SELF- AND COLLECTIVE INTEREST IN THE STAGES OF ASYMMETRIC CUSTOMER-SUPPLIER RELATIONSHIPS: EVIDENCE FROM THE DANISH FOOD SECTOR

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ABSTRACT

This paper addresses the evolution of self- and collective interests in asymmetric customer-supplier relationships. Achieving joint business goals on the basis of collective interests in collaborations between larger customers and smaller supplier is complex since issues of power and dependence prevail. However, the ability to build collective interest is important for both parties to gain from collaborations, and in particular the development of self-interest of the smaller partner is vital for the evolution of more balanced relationships. Here we study the development stage of asymmetric relationships to explore in more detail which asymmetric characteristics may support and hinder the evolution of self- and collective interests during the development stages. Through a qualitative study of five asymmetric relationships in the Danish food industry, we find that asymmetric relationships where the partners build complementary competencies as the relationship develops are less conflicting and the business outcomes are more mutually rewarding. Whereas in relationships where cooperation is mainly focused on product and technology development, as well as when there is less interpersonal interaction between the larger and smaller party, the collective interest is less strong.

Keywords: asymmetric relationship, self-interest, collective interest, food industry
INTRODUCTION

The purpose of this paper is to investigate how self and collective interests evolve in the development stages of asymmetric customer-supplier relationships.

The structure of relationships between larger customers and smaller suppliers has been the focus of a number of studies in IMP (Industrial Marketing and Purchasing Group) research. But, the way in which larger and smaller firms develop both their own interests and mutual interests through the stages of their relationships is an under-investigated area. In this paper we investigate how the self and collective interests of larger Danish food customers and their smaller suppliers are manifested in the exploratory, developing and stable stages of asymmetric customer-supplier relationships (Ford, 1980; Johnsen & Ford, 2008; Lee & Johnsen, 2012).

The paper links the asymmetric relationship development stages (Lee & Johnsen, 2012) with the approaches of firms to self and collective interests (Medlin, 2006; Munksgaard & Medlin, 2014) through a literature review. A conceptual structure that aligns these two elements is then presented. The authors take a qualitative approach involving in-depth interviews within a set of five dyadic larger customer-smaller supplier relationships from the Danish food sector to explore the following research question:

- How do self and collective interests evolve in the exploratory, developing and stable stages of asymmetric customer-supplier relationships?

The contribution of the paper lies in the discussion of a framework that identifies different types of approaches to self and collective interests used by larger customers and smaller suppliers in the stages of asymmetric relationships.

In the following sections of the paper, the theoretical and empirical focus of the study are established. We focus on a literature review encompassing evolving self and collective interest in the asymmetric relationship stages. The findings from the empirical study are discussed and conclusions are presented.
Evolving Self and Collective Interest

The very ‘raison d’être’ of business relationships is to create value to the parties involved (Anderson et al., 1994). Thus the outset for engaging in a collaborative relationship is a somewhat collective interest, which builds on the specific interest of the parties involved. Firms will enter collaborative relationships to fulfil economic goals and participate jointly to achieve relationship performance (Medlin et al., 2005). In other words firms need to deal with others and attune to others (Geiger and Finch, 2010, Hakansson and Olsen, 2011) to build and develop their business.

The notion of self and collective interest rests on the argument that achieving self-interest in collaborative relationships comes through successful joint action (Medlin 2005). Medlin (2005:862) argues that a strong entwinement of self and collective interest is important for meeting a firm’s profit goal. This understanding of self and collective interest implies that firms will join their resources with the aim of each achieving their own economic goal for the relationship and these goals will motivate firms to jointly act for reaching better relationship performance.

Recent studies of self and collective interest give further insights into the entwinement of these interests in business relationships. Munksgaard (forthcoming) suggests that firms engage in collaborative networks with different strategies based on variations on self and collective interest. Munksgaard and Medlin (2014) further show how firms engaging actively in joint activities are more driven by collective interests than ‘less active’ or ‘non active’ firms. Whereas the active firms seek to develop the value potentially obtainable from the network, we cannot conclude that active firms driven by collective interests gain more by joint efforts. On the contrary, Munksgaard and Medlin (2014) argue that what is important is a network competence to convert value created in the network to firm gain or self interest. Put differently, these authors suggest that the ability to concert collective interest to self interest is unrelated to firm level activity in relationships and networks as well as independent of a firm’s organizing role in the network. This is similar to the study of Munksgaard et al. (2012) showing how the ability to find complementarity across partners’ strategic intentions is essential to achieve a joint task. Related to how interests evolve in asymmetric relationships this is important since we then understand that the smaller party can also contribute to a collective interest in the relationship and gain from it, even it does not have the same resources to engage in activities as the larger party.
Studying the entwinement of self and collective interest in the dynamic process of relationship development is complex. Whereas, the degree of self interest attributed by either of the parties is likely to influence the process of relationship development (Medlin 2005), how actors will act will be based on each of their perceptions of opportunities in the network (Wilkinson, 2008). The complexity grows from the differences in how actors will perceive opportunities. But also how each the desired outcomes of each will influence the interpretation of how the relationship has developed (Corsaro and Snehota, 2012).

Important lessons to note for the present study are how self and collective interests are strongly entwined in business relationships. However, reaching a desired outcome for both parties is possible even in asymmetric relationships, since it is not only a matter of how active you are or can be – but more related to an ability to convert collective interest to one’s own benefit. Further, actors’ intentions for engaging in asymmetric relationships and their desired outcomes will shape their interpretation of possibilities for development in and of the relationship.

RELATIONSHIP DEVELOPMENT STAGES IN ASYMMETRIC CUSTOMER-SUPPLIER RELATIONSHIPS

A number of studies to date have investigated the dynamics of relationship development (Ford 1980; Frazier, 1983; Dwyer et al., 1987). The nature of the interaction between companies and approaches to relationship development have been found to differ across a range of relationship development stages. Ford’s (1980) model identified four relationship development stages; the pre-relationship stage, exploratory stage, developing stage and stable stage. The stages of Dwyer et al.’s (1987) model mirror those of Ford’s (1980) model, highlighting the awareness, exploration, expansion and commitment phases. However, neither model included dissolution of the relationship which has been the focus of more recent research on relationship development patterns (e.g. Alajoutsijarvi et al., 1999; Havila and Wilkinson, 2002).

Relationship development research has demonstrated that the parties involved often have a preference for a long-term orientation (Anderson and Narus, 1990; Wilson, 1995), aim to resolve their differences during the process of development and try to build value into their relationships at each stage (Wilson and Jantrania, 1994; Eggert et al., 2006; Zerbini and Castaldo, 2007). Relationships are deemed to be successful or highly performing when the
parties commit mutual efforts to reduce uncertainty (Campbell, 1985). Relationships will flourish when joint problem-solving and interdependencies evolve during relationship development (Anderson and Narus, 1990; Heide and John, 1988; 1990). Therefore relationship development is often seen to involve social interaction and collaboration with a long-term aim of developing stable relationships between customers and suppliers.

However, other studies have focused on less harmonious aspects of relationship development, highlighting negative implications, uncertainties and difficulties (Heide and Stump, 1995; Johanson and Mattson, 1987). Relationship development may involve tensions between larger customers and smaller suppliers (El-Ansari and Stern, 1972). Asymmetric power displays, conflict resolution, commitment and satisfaction all play a role in limiting relationship development (Jap and Ganesan, 2000; Zerbini and Castaldo, 2007; Lee & Johnsen, 2012).

Following Lee & Johnsen (2012), we focus in this paper on the stages of asymmetric relationship development, that is, the stages of the relationship from the exploratory stage through the developing and stable stages in relationships between larger customers and smaller suppliers.

The exploratory stage

The exploratory stage is the research and test phase in relationship (Dwyer et al., 1987). A larger customer may choose to test a smaller supplier’s capacity for development via small orders and negotiation of terms or product specifications (Claycomb and Frankwick, 2010). Smaller suppliers may test their trust in a new customer and the potential for developing a fruitful longer-term relationship (Wilson, 1995). Cooperation is key to the exploratory phase of relationship development (Dwyer et al., 1987). In the early stages of a relationship smaller suppliers may be controlled by larger customers as they have yet to establish their position in the relationship and prove their value.

The developing stage

In the developing stage intensity, mutuality and particularity grow in the customer-supplier-relationship. Larger customers increase their purchases from smaller suppliers and consider longer-term contracts (Claycomb and Frankwick, 2010). Cooperation and trust in the counterpart increases and power becomes increasingly shared across different domains of expertise of the two parties (Wilson, 1995; Wilson and Jantrania, 1994; Tu, 2010).
Interpersonal inconsistency is reduced in the developing stage, as smaller suppliers become more adept at managing misunderstandings and conflicts through experience of working with their larger customer (Johnsen and Ford, 2008). However, this development does not inevitably continue and the relationship may revert to an earlier stage (Bygballe and Harrison, 2003).

The stable stage

When a relationship is mature the parties can benefit from stability, mutual dedication, more balanced power and established domains of expertise (Rosson and Ford, 1982; Ganesan, 1994). But institutionalization may mean that the relationship becomes routine and the parties take each other for granted (Ford et al., 2003). In this mature stage both a larger customer and smaller supplier have strong mutuality, particularity, intensity and long-term cooperation, through ongoing experience of one another (ibid.). Trust, commitment and relationship-specific investments have been built in the other party (Ganesan, 1994; Wilson, 1995; Claycomb and Frankwick, 2010). This may preclude a customer or supplier from seeking alternative relationships and focusing more efforts and resources on maintaining the established relationship. Particularity in the stable stage acts as an assurance of the continuation of the relationship between the customer and supplier (Dwyer et al., 1987). Trust is important to the stability of the customer-supplier relationship and mirrors the firms’ “mutual importance to each other” (Ford, 1980, p.47). Smaller suppliers focus on developing goodwill trust with their larger customers, as the key issue in the stable stage is to maintain the relationship as more important to the customer than that of competing suppliers (Sako, 1992) and to avoid relationship dissolution.

CONCEPTUAL DEVELOPMENT

For the purpose of this study we have taken point of departure from Lee & Johnsen’s (2012) model of relationship development stages in asymmetric relationships and have expanded this model in a new framework to combine the stages of asymmetric relationship development with indicators of self and collective interests of firms through the exploratory, developing and stable stages of a relationship, derived from our literature review.

The framework shown in Table 1 combines the stages and characteristics of asymmetric relationship development with indicators of the approaches to self and collective interests in each stage of asymmetric relationship development. We use the framework to examine how
the interests of customers and suppliers may evolve during the asymmetric relationship stages. The table guides the development of the empirical study which is discussed in the next section.
Table 1. Self and collective interest in the stages of asymmetric customer-supplier relationships

<table>
<thead>
<tr>
<th>Relationship development stage</th>
<th>Characteristics of stage of asymmetric relationship development (Lee &amp; Johnsen, 2012)</th>
<th>Approaches to self &amp; collective interests in asymmetric relationship development</th>
</tr>
</thead>
</table>
| **Exploratory Stage**        | **Building:**
Mutuality, Cooperation, Intensity, Trust (contractual)  
**Coping with:**
Conflict, Inconsistency, Power/Dependence | - How are individual/collective interests identified and built through own or shared goals?  
- On what basis can the firms cooperate and build trust ensuring their specific interests are accounted for?  
- What are the firms’ expectations about how the initial relationship fulfills their economic goals & relationship performance aims?  
- How do the firms attune to each other and cope with difficulties/clashes?  
- How do the firms intend to build and develop their business together? |
| **Developing Stage**          | **Establishing:**
Mutuality, Particularity, Cooperation, Intensity, Trust (Competence-Goodwill)  
**Managing:**
Inconsistency, Power/Dependence | - How do the firms establish their shared interests and entwine to grow the relationship?  
- How do the firms join their resources and competencies with the aim of achieving their own economic goals for the relationship?  
- How do the firms act jointly for reaching superior relationship performance?  
- How do the firms manage and overcome problems to enable the relationship to continue? |
| **Stable Stage**              | **Maintaining:**
Mutuality, Particularity, Cooperation, Intensity, Power/Dependence (Goodwill) Trust | - How do the firms engage actively in joint activities to maintain the momentum of the relationship?  
- How do firms incorporate collective interests in current/future activities?  
- How do firms maintain the value potential of the relationship?  
- How are complementarities that give rise to long-term potential of the relationship maintained?  
- How do firms capitalize on self/collective interests to develop a network competence and grasp opportunities? |
METHODOLOGY

The empirical basis of this paper is a qualitative study of five asymmetric relationships. The five relationships each include a smaller supplier and a larger customer. A qualitative approach is chosen since this allows for building in-depth insights of collaboration in the relationships. This explicitly includes enquiries regarding the development of the self interest of the partners engaged in the asymmetric relationship as well as their collective interests.

The five relationships have been carefully selected based on criteria relevant to the research question at hand: Firstly, asymmetric relationships were chosen based on a difference in size in terms of the number of employees of the customer and supplier, i.e. larger customers and smaller suppliers. Secondly, only relationships with access to interview both the larger customer and the smaller supplier were included in the study. Thirdly, the relationship should be in the stable phase of relationship development to be able to investigate the evolution of self and collective interest. Finally, we have chosen to include two types of asymmetric relationships: ‘complementary competencies-oriented’ and ‘product development-oriented’ as identified by Munksgaard et al. (in review). This fourth criterion is included to further study whether the type of relationship adds additional knowledge of the evolution of self and collective interests in asymmetric relationships.

Accordingly, the study includes three asymmetric relationships of the type ‘complementary competencies-oriented’ (relationship 1, 2 and 5) and two asymmetric relationships of the type ‘product development-oriented’ (relationship 3 and 4). The firms in relationship 4 have requested anonymity which is why we use the company names Alpha and Beta. The five relationships are listed in Table 2.
The Danish food sector constitutes the context from which the relationships are chosen. In Denmark the historical development of the collaborative movement has created a food sector including very large players (e.g. within dairy, meat and poultry). Additionally, the sector is also characterized by a strong representation of many small producers and suppliers. The Danish food sector is thus an evident setting for studying collaboration in asymmetric relationships. Further, regional political interest is increasing to support the development of this kind of relationship. On one hand, asymmetric relationships are considered relevant for helping smaller firms to develop the market potential of their business (e.g. through joint exports in collaboration with larger partners). On the other hand, it is the political conviction that larger firms engaging in asymmetric relationships may benefit from gaining access to niche competencies and technology.

A total of ten face-to-face, in-depth interviews comprise the empirical data for this study. Interviews have been completed with both the smaller suppliers and the larger customers in each of the five asymmetric relationships. At the smaller suppliers interviewees are the owner managers,

<table>
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<td>Dansk Honning</td>
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<td>Gram Slot</td>
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while at the larger customer either the CEO/owner manager or the purchasing manager is interviewed. In all cases, the interviewee is the person mostly involved in the asymmetric relationship, having the daily contact with the counterpart.

The interview guide concerns issues related to self and collective interest and activities during the development of the relationship. Interviews lasted on average one hour and fifteen minutes and were all tape recorded. A detailed summary of the interview has been sent to each interviewee for verification of the details. Since interviews where completed by two of the authors the summaries along with the theoretical framework build the basis for joint analysis conducted in collaboration between all three authors.

EMPIRICAL FINDINGS: SELF- AND COLLECTIVE INTERESTS IN ASYMMETRIC RELATIONSHIPS

This section presents five cases of asymmetric relationships in the Danish food sector between a larger customer and a smaller supplier. Here it is described how the self and collective interests in each of these develop as the single relationship evolves. Each relationship is presented and then compared in the following discussion section. Presenting each relationship we follow the theoretical framework outlined while explicitly focusing on the ongoing developing in the self interest of the asymmetric partners involved as well as the joint collective interest. Further, the prime asymmetric characteristics portraying each relationship are described during the three phases of relationship development included in the study.

Relationship1: Vadehavsbageriet and Easyfood

In the process of changing its business to industrialized small scale production of bake-off products Vadehavsbageriet contacts Easyfood to get some professional assistance. The CEO of Easyfood gives them some references and this somewhat random phone call becomes the starting point for a fruitful collaboration. Vadehavsbageriet is aware that cooperation is necessary and therefore they go into the cooperation with an open mind: “If you do not share experiences, knowledge, references etc. you are a dead man in business.” To begin with Vadehavsbageriet depends on Easyfood who contributes with advice and references. For example Easyfood provides an access to a customer who has later become a large customer for Vadehavsbageriet. Easyfood have an interest in working with Vadehavsbageriet because they see a potential in their products and they seem to get along on a personal level as well. This means they have an intense dialog where they are in contact several
times a week. Both parties can therefore benefit from cooperating by strengthening both their own and their common interest.

As the relationship evolves Vadehavsbageriet becomes a more active part by contributing with tips and advice production wise meaning the relationship becomes more interdependent. However this sometimes leads to conflicts because some departments from Easyfood do not take these advises serious. This means that the CEO of Easyfood has to step in and deal with the interpersonal inconsistency because he believes in the relationship and it’s potential. The CEO of Easyfood says: “The small company often has a history and flexibility. And the larger company has better access to and knowledge about the market.” The two companies thereby complement each other especially on competencies and it is clear what each part contributes with. Both parties point out that they have a collective interest in improving each other’s competencies because they then become more valuable partners. Furthermore their products are also complementary meaning that their mutual product portfolio has expanded.

While Vadehavsbageriet now benefits from getting access to Easyfood’s markets and customers, Easyfood gain access to Vadehavsbageriets competencies both regarding products and more flexible production processes. This mutual interdependence is particular useful in a common project about selling goods to the German market – a market both parties find interesting and which they cannot enter alone. As the CEO of Easyfood puts it: “We have never been closer to get our products in to the large customers in Germany. It is a strength for us to have Vadehavsbageriet on board”. The joint project also means that formal contracts are being introduced to underpin the mutual trust which is still central. The development of the relationship is illustrated in Table 3.

Relationship 2: Dansk Honning and Swienty

Around 2008 honey prices on the Danish market have gone to a dramatically low level due to exceeded supply. This lead the honey producer Dansk Honning to investigate the possibilities for increasing Danish exports to Germany with the clear goal and self interest to raise price levels. With several agreements from other honey producers to sell and export also their honey the owner contacted the company Swienty which was known for not only selling honey production equipment but also for having good connection to potential customers throughout Europe. Since Swienty has a clear interest in the Danish market for honey production, the owner willingly shares his contacts. In this exploratory stage of the relationship the partners’ interest are complementary and they share a collective interest in improving the profitability of the Danish producers.
As Dansk Honning takes some initial contact to potential customers in Germany with the genuine interest to penetrate this market, things are progressing rather slow as this form of selling is not the main capability of the honey supplier. However, the relationship moves into a developing stage, as the partners agree for Swienty to take over the penetration and export of Danish honey to the German market. The power-dependence of the partners is clear as the domains of expertise become defined and tasks are clearly separated as part of the export effort. Dansk Honning states: "Bjørn writes all the things down that we have talked about so we get the deals written down. Then he proceeds with the deals. He is much better at formulating in writing and therefore he has the contact with the customers."

Swienty handles the contact and negotiation with export customers and Dansk Honning collects and secures the supply from other honey producers in Denmark, as Swienty explains: "Dansk Honning is better placed than us logistics wise and they have the space and facilities to handle the honey."

As the personal relation between the owners of the two companies is strengthened, more joint projects are developed and the intensity of joint meetings and activities increases the relationship evolves into a stable phase. The high levels of mutual trust and cooperation lead Dansk Honning to develop its self interest to developing its business. Their collective interest further evolves into developing the market for honey and is no longer related only to exports and forwards sales but also product development for the end-consumer market. Here the personal relations are evaluated as the basis for developing joint business, as Swienty claims: "It becomes more genuine because of what you have together."

The development of the relationship is illustrated in Table 4.

Relationship 3: Dansk And and Rose Poultry

The exploratory stage of the relationship between Dansk And and Rose Poultry grows from the closing of the last duck slaughterhouse in Denmark in 2006. Dansk And has a self interest in finding a new partner to handle sales. Rose Poultry was already a known partner and the relationship was seen as advantageous as this partner has well-established and well-functioning sales channels and employees to handle the task. Rose Poultry is the biggest supplier of poultry products in Denmark and Dansk And did not have the staff to handle the task at that moment. The partners see a collective interest in including duck products in a joint effort to sell poultry products. Therefore they started a formal cooperation where Rose Poultry handle all the sales. To Rose Poultry the interest of developing the relationship is a potential to broadening the product range and
get access to new contacts through Dansk And. The sales manager of Rose Poultry adds: "Now I can offer my customers a whole package with different categories and that is a strength for us."

As part of developing their relationship the partners expand the cooperation with jointly developing new variances of duck products to end-consumers. This initiative builds on a collective interest in growing sales. The products are still being sold through Rose Poultry’s sales channels as the director of Dansk And says: "Everything we have produced has been sold through Rose’s sales channels. It has been natural for them to have these products along with their own products." The new products shall help to create new product groups in order to further strengthen the sales. Both parties also help each other with references when they meet potential customers at fairs etc.

However as Dansk And’s products become more valuable due to an increased market share, their bargaining power increases which affects the power/dependence relation. The CEO of Dansk And therefore points out that it might be necessary to reconsider the relationship. Especially because Rose Poultry is overtaken by a large international concern which means that their sales manager gets fired. This interpersonal inconsistency means that Dansk And miss an important personal link to Rose Poultry. Furthermore as there has been a growth in sales they now have a self interest in getting more focus on their own business: "It has to do with costs, basically. How many channels are necessary to get the products distributed?" See Table 5 for a summary of the characteristics of the relationship development.

Relationship 4: Alpha and Beta
This cooperation started shortly after Alpha had developed a really unique product. Their own organization and business network was too small to handle both production and sales and therefore they approach the larger customer to get them to include the product in their portfolio. For the Alpha it is important to find a trustworthy partner to fulfill their own goal of getting the product into the market: "Trust and respect and the loyalty that follows is extremely important. That way you can create stable and durable relations", the owner says. Beta finds the product very interesting as they it as a way to broaden their own product range. They get the sole rights to distribute the product. Therefore they sign a formal agreement that Alpha shall concentrates on production while Beta handles the sales.

Both parties initially see perspectives on export and that becomes a common goal to penetrate foreign markets. Here Beta’s references come in handy. "This is a good example of how a small
entrepreneur gets his products on the market by using our sales channels and contacts.”, as the product manager of Beta says. Alpha has an interest in keeping focus on developing further on the technology as the products receive positive attention from the end-customers while Beta still sees the products as a complementary part of their own product range.

The product is a success and Alpha experience a huge demand for the products. However they are not satisfied with either the sales or the promotion of their product. Although there is an increasing interest in the product the sales are not following the demand accordingly. Basically Beta does not live up to the sales numbers stated in the contract. Beta has a new sales manager who does not give the recognition that Alpha believe they need. The mutual trust between the two parties therefore suffers. The owner of Alpha explains it this way: “We learned that it is critical that our customers also likes the products and see a future for them. It is hard work to introduce a new product and therefore you need genuine engagement in the sales effort.” The relationship is illustrated further in Table 6.

Relationship 5: Gram Slot and Rema1000
The owner of Gram Slot has a dream to revitalize the castle and sell its ecological agricultural products and in order to do so he needs a partner who can see the same potential. A thorough analysis of the various retailers in Denmark point at REMA1000 as the obvious choice because they share the same values. Gram Slot invites the purchase manager to a meeting and already here there is a good personal chemistry between them so they decide to start up a partnership. The deal is that Gram Slot shall produce and develop the products and then REMA1000 get the sole rights to sell the products in their stores. Right from the start the two parties believe in each other and they can see some mutual benefit through their collaboration. In this exploratory phase they therefore also decide to focus on the concept of the collaboration rather than on the products making sure that this is going to be a long term partnership. The owner of Gram Slot says: “I think it was absolutely necessary that we started to consider the overall concept rather than the products. We know that Gram Slot is only a small piece in the big puzzle and only the ability to cooperate with others will secure our company.”

The relationship is a learning process for both parties as they have to understand each other’s worlds. It is two very different cultures and especially the purchasers from REMA1000 initially have a hard time trying to understand how the processes at Gram Slot work. Gram Slot on the other hand also has to live up to all the demands that a large retailer sets for its suppliers. Fortunately both
focus on the long term goal and not the day-to-day issues. As the purchase manager says: “We had to focus on the benefits and see the collaboration as an asset for us. As a pioneer you really have to believe in the project and agree on that this is what we want.” It is also in this developing stage that Gram Slot recognizes that they might as well make use of the other partners that REMA1000 deal with. This means that they can focus on their core capabilities which are to produce and develop and then for example let REMA1000’s partners handle the logistics.

The products appeal to the customers and the huge success means that the two parties decide to strengthen their partnership further. Today they are engaged in a formal partnership with REMA1000 as co-owner of Gram Slot and several activities taking place involving both parties for mutual benefit. Gram Slot gains access to REMA1000’s knowledge about consumer demands and REMA1000 benefit from having a solid partner who produces some unique products. Furthermore they are now collaborating about conferences being held at Gram Slot. The purchase manager of REMA1000 sums it up like this: “It is absolutely a huge success for us. And we can use it as part of our branding regarding ecology. The most important thing is that you share a common goal which both parties believe in. Focus on your own contribution and do what you do best. Then you have reached far in a relationship.” See Table 7 for a summary of this asymmetric relationship.

CONCLUDING DISCUSSION

In this paper we set out to investigate how self and collective interests evolve through the stages of relationship development between larger customers and smaller suppliers.

Not surprisingly, trust and interpersonal relationships are at the heart of developing a well-functioning asymmetric relationship. From our study we learn that especially the self-interest of the smaller supplier evolves as the relationship develops. In the two product/technology-oriented asymmetric relationships (relationship 3 & 4) the collaboration with the bigger customer helps the small supplier to obtain a broader market reach. This is also the case in the three complementary competencies-oriented relationships, but here the evolution of the smaller partners’ self-interest is met through an alignment of the collective interest. An increase in sales makes them a more attractive and valuable partner for the larger customer. That means that the power/dependence relation becomes more balanced and the larger customer need to take the smaller supplier’s needs and demands into account. At this point trust is still a key element as the smaller supplier need to be sure that the larger customer is as dedicated to the cooperation as themselves. In general, the larger customers seem to stick to their self-interest. This is not surprising, since the larger parties are more
likely to adhere to a general strategic plan or vision. But since the smaller supplier’s business change and evolves, it is important that the collective interest becomes adjusted and redefined. The strongest relationships are those where there is a development towards complementarity, meaning that the parties seek new ways to take mutual advantage of each other’s competencies, resources etc. The product itself is of course important but if a partnership is to become successful, it is also necessary that there is dedication and a mutual trust in both striving to achieve a collective interest and vision. This can be seen in relationship 1, 2 and 5 where the relationship becomes tighter and stronger because the parties learn how to better complement each other and there is mutual dedication to a common goal.

However, the evolution of self-interest is not without conflict. As the product/technology-oriented relationships develop the smaller suppliers grow increasingly dissatisfied with the outcome and joint sales. Both in the case of Dansk And and Alpha, the self-interest evolves rather intensely as the product scope and general business of the suppliers grow. Accordingly, they become less content with each of the relationships with their larger customers. Instead of the self-interest overlapping with the collective interest it seem to stray away from each other. The collective interest does not match the self-interest of the supplier anymore. It appears that the larger customers do not dedicate themselves to improve or adjust the relationship as much as the smaller supplier has done in these relationships.

In relationship 3 and 4 a change in personnel at the larger customer also negatively affects the relationship. It shows how important it is that there is a mutual personal understanding of each part’s interests and needs. When the personal relations change then there inevitably will be more conflicts because the parties have to establish new interfaces. It takes time to establish rapport, and a dedicated effort to learn about the partner. When Rose Poultry chooses a new sales strategy this causes insecurity from Dansk And regarding their position. This insecurity affects the level of trust because it is important that the parties feel equally important. The smaller supplier becomes less dedicated and seek new ways of fulfilling its’ self-interest which can be seen in both these relationships. This adds to the conflict in the cooperation because there is no common direction. Furthermore there seems be a narrow focus on only cooperating about selling the products, rather than on how the companies also can complement each other.

The complementary competencies-oriented relationships experience conflicts too, but less serious or damaging ones – e.g. in the relationship between Vadehavsbageriet and Easyfood as well as
between Gram Slot and REMA1000. Here conflicts arise as more interpersonal relationships grow between the partners. When more departments get involved in the relationship conflicts can occur as employees may have different understandings of the purpose of the collaboration. At Easyfood the CEO steps in to communicate and solve the matter. In the relationship between Gram Slot and REMA1000, the strongly entwined collective interest seems to become the mutual reference when crisis occur. There is a mutual understanding of the other parts’ competencies and resources. This means that when conflicts inevitably occur both parties will focus on finding a proper solution to the conflicts so that the conflicts do not overshadow the common goal. Hence, a constant alignment of self and collective interest according to the development in the different stages, especially undertaken by the smaller supplier, is crucial for the overall success of an asymmetric relationship.

**MANAGERIAL IMPLICATIONS**

The paper has highlighted the implication for how smaller suppliers approach relationship-building with larger customers and how larger customers can encourage or support their smaller counterparts to develop interests which benefit and profit both parties in the relationship.

The study has also raised issues concerning how smaller suppliers and larger customers perceive their opportunities to build self and collective interests at the exploratory, developing and stable stages of the relationship and how they act on these perceived opportunities. We have highlighted the importance for smaller suppliers and larger customers in identifying two different types of asymmetric relationship that should be treated differently with regard to the focus on building self and collective interests through the relationship development stages.

In complementary-competence asymmetric relationships the customer and supplier can focus more social/relationship-building aspects through the stages of relationship development, as these relationships have less need to focus on the resolution of serious conflicts or inconsistencies. So, in complementary-competence asymmetric relationships the parties should focus on building mutuality, cooperation and intensity to strengthen the bonds of complementarity that already exist between the two parties. In so doing, firms in complementary-competence relationships have the potential to move more quickly through the relationship development stages with an increased opportunity to build collective interests at each stage.
In product-technology focused asymmetric relationships the parties should concentrate on building primary bonds to strengthen the relationship and to create the potential for clarity around self-interests and the potential to build common interests. In these relationships the emphasis should be on resolving conflicts or interpersonal inconsistencies, dealing with power and dependence issues and building trust, particularity and commitment. As collective interests are less strong or mature in the product-technology focused relationships, these characteristics must take priority in the relationship development stages to create a strong foundation for building stronger interpersonal interaction between the larger and smaller party and seeking opportunities for collective interests to evolve through the relationship development stages.

As this research involved firms in the Danish food sector the findings have implications for government and trade bodies supporting the development and competitiveness of this important sector of the Danish economy. It is therefore important to consider how small and large firms can capitalise on developing common interests across this sector and in finding ways to develop goals in tandem. Opportunities exit to look at this issue further through workshops and mentoring programmes that bring together larger customers and smaller suppliers.

LIMITATIONS AND AVENUES OF FURTHER RESEARCH

In this paper we set out to investigate the evolution of self- and collective interests in asymmetric customer-supplier relationships. To achieve this aim we examined which asymmetric relationship characteristics could support and hinder the evolution of self- and collective interests during the exploratory, developing and stable stages of a customer-supplier relationship. The paper has contributed a conceptual structure linking the characteristics of each stage of asymmetric relationship development with approaches to self and collective interests in the development stages. This framework has been tested in the investigation of asymmetric customer-supplier relationships in the Danish food sector, leading to a set of findings on the evolution of self- and collective interests during the exploratory, developing and stable stages of customer-supplier relationships.

A key limitation of this research has been that we studied only five asymmetric relationships in the Danish food industry. Therefore, the findings of this research do not provide a basis for generalisation of the findings.
In conducting this study we have brought together two areas of IMP research which have not previously been linked. In joining the two strands of research on asymmetric customer supplier relationship development and self- and collective interests in relationships, the authors faced some challenges in aligning concepts and operationalising variables. Therefore, future research needs to be pursued to continue the integration of these two streams of research within the IMP tradition. In addition, we propose further in-depth case studies from within the Danish food sector and beyond to investigate the appropriateness and validity of our findings in greater depth and in other contexts than those that we have been able to achieve for the purpose of this study.
References


Munksgaard, K. B. & Medlin, C. J. (forthcoming) Self and collective interests: using formal network activities for developing firms' business. Accepted for publication in *Industrial Marketing Management*.


Munksgaard, K. B. forthcoming. Is this network for you or for me? The pursuit of self- and collective interests in a strategic network. Accepted for publication *Journal of Business and Industrial Marketing*.


Table 3: Relationship 1: Vadehavsbageriet >> Easyfood

<table>
<thead>
<tr>
<th>Exploratory stage</th>
<th>Developing stage</th>
<th>Stable stage</th>
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<tbody>
<tr>
<td><strong>Interests</strong></td>
<td><strong>Interests</strong></td>
<td><strong>Interests</strong></td>
</tr>
<tr>
<td><strong>Self interest supplier:</strong> Change from handcraft to industrialized handcraft production</td>
<td><strong>Self interest supplier:</strong> Improved sales on home market through industrialized handcraft production</td>
<td><strong>Self interest supplier:</strong> Establish export through industrialized handcraft production</td>
</tr>
<tr>
<td><strong>Self interest customer:</strong> Retain craftsmanship in industrialized production</td>
<td><strong>Self interest customer:</strong> Retain craftsmanship in industrialized production</td>
<td><strong>Self interest customer:</strong> Establish export through industrialized handcraft production</td>
</tr>
<tr>
<td><strong>Collective interest:</strong> Industrialize handcraft production</td>
<td><strong>Collective interest:</strong> Industrialize handcraft production to improve sales on home market</td>
<td><strong>Collective interest:</strong> Penetrate the German market</td>
</tr>
</tbody>
</table>

**Most prominent characteristics**

| **Power/dependence:** High dependence on Easyfood as they have access to markets and references that Vadehavsbageriet needs | **Power/dependence:** Relationship becoming more inter-dependent as both parties contribute with advice both product and production wise | **Power/dependence:** The relationship is balanced because they have found a way to complement each other with their competencies |
| **Intensity:** Intense dialog where they are in contact weekly | **Cooperation** Using Vadehavsbageriet as benchmark regarding flexibility and craftsmanship | **Cooperation** Engaging in an export collaboration in order to penetrate the German market |
| **Trust:** Trust at a personal level between owner of Vadehavsbageriet and CEO of Easyfood | **Interpersonal inconsistency:** Mostly dialog between owners of Vadehavsbageriet and CEO of Easyfood as they communicate well. Sometimes problems when other departments from Easyfood are involved | **Trust:** Formal contracts are being introduced to secure rights of both parts. Mutual trust is still central |
Table 4: Relationship 2: Dansk Honning><Swienty

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<thead>
<tr>
<th>Exploratory stage</th>
<th>Developing stage</th>
<th>Stable stage</th>
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<tbody>
<tr>
<td><strong>Interests</strong></td>
<td><strong>Interests</strong></td>
<td><strong>Interests</strong></td>
</tr>
<tr>
<td><strong>Self interest supplier:</strong> Raise price levels of honey in Denmark</td>
<td><strong>Self interest supplier:</strong> Penetrating German export market</td>
<td><strong>Self interest supplier:</strong> Product development for strengthening competitive position</td>
</tr>
<tr>
<td><strong>Self interest customer:</strong> Maintaining market for honey in Denmark</td>
<td><strong>Self interest supplier:</strong> Penetrating German export market</td>
<td><strong>Self interest customer:</strong> Developing market for honey in Denmark</td>
</tr>
<tr>
<td><strong>Collective interest:</strong> Improving profitability of honey producers in Denmark</td>
<td><strong>Collective supplier:</strong> Penetrating German export market</td>
<td><strong>Collective interest:</strong> Developing market for honey in Denmark</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Characteristics</th>
<th>Characteristics</th>
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</thead>
<tbody>
<tr>
<td><strong>Cooperation</strong></td>
<td><strong>Particularity:</strong> High commitment from both parties</td>
<td><strong>Power/dependence:</strong> Complementary competencies means that there exists an interdependent relationship among the two parties</td>
</tr>
<tr>
<td>Exploration of how the two parties can help each other achieve a common goal to raise the price level of honey</td>
<td>Intense dialog where they are in contact weekly</td>
<td>Conflict: It is a challenge that the deals are informal if there are disagreements. Both seek to handle potential issues through dialog</td>
</tr>
<tr>
<td><strong>Intensity:</strong> Intense dialog where they are in contact weekly</td>
<td><strong>Intensity:</strong> Highly intense as the CEO’s speak to each other several times a week</td>
<td><strong>Cooperation:</strong> High level of cooperation as they discuss both strategy and day-to-day business in order to reinforce each other’s business</td>
</tr>
<tr>
<td><strong>Trust:</strong> Cooperation based on verbal agreements</td>
<td><strong>Trust:</strong> High level of trust with no formal contracts between the parties</td>
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Table 5: Relationship 3: Dansk And→< Rose Poultry

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<tr>
<th>Exploratory stage</th>
<th>Developing stage</th>
<th>Stable stage</th>
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<tbody>
<tr>
<td><strong>Interests</strong></td>
<td><strong>Interests</strong></td>
<td><strong>Interests</strong></td>
</tr>
<tr>
<td>Self interest supplier: Reestablish business</td>
<td>Self interest supplier: Develop new products to strengthen position</td>
<td>Self interest supplier: Increase profit margin</td>
</tr>
<tr>
<td>Self interest customer: Broaden the product range</td>
<td>Self interest customer: Broaden the product range</td>
<td>Self interest customer: New sales strategy due to acquisition</td>
</tr>
<tr>
<td>Collective interest: Increase sales on home and export markets</td>
<td>Collective interest: Increase sales on home and export markets</td>
<td>Collective interest: Increase sales on home and export markets</td>
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</tbody>
</table>

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<tr>
<th>Characteristics</th>
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<tbody>
<tr>
<td>Particularity: Limited adaption since Rose Poultry just add Dansk And’s products to its sales portfolio</td>
<td>Particularity: Dansk And is seeking security that Rose Poultry will commit even more to sell Dansk And’s products</td>
<td>Particularity: The new sales strategy means that Dansk And’s position is given a lower priority</td>
</tr>
<tr>
<td>Power/Dependence: Dansk And depend on both Rose Poultry’s sales department and distribution network</td>
<td>Intensity: High, as they speak several times a week at CEO/sales level</td>
<td>Power/Dependence: Due to increased sales Dansk And improves its bargaining power meaning that their products need more attention</td>
</tr>
<tr>
<td>Trust: Cooperation based on formal agreements</td>
<td>Cooperation: High, as both parties work together on new common solutions</td>
<td>Interpersonal inconsistency: As the sales manager of Rose Poultry is fired there is now a personal relation missing</td>
</tr>
<tr>
<td>Exploratory stage</td>
<td>Developing stage</td>
<td>Stable stage</td>
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<tr>
<td><strong>Interests</strong></td>
<td><strong>Interests</strong></td>
<td><strong>Interests</strong></td>
</tr>
<tr>
<td><strong>Self interest supplier:</strong>&lt;br&gt;Get access to sales channels</td>
<td><strong>Self interest supplier:</strong>&lt;br&gt;Increase sales</td>
<td><strong>Self interest supplier:</strong>&lt;br&gt;Increase sales through access to additional sales channels</td>
</tr>
<tr>
<td><strong>Self interest customer:</strong>&lt;br&gt;Broaden the product range</td>
<td><strong>Self interest customer:</strong>&lt;br&gt;Broaden the product range</td>
<td><strong>Self interest customer:</strong>&lt;br&gt;Broaden the product range</td>
</tr>
<tr>
<td><strong>Collective interest:</strong>&lt;br&gt;Increase sales</td>
<td><strong>Collective interest:</strong>&lt;br&gt;Increase sales on home/export market</td>
<td><strong>Collective interest:</strong>&lt;br&gt;Increase sales on home/export market</td>
</tr>
<tr>
<td><strong>Characteristics</strong></td>
<td><strong>Characteristics</strong></td>
<td><strong>Characteristics</strong></td>
</tr>
<tr>
<td><strong>Cooperation:</strong>&lt;br&gt;Initial meetings on how to cooperate to get the suppliers product into the market</td>
<td><strong>Cooperation:</strong>&lt;br&gt;Focus on selling products with no co-development</td>
<td><strong>Interpersonal inconsistency:</strong>&lt;br&gt;Level of cooperation depends on who is the sales manager of the customer</td>
</tr>
<tr>
<td><strong>Power/Dependence:</strong>&lt;br&gt;Supplier depend on customers’ distribution network</td>
<td><strong>Power/dependence:</strong>&lt;br&gt;The supplier’s product is becoming increasingly important for the customer</td>
<td><strong>Power/dependence:</strong>&lt;br&gt;Supplier has bargaining power due to its unique product. Yet they still rely on customers’ distribution network</td>
</tr>
<tr>
<td><strong>Trust:</strong>&lt;br&gt;Cooperation based on formal agreements</td>
<td><strong>Particularity:</strong>&lt;br&gt;High commitment from the supplier, whereas the products are mainly seen as a (small) part in the customers’ product range</td>
<td><strong>Particularity:</strong>&lt;br&gt;Supplier still seems more committed than the customer</td>
</tr>
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Table 7: Relationship 5: Gram Slot $\triangleright$ REMA1000

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<th>Exploratory stage</th>
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<td><strong>Interests</strong></td>
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| **Self interest supplier:** 
Create and sell unique and high quality products | **Self interest supplier:** 
Improving sales by developing new products | **Self interest supplier:** 
Focus on core capabilities to further improve own business and revitalization of Gram Slot |
| **Self interest customer:** 
To sell quality products at discount prices | **Self interest customer:** 
Revenue growth through differentiated products | **Self interest customer:** 
Revenue growth through expansion of product range |
| **Collective interest:** 
Create and sell high quality products | **Collective interest:** 
Engaging in a partnership with mutual benefits | **Collective interest:** 
Maintain and strengthen the partnership by developing new products |

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<th>Characteristics</th>
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</table>
| **Power/dependence:** 
Mutual understanding of what each part can contribute with hence how they are inter-dependent on each other | **Cooperation:** 
Cooperating about developing new products based on consumer demands. Each part brings complementary knowledge | **Power/dependence:** 
High level of inter-dependence on each other’s competencies |
| **Particularity:** 
High level of dedication from both sides to make the partnership roll | **Interpersonal inconsistency:** 
Purchasers from REMA1000 having trouble with understanding how the production at Gram Slot functions regarding delivery-time, out-of-stock etc. | **Interpersonal inconsistency:** 
Strategic communication is still between owner of Gram Slot and purchase manager of REMA1000 but more employees involved on both sides regarding day-to-day business |
| **Trust:** 
High level of mutual trust on a personal level among owner of Gram Slot and purchase manager of REMA1000 as both parties share the same values and beliefs | **Conflict:** 
Handling conflicts when they occur to make sure that day-to-day issues does not overshadow the long term goal | **Trust:** 
REMA1000 is now a co-owner of Gram Slot meaning a more formal binding between the two parties. However personal trust is still essential |