.12 *0.16*[b]	* *0.11*[b]	* *[b]	-0.28 *-0.31*[b]
Openness of inform. gathering				* *[b]	* *[b]	0.15 *0.14*[b]	* *[b]	-0.16 *-0.14*[b]
Importance of company reputation					*	*	0.37	0.26

*Note. * not significant. [a] p < 0.1 two-tailed test. [b] total effects*

Company reputation is only found to influence the openness of the consideration set. Again the importance of company reputation is found to have a weak, positive, total effect (including both direct and indirect effects) on the likelihood of repurchase. Furthermore, both the perceived purchase importance and the perceived cost of changing supplier do positively influence the importance attached to company reputation.

Test of the relational model

In this model the importance of company reputation is substituted with commitment to the supplier. Thus, commitment to the supplier is a mediating factor between the exogenous constructs and the openness of consideration set,

the openness of information gathering, and the tolerance for deviations. The exogenous constructs are modeled to have both direct and indirect effects on these endogenous constructs. The fit of the model including both the English and the Norwegian sample was deemed satisfactory, with a χ^2 value of 667.49 (451 df), RMSEA value of 0.052, and a CFI value of 0.90. Table 16 includes the squared structural correlations and the latent means for the included endogenous constructs.

Table 16. Squared Structural Correlations and Latent Mean Differences for the Relational Model

Group (country)	Likelihood of repurchase	Tolerance for deviations	Openness of consideration set	Openness of information gathering	Commitment to the supplier
England	25 %	26 %	17 %	9 %	20 %
Norway	36 %	38 %	14 %	5 %	20 %
Difference: England - Norway	not significant	-0.29 (2.24)	-0.28 (3.24)	-0.47 (4.01)	*

Note. T-values in parentheses

The relational model appears to offer a better explanation for the likelihood of repurchase. The increase in the explanatory power is most notable in the Norwegian sample (from 17 % to 36 %), but is also substantial in the English sample (from 13 % to 25 %). The difference between the samples in explanatory power is due to varying error variances, not differences in structural parameters. There are no dramatic changes with respect to explanatory power for the other constructs. The model explains 20 % of the variations in the commitment to the supplier construct in both samples. In terms of mean differences for the latent constructs between the samples we found no significant differences for the likelihood of purchase and the commitment to the supplier,

while the Norwegian purchasers were found to tolerate more deviations and have more open consideration sets and information gathering than their English counterparts.

Table 17 presents a matrix including the common metric standardized coefficients for the model.

Table 17. Standardized Coefficients for the Relational Model

	Tolerance for deviations	Openness of consider. set	Openness of inform. gathering	Commit-ment to supplier	Perceived hetero.	Perceived decision difficulty	Perceived purchase imp.	Perceived cost of changing supplier
Likelihood of repurchase	0.13[a]	-0.13	*	0.42 *0.43*[b]	*[b]	*-0.07*[ab]	*0.13*[b]	*0.22*[b]
Tolerance for deviations				0.30 *0.28*[b]	-0.22 *-0.22*[b]	-0.11[a] *-0.13*[b]	* *[b]	0.35 *0.42*[b]
Openness of consider. set				* *[b]	0.18 *0.20*[b]	* *[b]	* *[b]	-0.36 *-0.39*[b]
Openness of inform. gathering				* *[b]	0.10[a] *0.11*[ab]	0.12 *0.13*[b]	0.12[a] *0.13*[ab]	-0.18 *-0.20*[b]
Commit-ment to supplier					*	*	0.32	0.25

*Note. * not significant. [a] p < 0.1 two-tailed test. [b] total effects*

Commitment to the supplier has a relatively strong influence on the likelihood of repurchase, and, to a lesser degree, on tolerance for deviations. The relatively strong effect of the commitment to the supplier on the likelihood of repurchase has reduced the impact of tolerance for deviations on likelihood of repurchase found for the company reputation model (cf. Table 13). Similarly, the

openness of consideration set is found to have a negative influence on the likelihood of repurchase in the relational model as opposed to an insignificant effect in the company reputation model. Perceived purchase importance and the perceived cost of changing supplier positively affect the commitment to the supplier. For the other relationships we observe only small differences.

The relational model was also analyzed for retailers and wholesalers. The fit of the model was reasonable, with a χ^2 value of 678.47 (451 df), RMSEA value of 0.053, and a CFI value of 0.89[3]. Table 18 includes the squared structural correlations and the latent means for the included endogenous constructs.

Table 18. Squared Structural Correlations and Latent Mean Differences for the Relational Model

Group	Likelihood of repurchase	Tolerance for deviations	Openness of consideration set	Openness of information gathering	Commitment to supplier
Retailers	35 %	29 %	12 %	5 %	25 %
Wholesalers	30 %	29 %	14 %	6 %	15 %
Difference: Retailers - Wholesalers	not significant	not significant	not significant	-0.28 (2.43)	0.21 (2.00)

Note. T-values in parentheses

As revealed in Table 18, with the exception of the increase in the explanatory power of the model for the likelihood of repurchase, there are no dramatic changes compared to the results found for the company reputation model. Again, differences in openness of information gathering and tolerance for deviations (cf. Table 7) disappear when controlling for the structural model.

[3] The CFI value is just short of the recommended criterion of 0.9. However, since the RMSEA value is well below the suggested criterion for reasonable fit (0.08), the fit was deemed satisfactory.

Table 19 presents a matrix including the common metric standardized coefficients for the model.

Table 19. Standardized Coefficients for the Relational model

	Tolerance for deviations	Openness of consider. set	Openness of inform. gathering	Commit-ment to supplier	Perceived hetero.	Perceived decision difficulty	Perceived purchase imp.	Perceived cost of changing supplier
Likelihood of repurchase	0.27	*	-0.11	0.47 *0.52*[b]	*[b]	*-0.11*[b]	*0.17*[b]	*0.24*[b]
Tolerance for deviations				0.27 *0.27*[b]	-0.22 *-0.24*[b]	-0.15 *-0.17*[b]	* *[b]	0.34 *0.43*[b]
Openness of consider. set				* *[b]	0.15 *0.15*[b]	0.12 *[b]	* *[b]	-0.31 *-0.31*[b]
Openness of inform. gathering				* *[b]	* *[b]	0.15 *0.14*[b]	* *[b]	-0.14 *-0.14*[b]
Commitment to supplier					*	-0.05[a]	0.30	0.27

*Note. * not significant.* [a] *$p < 0.1$ two-tailed test.* [b] *total effects*

The strongest impact of commitment to the supplier is found on the likelihood of repurchase. There are no major differences as compared to the previously presented model in Table 17.

Test of the company reputation model and the relational model combined

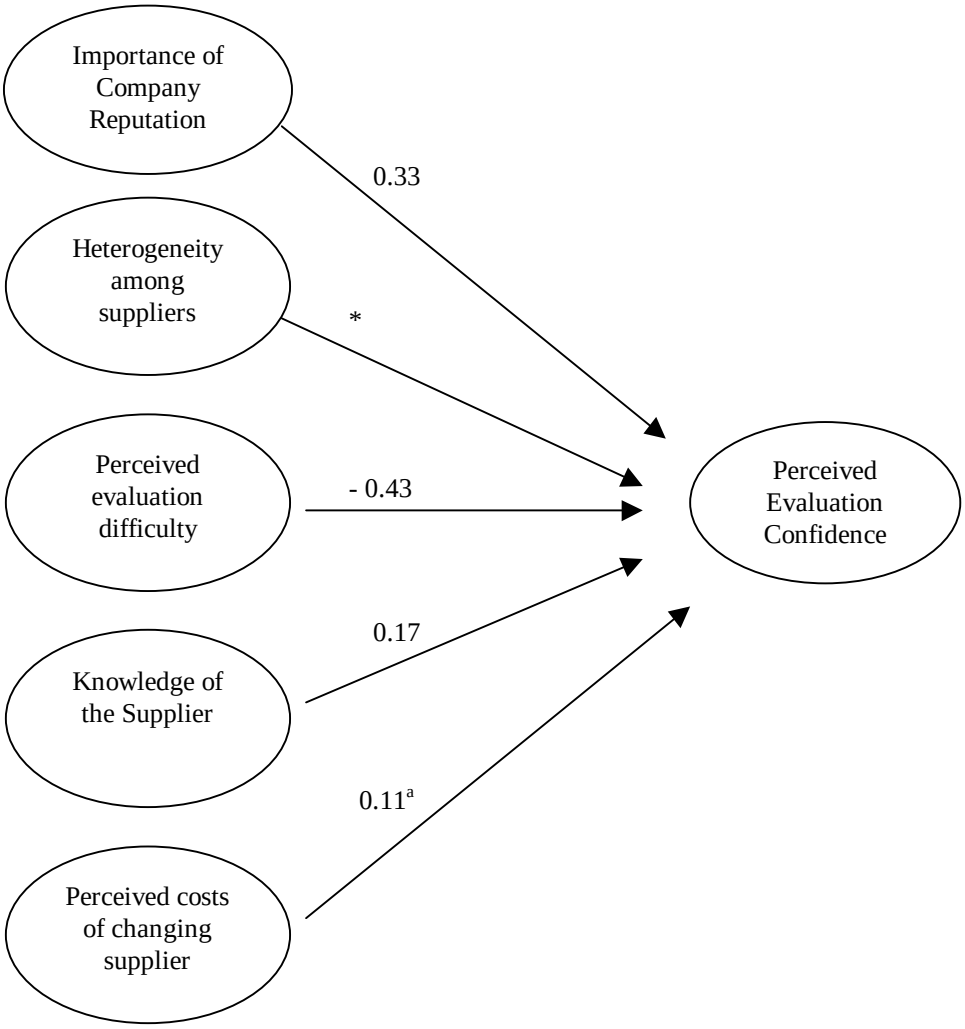
To further explore the role of company reputation in the vendor evaluation process we tested the model presented in Figure 4. In this model company reputation is set to influence the commitment to the supplier as well as the other endogenous constructs. Both the model distinguishing between the English and the Norwegian samples, and the model distinguishing between retailers and wholesalers received satisfactory fit. The χ^2 value of the former model was

found to be 844.59 (584 df) with accompanying values of the 0.05 for the RMSEA and 0.90 for the CFI, while the χ^2 value of the latter model was found to be 841.22 (584 df) with accompanying values of the 0.05 for the RMSEA and 0.90 for the CFI. The results with respect to the squared structural correlations and differences in means for the latent constructs were similar to those found for the relational model. For both models the importance of the company reputation was found to have a weak, positive, influence on commitment to the supplier.

Test of the sources to perceived evaluation confidence

The final model contains a set of exogenous constructs that are proposed to influence the perceived evaluation confidence. These are: importance of company reputation, perceived heterogeneity among suppliers, perceived evaluation difficulty, knowledge of the supplier, and perceived costs of changing supplier. The model is illustrated in Figure 7.

The measurement model for the English and the Norwegian samples received satisfactory fit, with a χ^2 value of 526.59 (300 df), a RMSEA value of 0.065 and a CFI value of 0.92. The model revealed a significant difference between the English and the Norwegian sample with respect to perceived evaluation confidence. The English purchasers appeared to demonstrate more confidence in their evaluation than the Norwegian purchasers (England-Norway = 0.71, T-value 5.09). The structural model also received adequate fit (χ^2 value of 545.44 (305 df), a RMSEA value of 0.066 and a CFI value of 0.91). The squared structural multiple correlations were 0.42 for both samples, suggesting a reasonable high explanatory power. The common metric standardized coefficients are displayed in Figure 9 below.



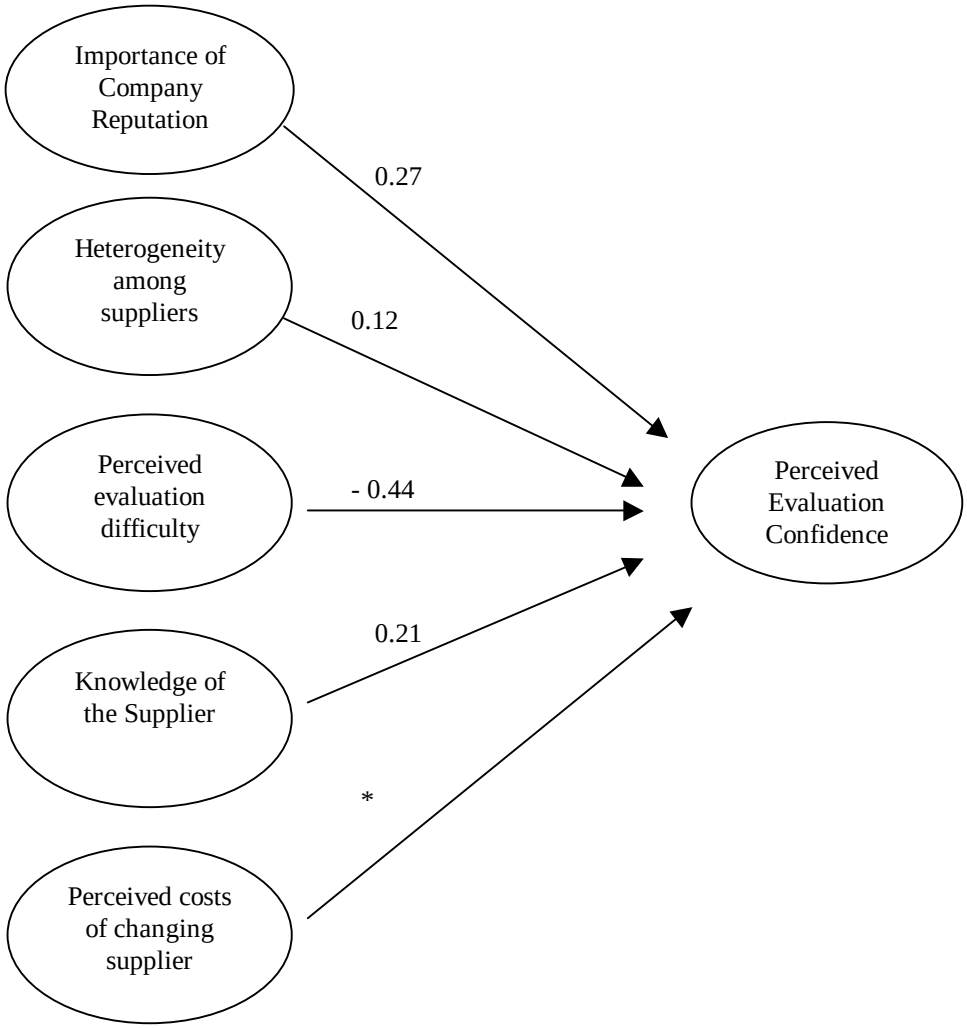
*Note. * not significant.* [a] *p < 0.1 two-tailed test. English and Norwegian samples*

Figure 9. Structural Coefficients of the Sources to Perceived Evaluation Confidence

Figure 9 reveals that the company reputation is considered to be important for uncertainty reduction and serves as a cue to increase evaluation confidence. Only perceived evaluation difficulty is found to have a more profound impact on perceived evaluation difficulty.

A similar analysis was conducted for the retailer and wholesaler samples. The measurement model was deemed satisfactory, with a χ^2 value of 552.27 (300 df), a RMSEA value of 0.069 and a CFI value of 0.90. The model revealed a significant difference between retailers and wholesalers with respect to

perceived evaluation confidence. Retailers were found to report higher levels of evaluation confidence as compared to wholesalers (0.28, T-value=2.00). The structural model also received reasonable fit (χ^2 value of 557.70 (305 df), a RMSEA value of 0.068 and a CFI value of 0.90). The squared structural multiple correlations were 0.43 for both samples, suggesting a reasonable high explanatory power. The common metric standardized coefficients are displayed in Figure 10 below.



*Note. * not significant. Retailer and Wholesaler samples*

Figure 10. Structural Coefficients of the Sources to Perceived Evaluation Confidence.

The mean difference in perceived evaluation confidence between retailers and wholesalers vanishes when controlling for the structural model. Once more the perceived evaluation difficulty was found to have the strongest impact on perceived evaluation confidence. This is hardly surprising, since difficulty naturally should influence confidence. The importance of company reputation has a positive influence on perceived evaluation confidence together with knowledge of the supplier.

The French data

The French data turned out to be somewhat different form the English and the Norwegian data. First, there appeared to be only small differences between retailers and wholesalers. More seriously, the French data turned out to be less reliable, and thus not suited for multi-group comparisons. In this section we will briefly review some of the results found for the French data. In the subsequent analysis we will not use structural equation modeling, but instead employ regression analysis. Furthermore, we do not split the sample into retailers and wholesalers. The following constructs were included in the analysis: Perceived heterogeneity of the market, Perceived evaluation difficulty, Perceived purchase importance, Perceived costs of changing supplier, Tolerance for deviations, Openness of consideration set, Openness of information gathering, Likelihood of repurchase, Importance of company reputation, and Commitment to the supplier. Table 20 presents the measurement with the accompanying reliability assessment.

Table 20. Measurement Model for the French Sample

Constructs	Number of Items	Reliability (Cronbach's alpha)
Likelihood of repurchase	3	0.80
Tolerance for deviations	4	0.82
Openness of consideration set	1	
Openness of information gathering	1	
Perceived heterogeneity	4	0.77
Perceived evaluation difficulty	1*	
Perceived purchase importance	1*	
Perceived cost of changing supplier	1*	
Importance of company reputation	3	0.92
Commitment to supplier	4	0.64

*Note. * Originally multi-item scales that are reduced to single item scales, due to low inter-correlation among scale items*

The items are included in Appendix. The data were examined by a set of regression analyses. In the analyses we employed the means of the items tapping the same scales. The first set of analyses intended to investigate the effects of perceived heterogeneity, perceived evaluation difficulty, perceived importance, and the perceived costs of changing supplier on several dependent variables. Table 21 presents the results for these models.

Table 21. Regression Models for the French Data

Dependent variable	Perceived Heterogeneity	Perceived Evaluation Difficulty	Perceived Purchase Importance	Perceived Costs of Changing Supplier	Explained Variance (adjusted r^2)	F-value (p-value)
Tolerance for Deviations	*	0.24	*	-0.13	0.07	4.57 (p<0.01)
Openness of Information Gathering	*	*	0.15	-0.25	0.08	3.78 (p<0.01)
Importance of Company Reputation	0.12	0.15	0.26	*	0.12	6.50 (p<0.01)
Commitment to the supplier	0.16	*	0.18	0.32	0.20	11.92 (p<0.01)

*Note. Standardized regression coefficients. * represent insignificant coefficients, all others are significant at a p < 0.05 level, one-tailed tests*

The regression model for openness of the consideration set was not significant and is left out of the table. The models do not explain a great deal of the variance in the dependent variables, but the significant effects are in the expected direction. Perceived purchase importance appears to be the most influential variable in explaining importance of company reputation, while the perceived costs of changing supplier is the most influential in explaining commitment to the supplier. The following regression analysis investigates the effects of the dependent variables in Table 21 on the likelihood of repurchase. We ran three different models. First, we conducted a test of the explanatory power of Tolerance for deviations, Openness in consideration set, and Openness of information gathering on the Likelihood of repurchase (referred to as model 1). In the second model we enter Importance of company reputation as an additional

predictor to model 1 (this model is referred to as model 2). The final model also includes commitment to the supplier as a predictor (referred to as model 3). The results are displayed in Table 22.

Table 22. Model Summaries for Regression Analyses

Model	R-square change	F-change	Sign. F-change
1	0.17	12.05	p<0.01
2	0.02	3.43	p<0.1
3	0.03	6.00	p<0.02

Note. Model 1 predictors: Tolerance for deviations, Openness of consideration set, Openness of information gathering. Model 2 predictors: Tolerance for deviations, Openness of consideration set, Openness of information gathering, Importance of company reputation. Model 3 predictors: Tolerance for deviations, Openness of consideration set, Openness of information gathering, Importance of company reputation, Commitment to the supplier

The standardized coefficients for model 3 above are presented in Table 23 below.

Table 23. Standardized Regressions Coefficients for Model 3

Dependent variable	Tolerance for deviations	Openness consideration set	Openness info. gathering	Importance of company reputation	Commitment to supplier	(r^2)	F-value (p-value)
Likelihood of repurchase	-0.19	*	-0.21	*	0.18	0.21	9.44 (p<0.01)

*Note. All coefficients significant at a p < 0.05 level, except those marked with *. r^2 refers to adjusted r^2*

The above model explains a substantial portion of the variance in likelihood of repurchase. Importance of company reputation has a weak positive influence on the likelihood of repurchase (in model 2) that disappears when commitment to the supplier is entered in model 3. The results for the significant predictors are, however, not surprising, and support previously stated hypotheses.

Test of company reputation and influence on the decision process

To test hypothesis 12 we conducted another study. This study contained personnel responsible for the purchasing of red meat in restaurants. The survey contains 100 respondents recruited and interviewed by phone. Data were gathered on their perceptions of supplier reputation and buyer reputation. In addition, several variables concerning evaluative processes and reports on influential persons with respect to the purchase decision were included.

The two scales used to measure the reputation of the supplier and the reputation of the buyer both turned out to be reasonable reliable (alpha equaled 0.76 for both scales). The mean of the included items in each scale is used in the subsequent analysis. The items are listed in Appendix. The perceived gap in reputation contains two components that are measured in the following way. The *magnitude* is measured in terms of the squared difference between the reported buyer reputation and the reported supplier reputation. The *direction* is measured by subtracting the reported reputation for the supplier from the reputation of the buyer.

The test included two dependent variables reflecting different stages in the decision process. The first variable measured whether suggestions from the supplier were regarded as significant input to the decision process. The second measure addressed whether the supplier's judgment was reported to be significant in the decision process. The test of hypothesis 12 resulted in a regression model that was not significant. However, a split of the sample based on the number of

participants in the buying center revealed an interesting finding. Previously we have argued that company reputation was more likely when more persons were involved in the buying center. There are two reasons for this proposition. First, the decision complexity increases when several individuals' preferences are supposed to be integrated in the purchase decision. Furthermore, reputation might be used as an argument to reach some form of consensus. Thus, the sample was divided into two groups. The first group included those restaurants where the buying center contained two or less members. The second group contained restaurants that included more than two organizational members in the buying center. The regression models involving the first group failed to reach significance. However, this was not the case for the second group.

Table 24. Standardized Regressions Coefficients for Reputation and Decision Influence

Dependent variable	Buyer reputation	Magnitude of reputation gap	Direction of reputation gap	Importance of competence	Importance of product quality	(r^2)	F-value (p-value)
Significance attached to supplier suggestions in the decision process	0.48	*	*	0.48	-0.32	0.22	2.76 (p<0.05)
Significance attached to supplier evaluations in the decision process	0.63	0.30[a]	-0.46	0.28[b]	-0.41	0.25	3.11 (p<0.05)

*Note. All coefficients significant at a p < 0.05 level, except those marked [a] p < 0.1 (one tailed test), [b] p < 0.05 (one tailed test), and * insignificant. r^2 refers to adjusted r^2*

This second group contains only 32 respondents. Thus, even relatively large coefficients may fail to reach significance. Table 24 reveals that around 25 % of the variance is explained for both the dependent variables. While only buyer reputation was influential in explaining significance attached to supplier suggestions, all the included reputation measures were found to be influential in explaining significance attached to supplier evaluations in the decision process. Supplier reputation did not have any significant effects in any of the models and is left out of the presentation. Buyer reputation was found to have a strong positive influence in both models. These findings disconfirm the stated hypothesis that proposed a negative effect of buyer reputation. Apparently the supplier influence in the buyer's evaluation process increases when the buyer perceives its reputation to be more positive. It is, however, important to note that the dependent variables do not suggest that the supplier influence is decisive. The only reputation hypothesis that receives at least partial support is that of the direction of the perceived reputation gap. If the buyer perceives its reputation to be more positive than that of its supplier, the supplier is less likely to have an impact on the evaluation process. Two other variables were included in the model, and both appeared to influence the supplier's influence on the purchase process. The importance attached to competence in meat evaluation appeared to positively influence the significance of the supplier in the decision process. The opposite effect is found when the buyer report that its competitive advantage is more based on product quality. Apparently, the need for control pushes the supplier out of the buying center. This effect appears to be similar to that argued for the now rejected hypothesis with respect to buyer reputation.

Implications and Future Research

This section includes a summary of the test of the stated hypotheses and a discussion of brand effects in industrial markets. Furthermore, several limitations of the present research and future research directions are discussed.

Summary of the hypotheses tests

The results from the hypotheses tests are summarized in Table 25. The hypothesized effects of company reputation receive some support, although the effects in general are weak and several hypotheses are rejected. It appears that company reputation is important in risk reduction, since it is an important contributor to decision confidence. Furthermore, perceived purchase importance is positively associated with the importance of company reputation.

Additional support for branding effects in an industrial context was found when examining latent mean differences between retailers and wholesalers. Retailers were found to be more committed to the suppliers, tolerate more deviations, seek out less information, considering fewer alternatives, and attaching higher importance to company reputation as opposed to wholesalers.

Table 25. Summary of Hypotheses and Findings

	Hypothesis	Finding
H1	Perceived heterogeneity among suppliers, perceived evaluation difficulty, and perceived importance of the purchase decision are positively associated with openness of the consideration set and openness of the information gathering, and negatively associated with tolerance for deviations.	*Partly supported.* Few effects found for perceived purchase importance.
H2	The perceived cost of changing supplier is negatively associated with openness in the consideration set and information search, and positively associated with tolerance for deviations.	*Supported.*
H3	Openness of the consideration set and openness of the information gathering are negatively associated with likelihood of repurchase, while tolerance for deviations is positively associated with the likelihood of repurchase.	*Partly supported.* No effects of Openness of information gathering.
H4	Perceived heterogeneity among suppliers, perceived evaluation difficulty, perceived importance of the purchase decision, and perceived costs of changing supplier are positively associated with the importance of company reputation.	*Partly supported.* No effects of Perceived heterogeneity, and Perceived decision difficulty.
H5	The importance of company reputation is negatively associated with openness of the consideration set and openness of the information gathering, and positively associated with tolerance for deviations.	*Mostly rejected.* The only significant effect was the negative effect on Openness of consideration set.
H6	The importance of company reputation is positively associated with the likelihood of repurchase.	*Weak support.* A weak total effect was identified. No direct effect.

H7	Perceived heterogeneity among suppliers, perceived evaluation difficulty, perceived importance of the purchase decision, and perceived costs of changing supplier are positively associated with the commitment to the supplier.	*Partly supported.* No effects of Perceived heterogeneity, and Perceived decision difficulty.
H8	The commitment to the supplier is negatively associated with the openness of the consideration set and the openness of the information gathering, and positively associated with tolerance for deviations.	*Mostly rejected.* The only significant effect was the positive effect on Tolerance for deviations.
H9	The commitment to the supplier is positively associated with the likelihood of repurchase.	*Supported.*
H10	The importance of company reputation is positively associated with commitment to the supplier.	*Weak support.*
H11	Perceived heterogeneity among suppliers and perceived evaluation difficulty are negatively associated with perceived evaluation confidence, while importance of company reputation, knowledge of the supplier, and perceived costs of changing supplier are positively associated with perceived evaluation confidence.	*Supported.* Although Perceived heterogeneity and Perceived costs of changing supplier received only partial support.
H12	Supplier reputation is expected to be positively associated with the supplier's influence on the purchase decision, while buyer reputation, and perceived gap in reputation (both in terms of magnitude and direction) are expected to be negatively associated with the supplier's influence on the purchase decision.	*Mostly rejected.* Only the effect from the direction of the perceived reputation gap received support.

Discussion of results

Both the theoretical consideration and the empirical test suggest that branding effects also may be important in industrial markets as compared to consumer markets. Although some of the identified effects are weak, the results lend support to the propositions suggesting that the influence of brands or company reputation can be important to reduce risk and increase evaluation confidence. Consequently, there is an indication that purchasers use brands and company reputation as a risk reduction heuristic. The support for the proposition that brands and company reputation serve a simplifier heuristics when the perceived evaluation difficulty increases is less convincing. The perceived purchase importance measure suggests that purchase importance is positively associated with the importance attached to company reputation. However, the more "objective" measure, the split between retailers and wholesalers, suggests the opposite. Wholesalers in both the English and Norwegian sample attach less importance to the brand than their retailer counterparts. The difference found with respect to use of the subjective and the more objective measure of importance is interesting. One explanation could be that as the perceived importance increases so do the perceived risk. Then the supplier’s reputation may be used to reduce the perceived risk levels. The objective measure of importance may also contain an element of expertise, since the wholesalers may be more familiar and aware of other relevant criteria for evaluating suppliers. Thus the impact of reputation seems to be reduced. In the French sample, however, no important differences between wholesalers and retailers are identified. This is attributed to the fact that in France the relative significance of salmon purchase appears not to differ between the included wholesalers and retailers.

The relational model turned out to explain most variance in the dependent constructs, such as tolerance for deviations, and the likelihood of repurchase. The proposed antecedents to commitment explained a significant part of the

variance of the constructs, in particular the perceived importance of the purchase. This suggests increased relational commitment might be a response to increased perceived risk associated with salmon purchase. Thus, the present results do not lend support to the "inertia" explanation previously discussed in the theory section. The importance of company reputation had a small, positive, effect on commitment to the supplier.

An interesting research perspective raised in this study is the one of the reputation effects on the supplier influence on the purchase decision. Although the only reputation hypothesis that received some support was the direction of the perceived reputation gap, that is if the buyer perceives its reputation to be more positive than that of its supplier, the supplier is less likely to have an impact on the evaluation process, it seems to be a promising path for future research. Also, the importance attached to competence in meat evaluation appeared to positively influence the significance of the supplier in the decision process, while the opposite effect is found when the buyer report that its competitive advantage is more based on product quality. Apparently, the need for control pushes the supplier out of the buying center.

Limitations

The effect of brands and company reputation might be different depending on the stage of the relationship development process. The studies reported in this report are cross sectional and do not include a process element. Furthermore, the approach employed in this study was to ask for the last purchase, since we wanted to examine a random sample of transactions at different stages in relationships. Since respondents might not be able to accurately report on previous stages in the relationship stages, due to lack of memory or knowledge of the initiation phase, we chose to focus on the last purchase that could take place in an early or late stage in the relationship. However, the effects of company reputation might vary depending on relationship stages. Future studies

may explore differences with brand effects depending on the stage of the relationship. There is reason to believe that the choice of a relationship partner initially may be more influenced by company reputation than latter stages, since reputation might be considered a valid cue to future potential. However, bias partner perceptions might suggest that the chosen partner also is perceived to have the best reputation, at least for buyers using only a very small set of suppliers (for instance, retailers in our study).

Another unresolved issue in this research is the direction of some of the paths found in the tested models. For instance, we have proposed that the perceived costs of changing supplier influenced the level of commitment. It might be the other way around. It is not unlikely that a high level of commitment results in higher levels of perceived costs of changing supplier. Thus, emotional ties, or other ties, increase the cost of leaving a relationship.

One particularly interesting path for future investigation found in this report is that of reputation effects on supplier's influence in the buying center. The results from this study are not convincing. However, one reason for this is the small sample size coupled with a heterogeneous population (the restaurant population employed in this study ranges from fast food places up to exclusive restaurants). A larger sample or a more homogeneous population might result in less standard errors and consequently more significant results. At the present stage this research is explorative and it would be interesting to see further developments in this area.

Concluding comments

The focus of this report was industrial brand effects. Based on the theoretical discussion and the findings we can conclude that also in industrial markets you find brand effects, although some of the effects admittedly are small. However, this report has demonstrated that company reputation may be important in reducing perceived risk for the buyer. The present research has

contrasted the role of brands or company reputation with that of relationship commitment. This approach adds valuable information in testing the explanatory power of company reputation. Indeed, the relationship model explained more variance than the company reputation model, indicating that relationships may be more important in explaining industrial buyer behavior than the use of company reputation. However, company reputation was found to influence the degree of commitment expressed by the buyer towards the supplier. Furthermore, we have also addressed the importance of reputation on the supplier's influence in the buyer's buying process. The study was exploratory rejecting most of the proposed hypotheses. However, as was pointed out in the section above, a potential explanation for this lack of findings might be attributed to methodological factors. Hence, we believe this particular type of brand effect might be an interesting path for future research efforts.

References

Aaker, D.A. (1982), "Positioning Your Product", *Business Horizons*, 25.

Aaker, D.A. (1991), "Managing Brand Equity: Capitalizing on the Value of a Brand Name", The Free Press.

Aaker, J. L. (1997), "Dimensions of Brand Personality", *Journal of Marketing Research*, 34 (August), 347-56.

Aaker, J. L. (1999), "The Malleable Self: The Role of Self-Expression in Persuasion", *Journal of Marketing Research*, 36 (February), 45-57.

Alba, J. W. and A. Chattopadyay (1986), "Salience Effects in Brand Recall", *Journal of Marketing Research*, 23 (November), 263-9.

Ames B.C. (1970), "Trappings vs. substance in industrial marketing", *Harvard Business Review*, 48.

Anderson, R. E. and M.A. Olson (1980), "Technical Wording in Advertising: Implications for Market Segmentation", *Journal of Marketing*, 44.

Arnthorsson, A., W.E. Berry and J.E. Urbany (1991), "Difficulty of Pre-Purchase Quality Inspection: Conceptualization and Measurement", in R.H. Holman and M.R. Solomon (eds.), *Advances in Consumer Research*, 18, Association for Consumer Research.

Assael, H. (1992), *Consumer Behavior and Marketing Action*, Fourth Edition. Boston, MA:Kent.

Axsom, D., S. Yates and S. Chaiken (1987), "Audience Response as a Heuristic Cue in Persuasion", *Journal of Personality and Social Psychology*, 53, No. 1.

Bagozzi, R.P., and Y. Yi (1988), "On the Evaluation of Structural Equation Models", *Journal of the Academy of Marketing Science*, 16.

Bauer, R.A (1967), "Consumer Behavior as Risk Taking", in D. F. Cox (ed.), Risk Taking and Information Handling in Consumer Behavior, The Presidents and Fellows of Harward College.

Best, R.J. and M. Ursic (1987), "The Impact of Information Load and Variability On Choice Accuracy", in M. Wallendorf and P. Anderson (eds.), *Advances in Consumer Research*, 14, Association for Consumer Research.

Bettman, J.R. and M.A. Zins (1979), "Information Format and Choice Task Effects in Decision Making", *Journal of Consumer Research*, 6.

Bettman, J.R. and P. Kakkar (1977), "Effects on Information Presentation Format on Consumer Information Acquisition Strategies", *Journal of Consumer Research*, 3.

Bitner, M.J., B.H. Booms and Stanfield Tetreault (1990), "The Service Encounter: Diagnosing Favorable and Unfavorable Incidents", *Journal of Marketing*, 54.

Bitner, M.J. and C. Obermiller (1985), "The Elaboration Likelihood Model: Limitations and Extensions in Marketing", in E.C. Hirschman and M.B. Holbrook (eds.), *Advances in Consumer Research*, 12, Association for Consumer Research.

Borgida, E. and B. Howard-Pitney (1983), "Personal Involvement and the Robustness of Perceptual Salience Effects", *Journal of Personality and Social Psychology*, Vol. 45, No. 3.

Boyle, B., Dwyer, F. R., Robicheaux, R.A.. and Simpson, J. T. (1992), "Influence Strategies in Marketing Channels: Measures and Use in Different Relationship Structures", *Journal of Marketing Research*, XXIX, November.

Breivik, E. (1995), "Evaluation Differences Between Goods and Services: The Role of Product Intangibility", Unpublished Doctoral Dissertation, NHH, Bergen.

Burton, S. (1990), "The Framing of Purchase for Services", *Journal of Services Mar*keting, 4.

Cacioppo, J.T. and R.E. Petty (1982), "The Need for Cognition", *Journal of Personality and Social Psychology*, 42, No. 1.

Cacioppo, J.T., R.E. Petty, C.F. Kao and R.Rodriguez (1986), "Central and Peripheral Routes to Persuasion: An Individual Difference Perspective", *Journal of Personality and Social Psychology*, 51, No. 5.

Carpenter, G.S., K. Nakamoto (1989), "Consumer Preference Formation and Pioneering Advantage", *Journal of Marketing Research*, 26.

Cox, D.F. (1967), "Risk Handling in Consumer Behavior - an Intensive Study of Two Cases", in D.F. Cox (ed.), Risk Taking and Information Handling in Consumer Behavior, The Presidents and Fellows of Harward College.

Cunningham, M.T. and P.W. Turnbull (1982), "Inter-Organizational Personal Contact Patterns", in Håkanson, H. (1982), *International Marketing and Purchasing of Industrial goods: an interaction Approach*, Chicester: Wiley.

Dabholkar, P.A., W.J. Johnston and A.S. Cathey (1994), "The Dynamics of Long-Term Business-to-Business Exchange Relationships", *Journal of the Academy of Marketing Science*, 22, No. 2.

Darby, M.R. and E. Karni (1973), "Free Competition and the Optimal Amount of Fraud", *The Journal of Law and Economics*, 16.

Dion, P.A. and P.M. Banting (1995), "Buyer Reactions to Product Stockouts in Business to Business Markets", *Industrial Marketing Management*, 24.

Dowling, G.R. (1986), "Perceived Risk: The Concept and Its Measurement", *Psychology and Marketing*, 3.

Dowling, Grahame R. (1986), "Managing Your Corporate Images", *Industrial Marketing Management*, 15 (May), 109-15.

Dowling, Grahame R. (1993), "Developing Your Company Image Into a Corporate Asset", *Long Range Planning*, 26 (April), 101-09.

Dowling, G.R. and R. Staelin (1994), "A Model of Perceived Risk and Intended Risk-handling Activity", *Journal of Consumer Research*, 21.

Dwyer, F.R., Schurr, P. H. and Oh, S. (1987), "Developing Buyer-Seller Relationships", *Journal of Marketing*, 52, April.

Engel, J.F. and R.D. Blackwell (1982), "Consumer Behavior", CBS College Publishing.

Fournier, S. (1998), "Consumers and Their Brands: Developing Relationship Theory in Consumer Research", *Journal of Consumer Resea*rch, 24 (March), 343-73.

Gundlach, G.T. and Cardotte, E.R. (1994), "Exchange Interdependence and Interfirm Interaction: Research in a Simulated Channel Setting", *Journal of Marketing Research*, XXXI, November.

Gregory R.E. (1986), "Source selection: A matrix approach", *Journal of Purchasing and Materials Management*.

Gundlach, G.T., Achrol, R.S. and Mentzer, J.T. (1995), "The Structure of Commitment in Exchange", *Journal of Marketing*, 59, January.

Ha, Y.W. and S.J. Hoch (1989), "Ambiguity, Processing Strategy, and Advertising-Evidence Interactions", *Journal of Consumer Research*, 16.

Hague, P. And P. Jackson (1994), *The Power of Industrial Brands: An Effective Route to Competitive Advantage*, London: McGraw-Hill International.

Heide, J. B. (1994), "Interorganizational Governance in Marketing Channels", *Journal of Marketing*, 58, January.

Heide, J. B. and John, G. (1992), "Do Norms Matter in Marketing Relationships?", *Journal of Marketing*, 56, April.

Heide, J.B. and R.L. Stump (1995), "Performance Implications of Buyer-Supplier Relationships in Industrial Markets", *Journal of Business Research*, 32.

Heide, J.B. and A.M. Weiss (1995), Vendor Consideration and Switching Behavior for Buyers in High-Technology Markets, *Journal of Marketing*, 59, No. 3, July.

Henke, L.L (1995), "A Longitudinal Analysis of the Ad Agency-Client Relationship: Predictors of an Agency Switch", *Journal of Advertising Research*, 35, March/April.

Hoch, S.J. and J. Deighton (1989), "Managing What Consumers Learn from Experience", *Journal of Marketing*, 53, April.

Hoch, S.J. and Y.-W. Ha (1986), "Consumer Learning: Advertising and the Ambiguity of Product Experience", *Journal of Consumer Research*, 13.

Hogarth, R. (1989), "Judgement and Choice", John Wiley and Sons Ltd.

Horton, R. (1984), "Buyer Behavior; A Decision-Making Approach", Charles E. Merrill Publishing Company.

Hutt M.D. and T.W. Speh (1984), "The Markering Strategy Center: Diagnosing the Industrial Marketer's Interdisciplinary Role", *Journal of Marketing*,48.

Håkanson, H. (1982), *International Marketing and Purchasing of Industrial goods: an interaction Approach, C*hicester: Wiley.

Jacoby, J., D.E. Speller and C.A. Kohn (1974), "Brand Choice Behavior as a Function of Information Load", *Journal of Marketing Research*, 11.

Jacoby, J. , G.J. Syzabillo and J. Busato-Schach (1977), "Information Aquisition Behavior in Brand Choice Situations", *Journal of Consumer Research*, 3.

Jacoby, J., J.J. Jaccard, I. Currim, A. Kuss, A. Ansari and T. Troutman (1994), "Tracing the Impact of Item-by-Item Information Accessing on Uncertainty Reduction", *Journal of Consumer Research*, 21.

Johnson, W. and D. Kieras (1983), "Representation-Saving Effects of Prior Knowledge in Memory for Simple Technical Prose", *Memory and Cognition*, 11.

Johnston W.J. and T.Bonoma (1981), "The buying center: Structure and interaction patterns", *Journal of Marketing*, 45: 143-156.

Kapferer, J.-N. and G. Laurent (1985/86), "Consumer Involvement Profiles: A New Practical Approach to Consumer Involvement", *Journal of Advertising Research*, 25.

Kaufmann, G. 1988, "Problem Solving and Creativity", in K. Grønhaug and G. Kaufmann (eds.), Innovation: A Cross-Disciplinary Perspective, Universitetsforlaget.

Kaufmann, P.J. and L.W. Stern (1988), "Relational Exchange Norms, Perceptions of Unfairness, and Retained Hostility in Commercial Litigation", *Journal of Conflict Resolution*, 32, No. 3, September.

Keller, K.L. (1998), Strategic Management: Building, Measuring, ands Managing Brand Equity, Prentice Hall.

Keller, K.L. (1993), "Conceptualizing, Measuring, and Managing Customer-Based Brand Equity", *Journal of Marketing*, 57.

Keller, K.L. and R. Staelin (1987), "Effects of Quality and Quantity of Information on Decision Effectiveness", *Journal of Consumer Research*, 14.

Kohli A.K. (1989), "Determinants of influence in organizational buying: A contingency approach" *Journal of Marketing*, 53: 50-65.

Kupsch, P., P. Hufschmied, H.D. Mathes and K. Schöler (1978), "Die Struktur von Qualitätsurteilen und das Informationsverhalten von Konsumenten beim Kauf langlebiger Gebrauchsgüter", Westdeutscher Verlag GmbH, Opladen.

Larson, A. (1992), "Network Dyads in Entrepreneurial Settings: A Study of the Governance of Exchange Relationships", *Administrative Science Quarterly*, 37.

Laurent, Gilles, Jean-Noel Kapferer, and Francoise Roussel (1995), "The underlying structure of brand awareness scores", Marketing Science, 14, 170-79.

Leclerc, France, Bernd H. Schmitt and Laurette Dubé (1994), "Foreign Branding and Its Effects on Product Perceptions and Attitudes", *Journal of Marketing Research*, 31 (May), 263-270.

Lee, M. and F.M. Ulgado (1993), "Service Extension Strategy: A Viable Basis for Growth?", *Journal of Services Marketing*, 7.

Li, Wai-Kwan and Robert S. Wyer, Jr. (1994), "The Role of Country of Origin in Product Evaluations: Informational and Standard-of-Comparison Effects", *Journal of Consumer Psychology*, 3, 187-212.

Lindsay, P.H. and D.A. Norman (1977), "Human Information Processing: An Introduction to Psychology", Harcourt Brace Jovanovich Inc.

Lines R. (1995), " Strategier for konkurransedyktige eksportbedrifter: Vurderinger basert på kjøpsatferd i tre europeiske markeder". SNF-rapport, 15/95. Bergen.

Lines R. og J.M. Denstadli (1994), "Direktemarkedsføring i norsk næringsliv: En studie av mediavalg og holdninger til reklamemedia", SNF-rapport, Bergen.

Locander, W.B. and P.W. Hermann (1979), "The Effects of Self-Confidence and Anxiety on Information Seeking in Consumer Risk Reduction", *Journal of Marketing Research*, 16.

Macaulay, S. (1963), "Non-Contractual Relations in Business: A Preliminary Study", *American Sociological Review*, 28, February.

Maute, M.F., W.R. Forrester, Jr. (1991), "The Effect of Attribute Qualities on Consumer Decision Making: A Causal Model of External Information Search", *Journal of Economic Psychology*, 12.

Miniard, P.W., D. Sirdeshmukh and D.E. Innis (1992), "Peripheral Persuasion and Brand Choice", *Journal of Consumer Research*, 19.

Moss Kanter, R. M. (1989), "Becoming PALS: Pooling, Allying, and Linking Across Companies", *Academy of Management Executive*, 3.

Murray, K.B. (1991), "A Test of Services Marketing Theory: Consumer Information Acquisition Activities", *Journal of Marketing*, 55, January.

Murray, K.B. and J.L. Schlacter (1990), "The Impact of Services versus Goods on Consumers' Assessment of Perceived Risk and Variability", *Academy of Marketing Science*, 18.

Muthukrishnan, A.V. (1995), "Decision Ambiguity and Incumbent Brand Advantage", *Journal of Consumer Research*, 22, No. 1, June.

Nedungadi, P. (1990), "Recall and Consumer Consideration Sets: Influencing Choice Without Altering Brand Evaluations", *Journal of Consumer Research*, 17.

Nelson, P. (1970), "Information and Consumer Behavior", *Journal of Political Economy*, 78.

Nelson, P. (1974), "Advertising as Information", *Journal of Political Economy*, 82.

Noordwier, T. G., John, G. and Nevin, J. R. (1990), "Performance Outcomes of Purchasing Arrangements in Industrial Buyer - Vendor Relationships", *Journal of Marketing*, 54, October.

Olshavsky, R.W. and D. H. Granbois (1979): "Consumer Decision Making - Fact or Fiction? ", *Journal of Consumer Research*, 6, September.

Olson, J.C. (1977), "Price as an Informational Cue: Effects on Product Evaluation", in A.G. Woodside, J.H. Sheth and P.D. Bennett (eds.), Consumer and Industrial Buying Behavior, Elsevier North-Holland Inc.

Ozanne, J.L., M. Brucks and D. Grewal (1992), "A Study of Information Search Behavior during the Categorization of New Products", *Journal of Consumer Research*, 18.

Park, C.V., B.J. Jaworsky and D. J. MacInnis (1986), "Strategic Brand Concept-Image Management", *Journal of Marketing*, 50.

Payne, J.W. (1976), " Task Complexity and Contingent Processing in Decision Making: An Information Search and Protocol Analysis", *Organizational Behavior and Human Performance*, 16.

Pechmann, C.and S. Ratneshwar (1992), "Consumer Covariation Judgments: Theory or Data Driven", *Journal of Consumer Research*, 19, December.

Perry, M. and B.C. Hamm (1969), "Canonical Analysis of Relations Between Socioeconomic Risk and Personal Influence in Purchase Decisions", *Journal of Marketing Research*, 6.

Petty, R.E. and J.T. Cacioppo (1986), "Communication and Persuation", New York: Sringer-Verlag.

Petty, R.E., J.T. Cacioppo and D. Schumann (1983), "Central and Peripheral Routes to Advertising Effectiveness: The Moderating Role of Involvement", *Journal of Consumer Research*, 10, September.

Pinson, C. (1983), "Exploring the Nature of Consumer Information Processing Heuristics", in R.P. Bagozzi and A.M. Tybout (eds.), *Advances in Consumer Research*, 10, Association for Consumer Research.

Rossiter, J.R. and L. Percy (1987), "Advertising and Promotion Management", New York: McGraw-Hill.

Russo, J. (1974), "More Information is Better: A Reevaluation of Jacoby, Speller, and Kohn", *Journal of Consumer Research*, 1.

Schellinck, D.A. (1983), "Cue Choice as a Function of Time Pressure and Perceived Risk", in R.P. Bagozzi and A.M. Tybout (eds.), *Advances in Consumer Research*, 10, Association for Consumer Research.

Shocker, A.D., R.K. Srivastava and R.W. Reukert (1994), "Challenges and Opportunities Facing Brand Management: An Introduction to the Special Issue", *Journal of Marketing Research*, 31.

Singh, J. (1991), "Understanding the Structure of Consumers' Satisfaction Evaluations of Service Delivery", *Journal of the Academy of Marketing Science*, 19, Summer.

Steenkamp, J.-B.E.M. (1990), "Perceived Quality of Food Products and Its Relationship to Consumer Preferences: Theory and Measurement", *Journal of Food Quality*.

Steenkamp, J.-B.E.M. (1989), "Product Quality: An Investigation into the Concept and How It Is Perceived by Consumers", Van Gorcum and Comp B.V.

Stuart, E.W. and B.K. Fuller (1991), "Clothing as Communication in Two Business-to-Business Sales Settings", *Journal of Business Research*, 23.

Swartz, T.A. and N. Stephens (1984), "Information Search for Services: The Maturity Segment", in T.C. Kinnear (ed.), *Advances in Consumer Research*, 11, Association for Consumer Research.

van Raaij, W.F. (1977), "Consumer Information Processing for Different Information Structures and Formats", in W.D. Perrault Jr. (ed.), *Advances in Consumer Research*, 4, Association for Consumer Research.

Waern, Y. (1982), "What Makes a Task Difficult? A Study of the Relation Between Task Requirements, Task Performance, and Perceived Difficulty", *Psychological Research*, 44.

Webster F.E. (1988) *Industrial Marketing Strategy*,John Wiley and Sons, New York.

Weinberger, M.G. and S.W. Brown (1977), "A Difference in Informational Influences: Services vs. Goods", *Journal of the Academy of Marketing Science*, 5.

Weiss, A.M., E. Anderson, and D. MacInnis (1999), "Reputation Management as a Motivation for Sales Structure Decisions", *Journal of Marketing*, 63.

Williamson, O.E. (1985), *The Economic Institutions of Capitalism: Firms, Markets, Relational Contracting*, New York: The Free Press.

Wind, Y. (1982), "Product Policy: Concepts, Methods, and Strategy", Reading, MA: Addison-Wesley Publishing Company.

Wright, A.A. and J.G. Lynch, Jr. (1995), "Communication Effects of Advertising versus Direct Experience When both Search and Experience Attributes Are Present", *Journal of Consumer Research*, 21.

Zaltman G. and M.Wallendorf (1979), "Consumer Behavior: Basic findings and management implications" John Wiley and Sons, New York.

Zeithaml, V.A. (1981), "How Consumer Evaluation Processes Differ between Goods and Services", in J.H. Donnelly and W.R. George (eds.) *Marketing of Services*, American Marketing Association.

Appendix

This appendix includes an overview and description of the items included in the analysis.

Table A1. Study 1: Questionnaire items.

Likelihood of repurchase:		*Please circle the alternative which agrees best with your perception*								
q1	How likely is it that you will be using the same supplier *next time*?	Very unlikely	1	2	3	4	5	6	7	Very likely
q2	How likely is it that you will be using the same supplier *next year*?	Very unlikely	1	2	3	4	5	6	7	Very likely
Commitment:										
q3	We will always be open to try out new products from this supplier	Disagree completely	1	2	3	4	5	6	7	Agree completely
q4	We would be happy to be referred to in this supplier's marketing drive	Disagree completely	1	2	3	4	5	6	7	Agree completely
q5	We could gladly recommend this supplier to others	Disagree completely	1	2	3	4	5	6	7	Agree completely
Tolerance to deviation										
q6	How likely is it that you would change supplier if a competing supplier presented a corresponding/equivalent offer?	Very unlikely	1	2	3	4	5	6	7	Very likely
q7	How likely is it that you would change supplier if a competing supplier came up with a somewhat lower price?	Very unlikely	1	2	3	4	5	6	7	Very likely
q8	How likely is it that you would obtain offers from competing suppliers if the existing supplier were to introduce a slight increase in price?	Very unlikely	1	2	3	4	5	6	7	Very likely
q9	How likely is it that you would change supplier if the existing supplier were to increase his prices slightly?	Very unlikely	1	2	3	4	5	6	7	Very likely
Changing supplier										
q10	We believe that developing efficient procedures for dealing with an alternative supplier would require a lot of time and effort	Disagree completely	1	2	3	4	5	6	7	Agree completely

q11	We believe that establishing new relations with other suppliers would represent a considerable increase in cost	Disagree completely	1	2	3	4	5	6	7	Agree completely
q12	Our routines are to a great extent tailor-made for our supplier	Disagree completely	1	2	3	4	5	6	7	Agree completely

Please tick the alternative which agrees best with your perception:

q13 What suppliers did you *consider* at the time you decided to purchase salmon:

__ Only the supplier we always use

__ Only a selection of the suppliers we have used previously

__ Both new and previous suppliers

__ Only new suppliers

q14 When you last purchased salmon, where did you gather *information* about this decision:

__ Only from the supplier we always use

__ Only from a selection of the suppliers we have used previously

__ From both new and previous suppliers

__ Only from new suppliers

__ From other professionals (not suppliers)

__ No information at all

Heterogeneity among suppliers

q15	Supplies of salmon from various suppliers differ a great deal	Disagree completely	1	2	3	4	5	6	7	Agree completely
q16	Follow-up from the various suppliers is very different.	Disagree completely	1	2	3	4	5	6	7	Agree completely
q17	There are great differences among the various suppliers' price level	Disagree completely	1	2	3	4	5	6	7	Agree completely
q18	The quality of the salmon is very much the same regardless of supplier or make/brand	Disagree completely	1	2	3	4	5	6	7	Agree completely

Degree of difficulty in reaching a decision

q19	Finding the most suitable/the best supplier, is difficult	Disagree completely	1	2	3	4	5	6	7	Agree completely
q20	Distinguishing the various suppliers is difficult	Disagree completely	1	2	3	4	5	6	7	Agree completely

The importance of the decision

q21	It does not mean the world to us if we choose the wrong supplier of salmon	Disagree completely	1	2	3	4	5	6	7	Agree completely
q22	Choosing the wrong supplier of salmon is very annoying	Disagree completely	1	2	3	4	5	6	7	Agree completely
q23	Choosing the supplier of salmon is a very important decision	Disagree completely	1	2	3	4	5	6	7	Agree completely

The importance of company reputation

q24	We always choose the supplier that enjoys the best reputation	Disagree completely	1	2	3	4	5	6	7	Agree completely
q25	We always choose the most recognised supplier	Disagree completely	1	2	3	4	5	6	7	Agree completely
q26	We always choose the supplier that deals in the most recognised products	Disagree completely	1	2	3	4	5	6	7	Agree completely

Table A2. Descriptive statistics.

Item	Mean	Standard deviation
Likelihood of repurchase		
q1	6.52	1.17
q2	6.34	1.23
Commitment to supplier		
q3	5.92	1.45
q4	5.44	1.87
q5	5.99	1.51
Tolerance for deviations		
q6	3.31	1.93
q7	4.46	2.00
q8	4.54	2.00
q9	3.79	1.93
Perceived cost of changing supplier		
q10	3.85	1.89
q11	2.91	1.73
q12	4.38	2.09
Openness consideration set and information gath.		
q13	2.00	0.80
q14	3.63	1.07
Perceived heterogeneity		
q15	4.76	1.71
q16	5.00	1.68
q17	4.33	1.62
q18	3.37	1.93
Perceived evaluation difficulty		
q19	3.66	1.81
q20	3.52	1.74
Perceived purchase importance		
q21*	4.77	1.97
q22	5.12	1.89
q23	5.44	1.71
Importance of company reputation		
q24	4.01	1.93
q25	3.62	1.94
q26	4.10	1.94

Note. * Reversed item.

Table A3. Study 2: Questionnaire guide.

Under dette intervjuet vil jeg stille en del spørsmål som omhandler deres valg og forhold til leverandør av rødt kjøtt. Jeg vil be deg ta utgangspunkt i det siste kjøpet av rødt kjøtt som dere foretok, og svare på spørsmålene med utgangspunkt i dette.

Forhold til leverandør

		Vær vennlig og sett en sirkel rundt det alternativet som best passer med din oppfatning
1	Hvor ofte handler dere med denne leverandøren?	Denne ene gangen Sjelden Av og til Stort sett Alltid
2	Av de siste 10 kjøp av rødt kjøtt hvor mange ganger kjøpte dere fra denne leverandør?	0 1-3 4-5 6-7 8-9 10
3	Hvor ofte er dere i kontakt med leverandøren?	Aldri Sjelden Av og til Ofte Hver dag
		Vær vennlig og fyll ut relevant andel/antall
4	Hvor mange leverandører av rødt kjøtt benytter dere totalt?	____
5	Hvor stor andel av bedriftens innkjøp av rødt kjøtt kommer fra:	
	- Deres største leverandør?	ca. ____ %
	- Deres 5 største leverandører?	ca. ____ %
	- Den leverandør dere sist kjøpte fra?	ca. ____ %
6	Hvor mange år har dere benyttet den leverandøren som dere sist kjøpte fra?	ca. _____ år
7	I hvilken grad handler dere andre varer enn rødt kjøtt fra denne leverandøren?	Kun i liten utstrekning 1 2 3 4 5 6 7 I stor utstrekning

Sannsynlighet for gjenkjøp:

		Vær vennlig og sett en sirkel rundt det alternativet som best passer med din oppfatning
8	Hvor sannsynlig er det at dere kjøper fra samme leverandør *neste gang*?	Svært usannsynlig 1 2 3 4 5 6 7 Svært sannsynlig

9	Hvor sannsynlig er det at dere kjøper fra samme leverandør *neste år*?	Svært usannsynlig	1	2	3	4	5	6	7	Svært sannsynlig
10	Vi vil alltid være åpne for å prøve nye produkter fra denne leverandøren	Helt uenig	1	2	3	4	5	6	7	Helt enig
11	Vi kan gjerne føres opp som en referanse i markedsføringsfremstøt fra denne leverandøren	Helt uenig	1	2	3	4	5	6	7	Helt enig
12	Vi er villige til å betale en noe høyere pris for produkter fra denne leverandøren	Helt uenig	1	2	3	4	5	6	7	Helt enig
13	Vi anbefaler gjerne denne leverandøren til andre	Helt uenig	1	2	3	4	5	6	7	Helt enig

Toleranse for avvik

14	Vi vil skifte leverandør med en gang *prisene* blir høyere for rødt kjøtt hos denne leverandøren sammenlignet med andre leverandører	Helt uenig	1	2	3	4	5	6	7	Helt enig
15	Vi vil skifte leverandør med en gang *kvaliteten* blir lavere på rødt kjøtt fra denne leverandøren sammenlignet med andre leverandører	Helt uenig	1	2	3	4	5	6	7	Helt enig
16	Vi vil skifte leverandør med en gang *leveringsevnen* blir dårligere hos denne leverandøren sammenlignet med andre leverandører	Helt uenig	1	2	3	4	5	6	7	Helt enig
17	Vi vil skifte leverandør med en gang *servicen* blir dårligere hos denne leverandøren sammenlignet med andre leverandører	Helt uenig	1	2	3	4	5	6	7	Helt enig

Bytte av leverandør

18	Vi tror at utvikling av effektive prosedyrer for å handle med en alternativ leverandør vil kreve mye tid og krefter	Helt uenig	1	2	3	4	5	6	7	Helt enig

		enig							
19	Vi tror at en etablering av nye relasjoner med andre leverandører vil representere betydelige merkostnader	Helt uenig	1	2	3	4	5	6	7 Helt enig
20	Våre rutiner er langt på vei skreddersydd vår leverandør	Helt uenig	1	2	3	4	5	6	7 Helt enig

Del 2: Alternative leverandører

21 Hvor mange ulike leverandører av rødt kjøtt kjenner du til? (*Vær vennlig og før opp ca. antall*) ____

22 Vær vennlig å liste opp de leverandørene du ville vurdere når det gjelder rødt kjøtt (*Vær vennlig og før opp relevante alternativer*)

_____
_____
_____
_____
_____
_____
_____

Sett kryss ved passende alternativ:

23 Når beslutningen om kjøp av rødt kjøtt ble foretatt *vurderte* dere:

_ Utelukkende den leverandør som vi alltid bruker

_ Utelukkende et sett av leverandører som vi tidligere har benyttet

_ Både nye og tidligere leverandører

_ Utelukkende nye leverandører

24 Når beslutningen om kjøp av rødt kjøtt ble foretatt samlet dere inn *informasjon* fra:

_ Utelukkende den leverandør som vi alltid bruker

_ Utelukkende et sett av leverandører som vi tidligere har benyttet

_ Både nye og tidligere leverandører

_ Utelukkende nye leverandører

_ Ingen informasjon i det hele tatt

Heterogenitet blant leverandører

25	Leveranser av rødt kjøtt fra ulike leverandører er svært forskjellige	Helt uenig	1	2	3	4	5	6	Helt enig 7
26	Prisnivået fra ulike leverandører varierer svært mye	Helt uenig	1	2	3	4	5	6	Helt enig 7
27	Kvaliteten på rødt kjøtt er stort sett den samme uavhengig av leverandør eller merke	Helt uenig	1	2	3	4	5	6	Helt enig 7

Del 3: Informasjon om den valgte leverandør

28	Sammenlignet med andre leverandører er den leverandøren som dere benyttet ansett for å være	Lite respektert	1	2	3	4	5	6	Svært respektert 7
		Lite profesjonell	1	2	3	4	5	6	Svært profesjonell 7
		Lite suksessrik	1	2	3	4	5	6	Svært suksessrik 7
		Lite etablert	1	2	3	4	5	6	Svært etablert 7

Del 4: Beslutningsprosessen

Beslutningens vanskelighetsgrad

29	Det finnes få alternativer til denne leverandøren i markedet for kjøp av rødt kjøtt	Helt uenig	1	2	3	4	5	6	7 Helt enig
30	Kjøp av rødt kjøtt er enkelt og krever ingen spesiell kompetanse for å fastslå kvalitet	Helt uenig	1	2	3	4	5	6	7 Helt enig
31	Det er lett å sammenligne ulike leverandører av rødt kjøtt	Helt uenig	1	2	3	4	5	6	7 Helt enig
32	Valg av leverandør av rødt kjøtt er en svært viktig beslutning	Helt uenig	1	2	3	4	5	6	7 Helt enig

Leverandørinnflytelse

33	Forslag fra leverandøren tillegges stor vekt for valg av type kjøtt	Helt uenig	1	2	3	4	5	6	7 Helt enig
34	Leverandørens vurdering tillegges stor vekt i vurderingen av kjøtt	Helt uenig	1	2	3	4	5	6	7 Helt enig
35	Øvrig personell på kjøkkenet har stor innflytelse på valg av type kjøtt	Helt uenig	1	2	3	4	5	6	7 Helt enig
36	Øvrig personell på kjøkkenet har stor innflytelse mht. vurdering av kjøtt	Helt uenig	1	2	3	4	5	6	7 Helt enig

Vær vennlig og list opp evt. andre personer (bruk yrkestittel, eks. kokk, hovmester) som har innflytelse på de valg og vurderinger dere foretar ved kjøp av kjøtt

37 Skriv yrkestittel:

_____	Tillegges liten vekt	1	2	3	4	5	6	7 Tillegges avgjørende vekt
_____	Tillegges liten vekt	1	2	3	4	5	6	7 Tillegges avgjørende vekt

_____	Tillegges liten vekt	1	2	3	4	5	6	7	Tillegges avgjørende vekt
_____	Tillegges liten vekt	1	2	3	4	5	6	7	Tillegges avgjørende vekt

38 Hvilke personer fra deres organisasjon er i kontakt med leverandøren

Antall: _____

Yrkestitler: _____
_____
_____
_____
_____

39 Hvilke personer fra leverandøren har du kontakt med

Antall: _____

Yrkestitler: _____
_____
_____
_____
_____

Innkjøpsprosedyrer

40	Innkjøpsprosedyren for dette kjøpet var i overensstemmelse med våre vanlige interne rutiner	Helt uenig	1	2	3	4	5	6	7 Helt enig
41	Dette kjøpet krevde mange nye beslutninger	Helt uenig	1	2	3	4	5	6	7 Helt enig
42	Denne formen for innkjøp gjøres på samme måte hver eneste gang	Helt uenig	1	2	3	4	5	6	7 Helt enig
43	Vår restaurant har ingen etablerte rutiner for å kjøpe denne type kjøtt	Helt uenig	1	2	3	4	5	6	7 Helt enig

Hvor viktig er følgende egenskaper ved en leverandør for deres valg av leverandør av rødt kjøtt:

Vær vennlig og sett en sirkel rundt det alternativet som best passer med din oppfatning

44	- prisnivå	Svært uviktig	1	2	3	4	5	6	7	Svært viktig
45	- leveringstid	Svært uviktig	1	2	3	4	5	6	7	Svært viktig
46	- leveringssikkerhet	Svært uviktig	1	2	3	4	5	6	7	Svært viktig
47	- konsistent kvalitetsnivå	Svært uviktig	1	2	3	4	5	6	7	Svært viktig
48	- variert produkttilbud	Svært uviktig	1	2	3	4	5	6	7	Svært viktig
49	- renommé	Svært uviktig	1	2	3	4	5	6	7	Svært viktig
50	- servicenivå	Svært uviktig	1	2	3	4	5	6	7	Svært viktig
51	- personlig erfaring	Svært uviktig	1	2	3	4	5	6	7	Svært viktig
52	- kompetanse	Svært uviktig	1	2	3	4	5	6	7	Svært viktig

Del 5 Markedet for rødt kjøtt

Vær vennlig og sett en sirkel rundt det alternativet som best passer med din oppfatning

53	Markedet for rødt kjøtt kjennetegnes av store endringer med hensyn til kvalitet	Helt uenig	1	2	3	4	5	6	7	Helt enig
54	Markedet for rødt kjøtt kjennetegnes av store endringer med hensyn til prisstrukturen	Helt uenig	1	2	3	4	5	6	7	Helt enig

55	Markedet for rødt kjøtt kjennetegnes generelt sett av store endringer	Helt uenig	1	2	3	4	5	6	7 Helt enig

Del 6: Forhold mellom leverandør og egen bedrift

Avhengighet

56	Denne leverandøren er avgjørende for vår fremtidige ytelse	Helt uenig	1	2	3	4	5	6	7 Helt enig
57	Det vil være vanskelig å bytte ut denne leverandøren	Helt uenig	1	2	3	4	5	6	7 Helt enig
58	Denne leverandøren er viktig for vår virksomhet	Helt uenig	1	2	3	4	5	6	7 Helt enig

Del 7: Spørsmål vedrørende egen bedrift

Vår konkurranseevne skyldes i all hovedsak at

59	..... vårt tilbud er bedre tilpasset kundenes ønsker og behov enn det som er vanlig i vår bransje	Helt uenig	1	2	3	4	5	6	7 Helt enig
60	..... vi har bedre kvalitet på våre produkter enn det som er vanlig i vår bransje	Helt uenig	1	2	3	4	5	6	7 Helt enig
61	..... vår produksjon er mer effektiv enn det som er vanlig i vår bransje	Helt uenig	1	2	3	4	5	6	7 Helt enig
62	.....vi har lavere faste kostnader enn det som er vanlig i vår bransje	Helt uenig	1	2	3	4	5	6	7 Helt enig
63	Vår meny er i all hovedsak standardisert	I liten grad	1	2	3	4	5	6	7 I stor grad

64	- Dette skyldes beslutninger tatt sentralt	I liten grad	1	2	3	4	5	6	I stor grad 7
65	- Dette skyldes kundenes etterspørsel	I liten grad	1	2	3	4	5	6	I stor grad 7
66	Vår meny varierer med årstidene	I liten grad	1	2	3	4	5	6	I stor grad 7
67	- Dette skyldes kundenes etterspørsel	I liten grad	1	2	3	4	5	6	I stor grad 7
68	- Dette skyldes tilgjengelighet av råvarer	I liten grad	1	2	3	4	5	6	I stor grad 7
69	Vår meny varierer avhengig av leverandørens tilbud	I liten grad	1	2	3	4	5	6	I stor grad 7
70	Sammenlignet med andre restauranter vurderes dere som å være	Lite respektert	1	2	3	4	5	6	Svært respektert 7
		Lite profesjonell	1	2	3	4	5	6	Svært profesjonell 7
		Lite suksessrik	1	2	3	4	5	6	Svært suksessrik 7
		Lite etablert	1	2	3	4	5	6	Svært etablert 7

71 Hvilken omsetning hadde dere i 1999? ca. _____

72 Hvor mange ansatte har dere? _____