DISCUSSION PAPERS

The Structure and Dynamics of Expectations and Customer Satisfaction in Channel Member Relationships in the Victorian Fruit Industry

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Abstract

Many studies in channel member relationships have hitherto focussed on factors such as trust, commitment, uncertainty, dependence and situational factors. What research has addressed satisfaction in channel member has focussed on constructs of ‘economic’ and ‘non-economic’ satisfaction. This paper advances several reasons why these approaches may usefully be supplemented with research attempting to apply the well established disconfirmation of expectations model, with its familiar constructs of expectations, perceived performance, disconfirmation and customer satisfaction/dissatisfaction. Further, the paper proposes that a modification of the traditional disconfirmation model incorporating dimensions of ‘outcome’ and ‘process’, previously tested in a business to business context, may be insightful in this context, despite radical differences in the nature of the product. A program of research is proposed in the context of both upstream and downstream distribution channel relationships amongst fruit producers and their distribution channel(s) in Northern Victoria. Qualitative and empirical studies of a longitudinal nature are proposed.

Keywords: Relationship, disconfirmation, satisfaction, dissatisfaction, distribution channel.

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Introduction

The fruit industry in the Goulburn Valley, Northern Victoria plays an important role in the economic development of the region and the nation. It produced 90 percent of Australia’s deciduous canned fruit production, 85 percent of Australia’s total pear production, 80 percent of Australia’s nashi fruit production, 16 percent of Australia’s apple production and 14 percent of Australia fresh stone fruit production in 1999 (Unpublished report, 1999)

The traditional channel of fruit distribution includes the originating fruit grower, packing shed, wholesaler agent, and supermarket. The most common channel of fruit distribution is from fruit grower to packing shed and then to supermarket without an intervening wholesaler. The other common pattern is a channel from grower to packing shed and direct to exporter.

The purpose of the research

The purpose of this research is to explore, measure and model primary produce distribution channel member satisfaction/dissatisfaction, and to explore its antecedents, consequences and dynamics, using the disconfirmation for expectations paradigm. It is proposed to do this in a longitudinal manner, exploring the dynamics of satisfaction for both 'sides' of this business to business transactions. It may be possible to provide a dynamic view, examining the customer satisfaction/dissatisfaction (CSD) of both parties to particular business to business transactions between different levels within the distribution channel. Mutual enhancement of the satisfaction of the various channel members is obviously in the interests of all parties. Understanding of the process of formation of CSD and its consequences will enable management to optimise CSD for each party.
Customer satisfaction in channel relationships

Buyer-seller relationships in business to business markets, especially in channels of distribution, have been studied extensively (Cannon and Perrealt Jr., 1999). Factors such as trust and commitment (Anderson and Weitz 1992; Doney and Cannon 1997; Morgan and Hunt 1994), uncertainty and dependence (Anderson and Coughlan 1987; Heide and John 1990; Mohr, Fisher and Nevin 1996), and other factors have been examined for their impact on these relationships. The effects of relationships on these characteristics have in turn been examined. Recently, research on customer satisfaction/dissatisfaction (CSD) has been extended to the business-to-business sphere, with studies in the areas of management consulting (Patterson, Johnson, and Spreng, 1997; Patterson and Spreng, 1997) and advertising creative services (Hill, Johnson, and O'Brien, 2000).

There seems to be no reason why the linkages now strongly evident between CSD, antecedent variables such as disconfirmation, and post consumption responses such as loyalty in business-to-business services such as these, should not also be evident in a wide range of channel relationships. The construct ‘channel member satisfaction’ has in fact been explored recently (Geysken, Steenkamp, and Kumar, 1999). This work has viewed channel member satisfaction as comprising two dimensions. These are economic satisfaction, defined as a channel member’s ‘positive affective response to the economic rewards flowing from the relationship’ (p.234), for example, sales volumes and margins, and noneconomic satisfaction. The latter is defined as a channel member’s ‘positive affective response to the noneconomic, psychosocial aspects of its relationship’ (p. 234), essentially the fulfilment, ease and gratification found in the relationship.

This research has successfully measured economic and noneconomic dimensions of channel member satisfaction as distinct constructs, and modelled a variety of antecedent and consequent relationships. Nevertheless, there are several reasons why application of the traditional disconfirmation of expectations model, or a recently developed ‘dualistic’ model may still prove worthwhile.
Firstly, the construct of ‘channel member satisfaction’ as defined refers only to positive affective responses. Consumer satisfaction/dissatisfaction (CSD) as a construct incorporates both positive and negative responses (Iacobucci, Grayson, and Ostrom, 1994). Indeed, it is sometimes debated whether in fact CS and D may be distinct constructs (Babin and Griffin, 1998). Secondly, the CSD construct is commonly believed to capture both affective and cognitive elements of the satisfaction/dissatisfaction response. Oliver and others have demonstrated how a series of cognitive evaluations occurs during consumption (Oliver, 1997, p337). It is not sufficient to consider only the affective component of the channel member’s response, no matter how important this component may be. Finally, reference has already been made to the literature linking CSD and aspects of post consumption experience such as loyalty and word of mouth behaviour (Hallowell, 1996; Soderlund, 1998). Such phenomena are clearly as important to distribution channel members as they are to other kinds of business or non-business consumers.

Hence it is proposed to apply the disconfirmation of expectations model, revised to allow for the dimensions of outcome and process, within agricultural distribution channels in the Northern Victoria. This offers an opportunity to consider CSD in the situation where a business customer (the channel member) experiences both sides of the seller-buyer relationship, ‘up-stream’ and ‘down-stream’, where ‘upstream’ demand is ‘derived’ ‘downstream’. This is a highly distinctive business-to-business context, not been previously researched for the dynamics of CSD. It also offers a further valuable opportunity to attempt modelling of CSD in a longitudinal context. There are still very few longitudinal studies of CSD.

Customer satisfaction/dissatisfaction is one of the most heavily researched constructs in the discipline of marketing, but not one without some controversy. Oliver (1997, p 13) provides a definition thus: ‘… the consumer’s fulfilment response. It is a judgement that a product or service feature, or the product or service itself, provided (or is providing) a pleasurable level of consumption-related fulfilment, including levels of under- or overfulfilment’.

The disconfirmation paradigm has been researched extensively with regard to consumer goods and services (Bolton and Drew, 1991; Brown and Swartz, 1989; Oliver, 1980; Tse and Wilton,
1988). It was only recently applied to business-to-business services (Nowak and Washburn, 1998; Patterson et al., 1997). The basic disconfirmation model comprises variables including expectations, (perceived) performance, disconfirmation, and CS/D, as per Diagram One.

**Diagram One: Basic Disconfirmation of Expectations Model (After Oliver, 1980)**

Although consumers are known to use all elements of the model, others may selectively base their satisfaction decisions on one or more of its components (Oliver, 1997, pp. 125-6). The ‘dualistic’ model as recently tested in the Australian advertising industry (Hill, Johnson, and O'Brien, 2000), uses an outcome /process version of this model.

**The Structure of Expectations**

The unit of analysis for this research is a buyer-seller relationship of one season’s duration. The survey will be conducted in two stages, t1 (before the season) and t2 (after the season). The first step towards testing to the disconfirmation model in this context is to answer the question ‘disconfirmation of what?’ Qualitative research via focus groups or individual depth interviews is necessary to delineate the elements, which make up the expectations of consumers. It is this first stage which is proposed in this study.

A sample of eight to ten channel members (initially primary producers) will provide detailed answers to the question ‘what do you look for in the total package of goods and services you
consume? What criteria do you bring to bear in assessing how satisfactory is the total package of goods and services you obtain”? The expectations of primary producers concerning packing services will be examined - an ‘upstream’ view. The experience of ‘supplier satisfaction/dissatisfaction’ (SSD, the channel equivalent of CSD) could also be explored via a further series of questions focussing on the satisfaction/dissatisfaction derived from the ‘downstream’ relationship e.g. packers satisfaction with their suppliers of fruit, or wholesalers (exporters) satisfaction with the packing services they utilise. This is a possible further contribution of this research - the ability to compare directly the CSD and related responses of successive channel members, and experiences on both sides of a given transaction.

References


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