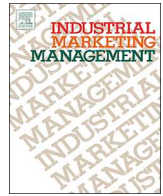




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Research paper

## A transition from goods-dominant to service-dominant exchange logic in a B2B relationship: A relationship positioning perspective

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## ABSTRACT

The study complements the dominant interpretations of positioning in marketing management research by introducing a relational perspective on positioning in the industrial markets. Instead of focusing on products, brand, or company image only, the study focuses on the exchange logic of the relationship. The study suggests that exchange logic of the relationship i.e. relationship logic comprises a fundamental unit of positioning in the industrial markets. Accordingly, the study defines that relationship logic stems from the dynamics of the action, structural and management dimensions that integrate the buyer and supplier organizations into their mutual relationship. Through a longitudinal empirical study of a relationship between buyer and supplier companies in the food service industry, we show how the relationship has been repositioned from goods-dominant to service-dominant relationship logic. The results reveal elements on the action and structural dimensions, their mutual dynamics and managerial reframing actions that catalyze changes in the relationship logic, i.e., reposit the relationship. The results are organized into a framework that delineates the relationship positioning dimensions, and discusses the implications of such relationship positioning to guide further academic research and managerial practice.

### 1. Introduction

Positioning comprises a central concept in the development of marketing thought from production-oriented mass-marketing to targeted, market needs-based marketing (Ries & Trout, 1986). Positioning focuses on seeing the business from the customer perspective, that is, how a product (Choffray & Lilien, 1980), a brand (Blattberg & Sen, 1976), or a company (Hooley & Saunders, 1993; Saunders, 1987) may accommodate a desired position in the customer's mind in competitive markets (Dibb, Simkin, Pride, & Ferrell, 1997; Ries & Trout, 1986). The concept originates in the context of consumer marketing but has since diffused to the context of business marketing (see Kalafatis, Tsogas, & Blankson, 2000; Webster, 1991). The previous research on positioning in business marketing, approaches positioning as a company's unique way of creating customer value as a function of the decisions regarding where and how to compete (Kalafatis et al., 2000; Webster, 1991, Hooley & Saunders, 1993).

The concept of positioning is essential in the marketing management paradigm and to the marketing organization (see Borden, 1964; Kotler, 1984; McCarthy, 1960). Along with the shift from transactional to relational exchange in business markets (see Achrol, 1997; Coviello,

Brodie, Danaher, & Johnston, 2002; Morgan & Hunt, 1994), a plethora of research has been produced within streams of industrial (Håkansson, Ford, Gadde, Snehota, & Waluszewski, 2009) and service marketing (Chandler & Wieland, 2010; Vargo & Lusch, 2004, 2008) that challenge the focal company perspective of understanding business markets. This research has moved the focus from the focal actor to actor-to-actor relationships for understanding inter-organizational exchange and value creation. Inspired by this shift from transactional to relational exchange, and the rise of business relationships as the primary context for value creation (Vargo & Lusch, 2004, 2008), this study provides a relational perspective of positioning in business relationships.

The study adopts the idea of positioning as the company's unique way of creating customer value regarding where and how to compete (Kalafatis et al., 2000; Webster, 1991). However, we do not interpret the where and how issues of positioning as a product-market configuration as does the classical marketing management (Borden, 1964; Kotler, 1984; McCarthy, 1960). Instead, we see a firm's positioning in a customer relationship as an issue of *how the company aims at building and leveraging its ability to create unique value in the relationship*. This article focuses on the buyer–supplier relationship, and improves the current understanding of positioning in business markets. We articulate

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the following research questions:

- 1) What dimensions comprise positioning in the buyer–supplier relationship?
- 2) How positioning can be reinforced in the relationship?
- 3) How positioning as dynamic relational activity can be organized into an empirically grounded framework?

This study adopts the dyadic perspective for answering the research questions and conceptualizing positioning: We study positioning as a phenomenon embedded in the buyer–supplier interaction. We conducted a theoretic-empirical investigation to answer the research questions. The theoretical backdrop of this research is rooted in research on business relationships (Håkansson et al., 2009) and service marketing (Chandler & Wieland, 2010; Vargo & Lusch, 2004, 2008) which facilitated the building of a priori understanding on positioning in business relationships to guide the empirical study.

We adopted a qualitative case study approach (Eisenhardt & Graebner, 2007; Yin, 2009) for this study. The interplay between the theoretical analysis and the empirical investigation of the buyer–supplier relationship resulted in a holistic framework. The framework provides a contribution by introducing novel concepts that organize a relational perspective on positioning in business relationships. The framework is based on two novel conceptualizations launched in the present study: *relationship logic* and *relationship transition*. Relationship logic is a characterization of the dominant exchange logic in the relationship. It varies along a continuum anchored in the goods-dominant and service-dominant relationship logics (Vargo & Lusch, 2004, 2008). In this study, we define relationship logic as the fundamental object of positioning in a buyer–supplier relationship. The relationship logic stems from the dynamics of the action, structure, and management dimensions that integrate the buyer and supplier organizations into their mutual relationship. Finally, relationship transition refers to the shift along the continuum from one relationship logic to the other (i.e., repositioning of the relationship).

The article is organized as follows. After this introduction, in Section 3, we present the conceptual background of the study. We discuss the qualitative case study research method in Section 3 and present the empirical findings in Section 4. Finally, we present the discussion and conclusions in Section 5.

## 2. Conceptual background

We adopt the idea of positioning as a company's unique way of creating customer value (Kalafatis et al., 2000; Webster, 1991). Accordingly, in this section, we define the optional types of value (value-in-exchange and value-in-use) and ways of creating value (goods-dominant and service-dominant exchange logics). In this section, we coin the new concept *relationship logic*—exchange logic in the relationship (Vargo & Lusch, 2004, 2008)—that comprises the ultimate object of positioning in defining the type of value that is aspired to in the relationship and the way this is accomplished.

### 2.1. Positioning in the business relationship: A unique way of creating customer value

Value comprises an extensively studied concept in the management and marketing literature. The conceptualizations of value rely on means-ends analysis (de Chernatony, Harris, & Riley, 2000) or on the difference between perceived benefits and sacrifices (see, e.g., Heinonen & Strandvik, 2009). Accordingly, value emerges when the desired ends have been reached and the benefits exceed the sacrifices (see Lindgreen, Grant, & Morgana, 2012). Thus, value is a perception of being better off as a result of the exchange process (see Grönroos & Voima, 2013). For a long time, the management literature has considered the perception of value to be related to a transaction and its

measures of price vs. quality or quantity. This stream has emphasized that a deal is valuable when the terms of the transaction are favorable for the buyer in terms of the dominant market measures of price and quality or quantity. Thus, value is a function of the relative gains compared to the status quo and subject to bargaining power. This idea of value is called value-in-exchange (see Vargo & Lusch, 2004, 2008).

Value-in-exchange has dominated the discussion regarding how value is created in business and industrial marketing. For example, research on supply chain relationships describes value creation in terms of the value-adding activities through which the value chain members load value into the offering sequentially along the value chain (see Evans & Berman, 2001; Porter, 1985; Rayport & Sviokla, 1995). Another stream of supply chain research operates at the systems level with a focus on the coordination of supply chain activities at the supply chain system level (Burgess, Singh, & Koroglu, 2006; Li & Wang, 2007; Mentzer & Gundlach, 2010). These research streams focused predominantly on efficient and effective production to optimize the market measures of price and the quality and quantity of the products with less emphasis on the ability to render a service that creates maximum value-in-use. Similarly, the research on positioning, with its roots in the marketing management paradigm, largely draws on the value-in-exchange perspective on value creation. The aimed positioning is implemented through the four Ps of marketing: product, price, place and promotion, which are the means to facilitate transactions (Kotler, 1984), thus echoing the idea of value-in-exchange.

For a long time, service marketing research has explicitly adopted value-in-use as the primary idea of value creation (see Grönroos & Voima, 2013). This focus has intensified since the introduction of service-dominant logic in 2004 (see Vargo & Lusch, 2004). Service-dominant logic explicitly links the type of value (value-in-exchange and value-in-use) with the method of value creation: *service-dominant (S-D)* and *goods-dominant (G-D) exchange logics* (Vargo & Lusch, 2004, 2008). G-D logic builds on value-in-exchange: Value creation is seen as the supplier's manufacturing processes and their capacity to produce outputs to be exchanged during market transactions (Vargo & Lusch, 2004). S-D logic is based on the idea of value as value-in-use, according to which the customer is intrinsic in value creation as value emerges during the use processes in the customer's sphere, not in the supplier's manufacturing process (Vargo & Lusch, 2008). Thus, S-D logic is centered on the exchange of specified competences that enable service provision (Chandler & Wieland, 2010; Vargo & Lusch, 2004). The focus is emphasized in terms of replacing the term exchange—and its focus on product exchanges—with the term resource integration to highlight the continuous interaction between the parties (see Ford, 2011; Grönroos, 2011; Hilton, Hughes, & Chalcraft, 2012). The product exchange is only a limited viewpoint on resource integration whose ultimate aim is the application of competences for the benefit of another actor and the original actor itself in the value co-creation process (see Gruen & Hofstetter, 2010; Vargo, 2009; Vargo & Lusch, 2008).

Accordingly, the research on S-D logic manifests the shift from value-in-exchange-centric goods-dominant logic to value-in-use-centric service-dominant exchange logic (Vargo & Lusch, 2008). These exchange logics articulate a continuum in the way of creating value with one end marking output-centric exchange and the other end marking competence-centric exchange. This serves the purpose of explicating the idea of positioning in the business markets as the company's unique way of creating customer value (Kalafatis et al., 2000; Webster, 1991). However, despite the popularity of S-D logic and the streams of research that it has generated, this logic remains silent regarding structure elements that support and underpin the exchange (Grönroos, 2011; Leroy, Cova, & Salle, 2013). This imbalance, focusing on the action of value creation while ignoring the structures of value creation, is the target of this study, supported by research on business relationships and an explicit discussion on the relationship structure and management elements that interact with the action of value creation.

Regarding the structure dimension, the concept of relationship

infrastructure has an established position in the literature as an element that steers value creation actions in the relationship (see Håkansson & Ford, 2002; Madhavaram, Granot, & Badrinarayanan, 2014; Makkonen & Olkkonen, 2017). The relationship infrastructure splits into social and technical bonds. Social bonds refer to the emotional-cognitive structures affected by history, as well as by expectations for the relationship regarding the atmosphere, trust, and commitment (Hald, Cordón, & Vollmann, 2009; Harris, O'Malley, & Patterson, 2003; Makkonen, Vuori, & Puranen, 2015). Technical bonds, in turn, include activity links and resource ties (Håkansson et al., 2009; Makkonen & Olkkonen, 2017) which may be technological (information systems), procedural (pre-determined communication practices), or legal arrangements (contracts).

The relationship infrastructure develops over time and brings stability to the business exchange (see Håkansson et al., 2009; Håkansson & Snehota, 1995). The previous research on business relationships does not consider the relationship infrastructure with reference to G-D or S-D exchange logic. However, previous research shows how collaborative relationships where the buyer and the supplier are deeply engaged in each other's processes for exchanging and developing competencies in the relationship (situation similar to S-D exchange logic) are supported by a strong relationship infrastructure, that is, variant technical bonds built for structure collaboration and strong social bonds in terms of mutual trust and commitment that enable investments in the relationship (see Makkonen et al., 2015). Similarly, research has featured relationships that are based on the efficient execution of transactions between the buyer and the supplier deploying a very light relationship infrastructure with arm's length types of social bonds (low trust and commitment) and a technical structure of coercive contracts, effective information systems, and pricing models (see Makkonen et al., 2015). In terms of S-D and G-D exchange logics, these studies lend support for the assumption that the relationship infrastructure differs in the case of the exchange of competencies (S-D logic) and the exchange of outcomes (G-D logic). We use the working concepts *competence structure* and *outcome structure*, respectively, to refer to the relationship infrastructure in these types of exchanges.

In terms of relationship management, the concept of adaptation is central (Håkansson et al., 2009; Makkonen & Olkkonen, 2017). Adaptation is perceived as the means for enhancing the relationship infrastructure and its ability to support an exchange between parties to improve the relationship performance (Cannon, Achrol, & Gundlach, 2000; Håkansson, 1982) and power balance (Brennan, Turnbull, & Wilson, 2003). Although previous research has linked adaptation to these relationship-level concepts, such research is biased in its focal actor focus. Adaptation is largely seen as a single actor's adaptations to the relationship, not the adaptation of the relationship as a mutual act. Thus, the buyer and the supplier are seen as players in a zero-sum game where the adapter (in most cases, the supplier) is left with the costs while the other party (the buyer) gains all the benefits (Murfield & Esper, 2016). In this study, we adopt a collaborative perspective on adaptation in terms of describing adaptation as the means for improving the structures and processes of an organization (see Chandler, 1962; Mintzberg, 1990) and the way they come together at the relationship level to comprise mutual alignment (Corsaro & Snehota, 2011). In the following section, we synthesize the key elements discussed in this section into a conceptual framework that guides the empirical research.

## 2.2. A conceptual framework for analyzing positioning in a business relationship

In this section, we synthesize the conceptualizations discussed in the previous section into a conceptual framework. According to the literature on business relationships concerning how an exchange is organized in a relationship, the framework in Fig. 1 disaggregates a relationship into three dimensions: *action*, *structure*, and *management* (see Håkansson

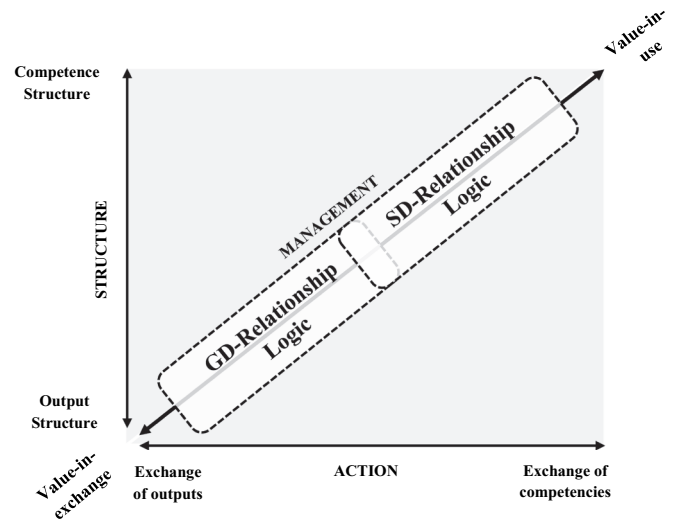


Fig. 1. Dimensions of relationship positioning in a B2B exchange.

et al., 2009; Makkonen & Olkkonen, 2017). The framework conveys the idea that different types of action and structure configurations underpin the G-D and S-D exchange logics directed by management. For the sake of clarity, as the framework considers exchange logic in the relationship, we call this *relationship logic*.

The continuum crossing the diagram comprises the relationship *management* dimension. The management dimension is a composite of service research and research on business relationships discussed in the previous section. Drawing on service research (Vargo & Lusch, 2004, 2008), the framework describes value-in-exchange and value-in-use at the extreme alternative managerial ideas of value in the relationship. Value-in-exchange reflects managerial emphasis on the transactions, the product delivery for compensation, whereas value-in-use reflects managerial emphasis on the reciprocal gains, how the relationship produces benefits for the parties (see Grönroos & Voima, 2013; Vargo & Lusch, 2004, 2008). The framework locates the value-in-exchange and value-in-use as the opposite ends of the management dimension. This representation conveys the idea that it is on the management agenda, whether the relationship aims at creating value-in-exchange or value-in-use. Adhering to research on business relationships, the management dimension relies on purposeful managerial action to make adaptations in the action and structure dimensions of the relationship (Håkansson et al., 2009; Makkonen & Olkkonen, 2017), that is, to reconfigure the action-structure configuration from one logic to another.

In terms of the action dimension, the framework defines the exchange of outputs as characterizing the G-D relationship logic while the exchange of competencies characterizes the S-D relationship logic (Vargo & Lusch, 2004, 2008). Regarding the structure dimension, the framework describes its two ends, the output structure, and the competence structure. The output structure associates with G-D relationship logic and the competence structure with the S-D relationship logic.

The framework sketches the conceptual landscape on which to accommodate the idea of positioning in the relationship. The framework defines the relationship logic to form the fundamental object of positioning: Relationship logic defines the type of value (value-in-exchange and value-in-use), as well as the method of value creation (i.e., G-D and S-D logics) that stem from the action-structure configuration. The managerial actions may aim to (1) maintain the prevailing relationship logic as well as to (2) reposition the relationship in terms of introducing a transition from one relationship logic to the other. For example, the case study in this article focuses on the repositioning process of a relationship from G-D-emphasized positioning to S-D-emphasized positioning. For conceptual clarity, in this article, such a repositioning from one relationship logic to another is defined as the *relationship transition*.

### 3. Research method

In this study, we conducted a longitudinal, empirical investigation of a case in the food service industry. The selection of the case study method was driven by our aim to investigate the complex phenomenon of positioning in the buyer–supplier relationship in its real-life setting from both sides of the dyad. As case studies investigate past or current phenomena in their real-life contexts (Leonard-Barton, 1990; Piekkari, Plakoyiannaki, & Welch, 2010), the method suited our aim well. Moreover, the case study method enables researchers to gain a deeper understanding of the actors, interactions, sentiments, and behaviors that occur for a specific process over time (Woodside & Wilson, 2003) which was relevant for this study given its focus on positioning in a buyer–supplier relationship and on relationship transition involving two companies and their mutual relationship. The time period for the case study covers nearly three decades, from the early 1990s to mid-2018. The data were collected during 2010–2018 by conducting interviews with the same informants at several occasions. This enabled us to track events, actions, and interactions as they unfolded over time (Leonard-Barton, 1990). In addition, we created a retrospective account of events, actions, and interactions that had occurred in the relationship before the start of the data collection. The single-case study design is suitable for conducting longitudinal research in industrial business-to-business (B2B) settings (see, e.g. Andersen, Ellegaard, & Kragh, 2016), and rich and detailed single cases can be utilized for theory-building purposes (Eisenhardt & Graebner, 2007).

#### 3.1. Case description

The empirical context for this study comprises a long-term B2B buyer–supplier relationship between Fazer Food Services and their service provider Meira Nova. The buyer, Fazer Food Services is a foodservice company operating over 600 restaurants in Finland, through which 130,000 meals are prepared and served daily. Their service provider, Meira Nova is a foodservice wholesaler of groceries and non-food items, offering procurement, marketing, and logistics services for restaurants, hotels, staff restaurants and public sector institutional kitchens. The product range includes fresh produce (e.g. meat, fish, processed meats, eggs, cheese), fruit and vegetables, beverages, frozen goods, industrial goods (e.g. coffee, tea, dried goods, preservatives) and non-food items (e.g. textiles, kitchen utensils) from 560 suppliers. Fazer Food Services' restaurants are responsible for the operational purchasing i.e. as they need ingredients for the daily meal production, they place orders with Meira Nova, which transmits orders to the upstream goods suppliers. The goods are delivered to restaurants via Meira Nova's terminals. Meira Nova offers a selection of 21,000 products, of which ca. 3,500 are held in own inventory. Presently, Meira Nova receives ca. 2.7 million order lines annually for the pre-defined selection of 4,200 products from the restaurants operated by Fazer Food Services.

Service operations in the foodservice industry are characterized by an extremely short time-to-market and goods need to be delivered within 48 hours from order. In addition, there are special requirements for the delivery vehicles, and for planning and executing deliveries to

dispersed locations within a large geographic area. Details of the empirical context are provided in Table 1.

The case companies were purposefully selected since they represent observable activities in the development of the service supply chain, from upstream goods supply to end-customer service. We were particularly interested in the strategic relationship the companies had created by developing their mutual activities and structures, such as shared IT-systems and performance metrics continuously and actively. The empirical case offers a persuasive example (Siggelkow, 2007) of a relationship that has transformed from a transactional and arm's length relationship to a strategic relationship, and evolved from one logic to another. A privileged and continuous access to both companies provided us a unique and rare opportunity to observe and study the relationship transition from both sides of the dyad (Yin, 2009). The key unit of analysis comprises the relationship between the two companies.

#### 3.2. Data collection

The longitudinal investigation of the phenomenon (Miller & Friesen, 1982) and the empirical data collection began late 2010 and continued until mid-2018. The data collection period comprised frequent interaction between the researchers and the company representatives in the form of various informal meetings, discussions as well as formal research interviews which were recorded and transcribed. All authors were involved in the data collection to ensure investigator triangulation (Flick, 2004). The chief procurement officer at Fazer Food Services and the managing director at Meira Nova were the primary informants as they had personally initiated the transition of the relationship and were actively involved in its development throughout the data collection period. Through the primary informants, we identified additional informants who had been involved in the relationship and thus had in-depth knowledge of how the relationship had changed over the years. The additional informants comprised two sourcing managers and the development manager at Fazer Food Services as well as the key account manager, category manager, and IT specialist at Meira Nova. Informants from both sides of the buyer–supplier dyad were included to gain a holistic and balanced view of the phenomenon. Having multiple informants also helped capture different perceptions and meanings, which is crucial for understanding business relationships (Dubois & Araujo, 2007). During the longitudinal data collection (2010–2018), the key informants remained in the same positions, which enabled us to engage in a continued dialogue with the informants and to create a consistent account of the developments in the relationship. All the informants had been employed by their respective companies for relatively long durations. At Meira Nova, three of the informants had been working at the company for > 25 years, and among Fazer Food Services' informants, the shortest duration of employment was 9 years with the longest spanning > 25 years.

The data consists of twenty face-to-face interviews that were conducted between 2010 and 2018: nine interviews were conducted with Meira Nova's informants and eleven with Fazer Food Services' informants. The key informant at Fazer Food Services was interviewed six times, and the key informant at Meira Nova five times during the data

**Table 1**  
Case description.

|  | Meira Nova  | Fazer Food Services  |
|--|---|--|
| Turnover in Euros (2017)               | €380 million  | €271 million   |
| Personnel (2017)                       | 173   | 3191   |
| Main offering                          | Procurement, marketing, and logistics services for the hotel, restaurant, and catering sector. Product range covers 21,000 products from 560 suppliers. | Contract catering, providing food services for the private and public sector, operating 600+ restaurants in Finland. |
| Characteristics of the mutual exchange | Simple products, voluminous daily and annual transaction flows, complex logistics to dispersed locations nationwide, delivery within 48 h from order.   |  |
| Emphasis of the mutual exchange        | Cost-efficient, timely and reliable deliveries to Fazer Food Services' restaurants supported by joint systems.  |  |

collection period. Additionally, the sourcing manager at Fazer Food Services was interviewed three times, and the key account manager in Meira Nova twice. The other informants were interviewed once. The interviews were personal and semi-structured (Hesse-Biber & Leavy, 2006), and each lasted between 60 and 120 min. The interviews were based on an interview guide (Patton, 1980) that gave directions for the discussions but also allowed more informal follow-up of related themes and topics that arose during the interviews. The total number of interviews was considered sufficient when information about the development of the relationship saturated, and additional information gained from interviews was considered minimal (see Glaser & Strauss, 1967). During the course of the study, the researchers presented their findings and interpretations to the informants, thus gaining an opportunity to verify factual elements of the data and the sequence of the events. This facilitated the researchers' efforts to gain a holistic understanding of the specific elements underlying the relationship transition.

The interviews were supported by a large set of secondary data, including presentation materials, documents from internal meetings, process descriptions and drawings, internal company magazines, trade magazines, and company websites. The secondary, more unstructured data was not analyzed as thoroughly as the interview data. Instead, the secondary data was utilized to supplement the interviews, add knowledge and details of unique events, and gain verification for the interpretations made during the research process. Data triangulation enabled the researchers to gain deeper understanding of the context of the investigated phenomenon (Flick, 2004; Leonard-Barton, 1990). The various data sources contributed to creating rich and detailed understanding of the investigated phenomenon on both sides of the dyad. The data collection process is summarized in Table 2.

### 3.3. Data analysis

In the primary analysis of the data, we first coded the transcriptions of the recorded interviews following the principles of open coding and then wrote a thick and detailed write-up of the observations. As the case unfolded and more informants were interviewed, we coded the interviews and supplemented the original write-up with new observations and quotes from the interviews. The findings were organized into consistent blocks that enabled us to gather all observations related to the investigated dimensions of the relationship. In so doing, we gathered and coded all interview data according to the dimensions of the theoretical framework underpinning the relationship repositioning, and the researchers discussed the interim findings with the informants to verify interpretations. Finally, we organized illustrative excerpts from the data into chronological order and summarized them in matrix tables to trace events. We then rewrote the original case-specific account based on the final coding. All researchers engaged in the analysis and arranged researcher workshops to jointly interpret the data (Flick, 2004) to minimize individual bias (Leonard-Barton, 1990). All but one of the interviews were recorded, transcribed verbatim, and read thoroughly. Extensive notes were taken from the one interview that was not

transcribed.

### 3.4. Assessing the credibility, traceability, and transferability of the findings

Credibility refers to the match or compatibility between the realities of the informants and those crafted by researchers (Erlandson, Harris, Skipper, & Allen, 1993; Guba & Lincoln, 1989; Halldórsson & Aastrup, 2003). Two main measures were taken to enhance the credibility of the research. First, we engaged our informants (i.e., the original data sources) into checking whether our descriptions and interpretations of their realities are plausible (Erlandson et al., 1993). Second, we described the data analysis steps to assess the meticulous administration of the analysis process (da Mota Pedrosa, Näslund, & Jasmand, 2012). Moreover, the credibility of the study was enhanced through investigator triangulation in which all researchers participated in researcher workshops to jointly analyze and check and align the interpretations of the collected data (Flick, 2004). For triangulation purposes, informants and researchers engaged in continuous discussions during the course of the study to verify the findings and related interpretations, and to ensure the correct description of the sequence of the central events. The informants received interim and final write-ups of the case and provided comments and feedback that were taken into account in the final version of the case.

Traceability of the findings (da Mota Pedrosa et al., 2012) was ensured by tracking the phases of analysis throughout the study, as well as by labeling the informants and observations with coded information of their source for dependability and confirmability (Guba & Lincoln, 1989; Halldórsson & Aastrup, 2003). The measures taken in this study to ensure traceability follow da Mota Pedrosa et al.'s (2012) recommendations to include detailed information about the number and type of informants and discussion on the principles by which the observations were grouped into the blocks that represented the dimensions used in the analysis.

While the relevance of generalizability has been questioned in conjunction with the case study method (Ruddin, 2006), as it differs from that of the positivistic research tradition (Halldórsson & Aastrup, 2003), we considered generalizability in terms of analytical generalization (Yin, 2009). That is, we considered generalization in terms of the external validity of our observations. In so doing, we assessed the transferability of the findings based on a generalization of our interpretations to the context of the study. This approach to generalization is considered applicable for case-based studies. However, we recommend caution in generalizing the findings (Lincoln & Guba, 2000). To further enhance the transferability of the observations within the context, we followed da Mota Pedrosa et al. (2012) in making the unit of analysis explicit in this study. In addition, we provided justification for the case selection and discussed the single-case study approach to our longitudinal research. Moreover, we disclosed that the purpose of the study is to refine theory related to positioning in the buyer–supplier relationship, and described that our focus to explain the respective relationship transition.

**Table 2**  
Summary of the data collection process.

|  | Meira Nova  | Fazer Food Services   |
|--|---|---|
| Data collection approach                     | Qualitative, longitudinal   |   |
| Timing of data collection                    | December 2010–July 2018   |   |
| Data sources                                 | Semi-structured interviews and secondary materials, including presentations, internal meeting documents, process descriptions and drawings, company magazines, trade publications, company websites |   |
| Number of interviews                         | 9 (4 informants)  | 11 (4 informants)   |
| Job titles of informants                     | Managing Director, Category Manager, IT Solution Expert, Key Account Manager  | Chief Purchasing Officer, Sourcing Manager, Development Manager |
| Informants' work experience with the company | 15–24 years: 1 informant<br>> 25 years: 3 informants  | 5–14 years: 3 informants<br>> 25 years: 1 informant             |

#### 4. Case study findings: Relationship transition

##### 4.1. Impetus for change—initiating the relationship transition, early 1990–2002

The relationship between the case companies, Meira Nova and Fazer Food Services, dates to 1992 when Meira Nova operated as one of the three “buy-stock-resell” wholesalers for Fazer Food Services' restaurants. Meira Nova was a small service provider, serving the restaurants' product needs to a limited extent with deliveries to ca. 200 Fazer Food Services restaurants. The relationship between the companies was arm's length, reflecting the general atmosphere of stagnation characteristic for the food service industry during the 1990s and early 2000. At the time, the market was extremely fragmented and plagued by non-optimized structures and inefficient processes between food service companies, wholesalers, and upstream goods suppliers. The inefficiencies in the service supply chain were accentuated by short planning horizons, a lack of end-to-end information systems, non-optimized product selection, resource-demanding replenishment and logistics processes, as well as non-transparent prices: *“This market was really messed up. There was no pre-defined product selection so restaurants were purchasing whatever suited them best. Contracts were not in written form, they were more like agreements between people, and there was no transparency in pricing. When purchasing a bottle of water, no one had a clue of what was the wholesaler's fee, what part pertained to logistics and what part to the supplier”* (Managing Director, Meira Nova).

At the time, Fazer Food Services' restaurants utilized multiple supply and logistics channels for order fulfillment. Since orders and related logistics activities were not managed or co-ordinated centrally, a single restaurant could receive over 20 truck deliveries weekly. Due to the lack of visibility and systems, Fazer Food Services was unable to steer the restaurants' ordering and purchasing practices in terms of optimal order size, ordering frequency, or product selection. Prices did not bear any relation to the actual costs of the warehousing and logistics services provided by the wholesalers, leaving Fazer Food Services with zero visibility on the actual costs incurred in the value chain: *“All wholesalers gave different prices for the same product, so I ended up with three prices for the exact same product. We wanted to understand the pricing logic and why there were different prices depending on the wholesale and logistics channel.”* (Chief Procurement Officer, Fazer Food Services). At Meira Nova, the inefficiencies showed in particular in managing distribution logistics, where truck capacity was non-optimized, goods were stocked with push logic without visibility on customer demand, and goods priced without connection to the actual cost drivers. The managing director at Meira Nova decided to make a turnaround in their sales strategy by focusing on large customer chains and their needs, and signaled their readiness for change to Fazer Food Services.

Fazer Food Services issued a request for proposal (RFP) late in 2001, asking their current wholesale service suppliers for development ideas concerning cost reduction and increasing operational efficiency in the mutual service supply chain. The RFP communicated Fazer Food Services' strategic intention of selecting one key service provider for the company's entire restaurant network. Meira Nova responded with an extensive list of development ideas, including the implementation of electronic ordering on a wide scale, adding new products to the service scope, optimizing truck loads, systematizing ordering processes for the restaurants, and implementing transparent pricing. In comparison to the suggestions by other service providers, Fazer Food Services considered Meira Nova's ideas for developing the mutual service supply chain, related processes and systems as superior. Meira Nova was considered a suitable strategic partner, even though its offering was not the lowest priced option. For Fazer Food Services, price was a less important criterion: *“Price is only a part of (service provider selection). If we are able to get a solution, that clearly brings us new and different kinds of value in the future...then we need to be able to look at the whole picture,*

*instead of the price index”* (Chief Procurement Officer, Fazer Food Services). *“...we were looking for additional value, instead of just products at a certain price. We asked the service providers to suggest development initiatives that would benefit both parties (in the value chain)...Meira Nova had the insight how to start developing (the mutual service supply chain) in a new way by doing things differently”* (Sourcing Manager 1, Fazer Food Services).

Initiating the change in the relationship was thus based on joint recognition of value-creation opportunities that were further shaped during long discussions between Fazer Food Services' Chief Procurement Officer and Meira Nova's Managing Director. After a year of negotiations and discussions, a new contract effective as of 1.1.2003 was agreed upon. The companies set joint targets for developing more efficient goods and information flows by optimizing product selection, increasing restaurants' compliance in utilizing the agreed product selection, introducing more efficient operational purchasing practices in restaurants, implementing electronic ordering on a large scale, and optimizing distribution logistics. A development team with representatives from both companies in order to implement and follow up on the ideas was set up.

##### 4.2. Implementing the relationship transition, 2003–2008

The two companies started to collaborate and develop their joint activities and supporting structures in the spirit of the new contract and development ideas. A key change took place in 2003 when Meira Nova introduced a new pricing principle for its services. Until then, the services had been priced depending on the value of the goods by adding a fixed percentage fee for the logistics services on top of the prices. According to the new principle, Meira Nova first identified the different processes for managing goods flows, and second, calculated the costs for the various logistics activities (e.g. receiving goods, warehousing, collecting, consolidating, sorting, loading) within each logistics process. This cost information was openly given to Fazer Food Services in the form of cents per gross kilo. Thus, the prices for wholesale services, termed as logistics fee, were no longer dependent on the value of the goods, but on the actual services performed. Consequently, Fazer Food Services was able to deal with the relevant costs for goods better than before. For Meira Nova, the key for effective cost management was the order volume as this had a direct impact on reducing fixed costs, which in turn decreased the customer's logistics fee.

The introduction of the new pricing principle provided visibility into the total cost elements, including prices of the goods, cost for services provided by the wholesaler, and distribution costs. Consequently, Fazer Food Services' procurement department was able to negotiate goods' prices with the upstream suppliers, and make more informed price comparisons. Previously, the interface with suppliers had been managed by wholesalers. Also, the restaurants were now able to affect the costs incurred in the service supply chain by planning their orders in advance (increasing the order quantity, and reducing ordering frequency, which contribute to the reduction in the number of order lines). This enabled Meira Nova to perform their services more efficiently. *“This (pricing principle) encourages our customers to make smart decisions regarding how they make their purchases. It is a question of optimizing work both at the customer end and in the logistics pipeline”* (Managing Director, Meira Nova). The implementation of the new pricing principle marked a significant step in the development of the mutual relationship. *“As we moved to euro per gross kilo pricing principle, this changed the world completely, and this system is fully transparent. The customer knows on a detailed level (what we get), and if we think of the elements of the price that the wholesaler can influence on, then how we perform the activities is decisive”* (Managing Director, Meira Nova).

The introduction of new electronic tools and integration of the information systems marked a major event in the relationship transition. The new pricing functionality was built into Meira Nova's in-house systems during 2003, and an online order system was built and

implemented during late 2003–2006. Previously, the personnel in the restaurants had been placing orders manually, by fax, and by phone which was time-consuming and inefficient. Electronic ordering allowed Fazer Food Services to realize benefits in terms of more efficient operations and, e.g. improving time management in restaurants: *“Electronic purchasing made ordering much more effective as it did not require being at the phone at a certain time with a ready order. One [in the restaurant] could plan her use of time in a completely different way, which produced significant savings.”* (Chief Procurement Officer, Fazer Food Services). The share of e-orders quickly increased to > 50% of all submitted order lines and since the initial implementation, the share of electronic orders has grown steadily. System integration was further developed during 2006 to enable on-line transmission of product availability information, first concerning products in Meira Nova's inventory, and later, by extending connections further upstream also those of selected suppliers.

In order to implement the development ideas, the companies conducted a change management program across the Fazer Food Services' restaurants. A joint effort to prepare manuals to support and guide the implementation of new practices and tools was made. Persons from both companies visited the restaurants, promoted benefits related to the new systems and activities, and trained the personnel in efficient ordering practices and the use of the electronic ordering system. As the restaurants adopted the new ways of working, the number of daily order lines decreased from 8000 to 4000, yet at the same time, the order quantities increased. To identify the impact of streamlining ordering activities, and to keep track of ordering process efficiency, the companies monitored the approximate order quantity per order line as well as the e-ordering compliance.

During 2003–2008, the scope of exchange between the companies (i.e. industrial goods) was extended by adding meat and poultry, beverages and detergents to the scope. Meira Nova took over the responsibilities for managing product flows that had been previously managed by other wholesalers or by the upstream suppliers directly. This marked a major change since before the new contract in 2003, Meira Nova had managed only a small fraction of Fazer Food Services' total volume and delivered to a limited number of restaurants. The volumes that Fazer Food Services channeled through Meira Nova grew gradually during 2003–2008, which enabled the companies to induce improved control of logistics costs and take advantage of the economies of scale in the supply chain operations.

In order to manage deliveries of the variety of products that required special handling and conditions, such as refrigerated transport, Meira Nova made modifications into the truck fleet. Streamlined regional terminal operations further facilitated the consolidation of products, and increased truck loads. Moreover, by implementing cross-docking, Meiranova was now able to consolidate, collect, load, and deliver goods regionally, as well as match inbound deliveries with outbound delivery trucks. The company redesigned the delivery and distribution system to support the unique transportation routing needs of Fazer Food Services' restaurants. Through these developments the companies could further optimize deliveries. Ultimately, these major changes contributed to a substantial reduction in the number of deliveries from terminals to Fazer Food Services' restaurants, resulting in considerable savings. Together, the companies estimated that optimizing the product flows and related transportation and distribution operations resulted in the annual removal of 75,000 meat delivery trucks alone.

The companies focused on developing and implementing performance measurement practices and joint key performance indicators (KPIs) to measure and track the efficiency of the end-to-end service processes. In 2008, the companies innovated and implemented a KPI to monitor the non-availability of ordered goods, which was managed in the system. Given the extremely short lead time from order to delivery (48 h), information on non-availability and capability to deliver the ordered goods is critical. The KPI termed “first time right” was jointly

taken into use and followed up systematically in the monthly meetings between the companies.

#### 4.3. Strengthening the relationship transition, 2009–2014

After the initial streamlining of information and goods flows, the companies focused on further developing joint processes, systems, and relationships. The continuous nature of developing joint activities in service supply chain was emphasized: *“At the beginning, we operated on a project basis, where we would come up with solutions for problems; but today, it's more about continuous development”* (Managing Director, Meira Nova). *“We have a list of development issues that we work on continually”* (Chief Procurement Officer, Fazer Food Services).

Electronic connectivity was enhanced by the introduction of an online supplier portal in 2010 which allowed the suppliers online access to sales and performance data. System integration was further fostered by building connections between the online ordering system and Fazer Food Services' enterprise resource planning (ERP) system late 2010. A new end-to-end activity supported by systems was the transmission of forecast data from the restaurants to the supplier portal in order to enhance suppliers' production planning and product availability starting in 2012. In 2014, the companies created an idea to enhance the online ordering system functionality by introducing alerts to guide restaurants in optimizing orders. Development of the systems can be seen as the result of the incremental improvements that the companies have made over the years: *“The system has been built little by little, and if I think about our ordering system and online functionalities, it has been improved in gradual terms. There have been no radical leaps in terms of developing the systems, but we have improved them by adding new functionalities. It is the result of continuous development”* (Sourcing Manager 2, Fazer Food Services).

The KPI “first time right” was made visible to the suppliers through electronic reports in the supplier portal. The implementation of joint performance measures throughout the supply chain promoted transparency and control beyond the Meira Nova– Fazer Food Services relationship into the upstream part of the industry: *“First-time-right” KPI has provided suppliers with a totally new approach to managing availability* (Managing Director, Meira Nova.) By end 2014, the companies put additional effort into ensuring and controlling that the KPI was actually followed-up and utilized by the suppliers.

Over the years, the companies built increasingly strong social bonds through joint forums and dedicated personnel who manage the relationships at different levels. At the core of the relationship is the extremely well-functioning relationship between the managing director of Meira Nova and the chief procurement officer at Fazer Food Services, who share a deep personal bond and a mutual interest in generating ideas and co-creating new solutions. At Meira Nova, key account management had been initiated during the very early days, and as the exchange volumes and interactions between the companies increased, the team expanded from one to three persons. Developing and defining the key account managers' tasks and responsibilities was a joint effort: *“We have developed the tasks and duties of key account managers in collaboration with Fazer Food Services”* (Key Account Manager, Meira Nova).

There are various types of joint forums and defined collaboration and communication interfaces between the companies. The key forum, however, is the joint development team with members from both companies. In the monthly meeting, the team follows up on development issues and generates ideas regarding logistics, information systems, reporting, and KPIs. The atmosphere is open and trusting to support the free flow of ideas, which is appreciated on both sides of the relationship: *“The team comes up with new ideas every time we meet”* (Managing Director, Meira Nova). *“We have a trusting atmosphere where you can voice out all kinds of ideas. You can't establish this kind of atmosphere with other (service providers)”* (Sourcing Manager 2, Fazer Food Services). The companies also arrange informal meetings, which are considered important for maintaining the relationship.

By end 2014, the scope of exchange had been further expanded to fruit, vegetables and frozen goods. Issues such as traceability of the origin of the goods in the joint supply chain and risk management were accentuated. For example, the companies had identified risks in relation to warehousing operations and information systems. Given that the number of order lines had steadily increased to over two million annually, ensuring system reliability was placed high on the joint agenda. Hence, the companies started having regular meetings to analyze risks and plan mitigation strategies.

#### 4.4. Maintaining the achieved service-dominant relationship logic, 2015–2018

By 2015, the role of Meira Nova had changed completely from a traditional “buy-stock-resell” wholesaler to a central service operator and an information hub. As the managing director at Meira Nova stated: “It is our responsibility to enable Fazer Food Services run their business the best they can.” By end 2017, compliance to the product selection was on a high level in Fazer Food Services' restaurants. E-ordering accounted for up to 99% of all submitted order lines, and the KPI “first time right” showed that nearly 99% of order lines were delivered without flaws or delays. Yet, educating restaurants in terms of efficient ordering practices with regard to optimizing order quantity and paying attention to ordering frequency continued to be high on Fazer Food Services' agenda. The companies continued working on achieving further cost efficiency in the joint service supply chain.

With regards to the development of systems and activities, forecasting and transmitting forecast data from restaurants up to suppliers via Meira Nova has become an established practice. Improving data management in terms of introducing a tool for updating product data in the selection has been put on the development agenda. A recent addition to shared systems is the introduction of a virtual workplace that can be accessed and utilized by named people on both sides of the relationship. The purpose is to store up-to-date plans and joint action lists in one central place and facilitate swift communications. The online ordering system is being further developed, with Meira Nova being responsible for the upgrade and Fazer Food Services for needs requirements. KPI reporting has been improved by adding visual elements to the reports and a functionality that allows drilling down to the figures.

In collaboration with a transportation company, the companies have further worked on distribution logistics and route planning where improvements have been made, e.g. in terms of optimizing loads as well as organizing and timing of deliveries. Safety at work has been put high on the joint agenda where the companies have collaborated to enhance and implement safer lifting practices at the restaurants at the point of unloading.

With regard to managing and maintaining the relationship, Fazer

Food Services reviewed their strategy for purchasing inbound logistics services and wholesale services during 2015–2016. As part of the process, Fazer Food Services conducted an analysis of their business needs and the current status of the supply market, and issued a Request for Information for potential service providers including also the competitors of Meira Nova. After analyzing the RFI results, Fazer Food Services decided that the strategic collaboration with Meira Nova would continue. The decisive factors for continuation were the service provider's ability to cover a large geographic area, efficiency in terms of cost management, transparency of pricing, the ability to service customers with appropriate tools and organization as well as managing and offering products that suited Fazer Food Services' needs. Following suit, the companies signed a new contract early 2018, including appendices defining e.g. the work of the joint development team, risk management guidelines and ethical principles.

#### 4.5. Analysis of the results in the research framework

Our analysis of the case, as reported in the previous sections, reveals several elements in the transition of Fazer Food Services–Meira Nova relationship toward service-dominant exchange. The early phase of the relationship (before 2000) was characterized by goods-dominant relationship logic: The exchange was focused on the products, and the transactional terms of quality, quantity, and price were dominant in structuring the exchange at the time. At the beginning of 2000, the companies started to develop the relationship toward a service-dominant relationship through a joint management effort. This meant that the companies' managerial orientation started to emphasize the benefits that the companies could produce collaboratively instead of emphasizing the price of the products exchanged in the relationship. This aim was pursued by developing a joint service supply chain based on strategic collaboration in the companies' mutual relationship. Hence, the emphasis in the relationship logic changed from value-in-exchange to value-in-use, marking a transition that was underpinned by respective changes in all of the key dimensions of the relationship, as depicted in the following tables.

The *action dimension* of the relationship, identified in our conceptual framework, is analyzed in Table 3 through the constructs of order optimization, price and cost management, ordering process, product flows and demand-based operations, each distinguishing between activities that occur in the service provider's sphere and in the buyer's sphere. Also, they delineate activities that took place jointly in the relationship.

Similarly, the *management dimension* was analyzed through constructs that emerged from the data. These are presented in Table 4 in terms of framing the relationship, strategic orientation, target setting, pricing principle and change management. These categorical constructs delineate the management actions that took place in the service provider's and buyer's spheres as well as in the joint relationship sphere.

**Table 3**  
The action dimension of changes in the relationship in the case study.

| 2nd order constructs      | Service provider's sphere   | Joint sphere  | Buyer's sphere   |
|---------------------------|---|---|--|
| Order optimization        | Optimizing order-picking and delivery activities  | Increasing transaction size, rationalizing order fulfillment  | Order volumes<br>Number of order lines<br>Ordering frequency |
| Price and cost management | Optimizing logistics costs  | Distinguishing between supplier price and logistics costs   | Direct price negotiations with goods suppliers               |
| Ordering process          | Consolidating order and delivery information  | Streamlining the ordering processes and information flows   | Online availability information and electronic ordering      |
| Product flows             | Consolidating deliveries through regional terminals<br>Building customer-specific delivery routes | Expanding scope of exchange<br>Optimizing product flows in the entire network<br>Efficiency of last-mile delivery | Centralized supply and logistics<br>Optimized deliveries     |
| Demand-based operations   | Decreasing the size of inventory; increasing inventory turnover                                   | Balancing supply and demand   | Forecast information   |



**Table 4**  
The management dimension of relationship changes in the case study.

| 2nd order constructs     | Service provider's sphere   | Joint sphere   | Buyer's sphere   |
|--------------------------|---|--|--|
| Framing the relationship | Focus on building core competence for efficient logistics operations  | Reframing the relationship, increasing the scope of exchange and the degree of integration         | Operational efficiency in the joint service supply chain       |
| Strategic orientation    | Implementing customer focus across operations                         | Partnership orientation  | Strategic partnership with one service provider                |
| Target setting           | Search for joint cost efficiencies in collaboration with the customer | Joint vision for an efficient service supply chain solution, based on integrated information flows | Cost-efficiency in the service supply chain                    |
| Pricing principle        | Pricing from percentage-based to process- and weight-based            | Transparent pricing  | Awareness of total cost elements and actual costs in the chain |
| Change management        | Training and customer support   | Collaborative change management  | New operational purchasing practices through training          |

Finally, *the structure of the relationship* was analyzed using the categorical constructs as presented in Table 5. The categories include the supply network position, supply chain management activities, IT infrastructure that was developed as a collaborative action in the relationship, performance management, contract management, as well as social structures that shaped the practices of collaboration in the relationship.

research and managerial practice. However, the paradigm shift in marketing from transactional to relational exchange in business markets (see Achrol, 1997; Coviello et al., 2002; Morgan & Hunt, 1994) proposes that a critical evaluation of the concept is needed. In this article, we adopted the idea of positioning as an issue of how a company aims at building and leveraging its ability to create unique value in the relationship. Drawing on relationship research, this study adopted the

**Table 5**  
The structure dimension of changes in the relationship in the case study.

| 2nd order constructs    | Service provider's sphere  | Joint sphere  | Buyer's sphere  |
|-------------------------|--|---|---|
| Supply network position | Establishing role as the key partner   | Supply network position   | Focus on core operations in restaurants   |
| Supply chain management | Optimizing delivery infrastructure<br>Expanding geographic coverage                              | Improved resource usage   | Allocating resources to value-adding tasks  |
| IT infrastructure       | Online ordering, supplier portal and customer ERP system integration                             | End-to-end integration of information flows   | Deployment of joint IT infra on online ordering and transmission of forecast data |
| Contracting             | Transparent cost structure   | Establishing new contract, commitment to change   | Selection of the service provider as a strategic partner                          |
| Performance management  | Transparent performance reporting  | Joint performance indicators and reporting procedures<br>Improved visibility of metrics             | Monitoring e-ordering and availability of purchased items                         |
| Social structures       | Investment in customer service and key account management<br>CEO commitment to joint development | Regular meetings and a joint development team<br>Joint idea generation and follow-up of development | Allocating resources to joint development<br>CPO commitment to joint development  |

As depicted in Tables 3 to 5, the shift toward S-D relationship logic positioning relies on the value-creating activities, management of the relationship, and development of structures that support the type of exchange that creates value not only for the customer but also for the service provider. The joint sphere of the relationship delineates collaborative activities, management practices and competencies in the structures that support service-dominant exchange and guide the respective focus in the partners' actions. The analysis surfaces that Fazer Food Services' competencies lie in providing meal service, as well as in producing related order and forecast information to Meira Nova, whose competencies are in coordinating the supply chain, logistics and information flows to provide Fazer Food Services with high-quality goods effectively. The relationship infrastructure comprises different technical and social elements to support such exchange. Changes in the action and structure dimensions of the relationship can be considered to be highly dependent on management actions. However, the results also show that various developments in the relationship action and structure layers were serendipitous and not well-planned or guided by managerial actions. In other words, some of the developments described in the relationship hint at the emergent nature of the relationship transition between the companies.

## 5. Discussion and conclusions

The term positioning occupies a central role in management

dyadic perspective in conceptualizing positioning: positioning is studied as a phenomenon embedded in buyer–supplier interaction. The study contributes by providing a relational perspective on positioning in business relationships, which is generated by answering the three research questions.

The theoretic-empirical study led us to answer the first research question by revealing the dimensions that comprise the positioning in the relationship. In this regard, the study identifies action, structure and management dimensions of a relationship as key to positioning in defining the exchange logic of the relationship (i.e., relationship logic). Relationship logic comprises the fundamental object of positioning and defines the type of value (value-in-exchange and value-in-use) as well as the method of value creation (G-D and S-D logics) that stem from the action-structure configuration in the relationship. In regard to the second research question, managerial action was found to play a key role in attaining the strategic benefits of the relationship, showing how positioning can be reinforced in a relationship. In particular, managerial action may provide stability in terms of maintaining the prevailing relationship logic or introducing change in terms of reconfiguring the action-structure configuration in the relationship. The change in relationship logic from one logic to the other was conceptualized as a relationship transition. The empirical study provides a thick example of the mechanism of how the managerial actions alter the action-structure configurations, showing as a change in the relationship logic from a G-D relationship to an S-D relationship. However, the results reveal

serendipitous incidents in the relationship action and structure that were not strictly planned by the management but had an effect on the relationship transition. Our finding concerning the voluntary emergence of the action-structure configurations led us to revise the conceptual framework to the empirically grounded framework depicted in Fig. 2. Also, the outcome provides an answer to the third research question of how positioning as dynamic relational activity can be organized into an empirically grounded framework. In the following sections, we discuss the theoretical and managerial contributions of the study in detail, consider the limitations of the study, and provide some ideas for further research.

### 5.1. Discussion of the findings

Congruent with previous studies conducted by Ford (2011) and Grönroos (2011), the present study integrates the literature streams of service marketing and business relationships to examine relationship positioning in the B2B context. The framework divides a relationship into the structure, action, and management dimensions. For analytical purposes, these elements facilitate investigation of the underpinnings of the relationship logic and relationship transition. Our analysis of the relationship between a service provider and its key customer shows that the framework can help create a deeper understanding of trajectories in the transition of the relationship logic between the buyer and the supplier.

The findings show that the reframing of the relationship logic from G-D logic to S-D logic required extensive development regarding the relationship structure and action, including the supply chain and IT infrastructure that underlined the efficient transaction processing and logistics operations in the supply chain. Consequently, both companies put substantial effort into establishing joint structures that would enable and support more optimized logistics and information flows, as well as improve resource efficiency on both sides of the relationship. As the case study shows, the relationship is focused on constantly developing and co-creating solutions. In this respect, the joint service operations can be regarded as the result of pursuing relationship goals by incrementally improving joint activities and supporting structures, instead of making radical leaps.

This study contributes to the theoretical discourse of relationship management by opening up the structure dimension of the buyer–supplier relationship. Based on this case analysis, the structure dimension related to the relationship transition is suggested to comprise contracting, supply chain management infrastructure, the underlying IT infrastructure as well as social bonds that were developed throughout the relationship transition. In the early stages, the structure developments were focused on identifying new roles and responsibilities within the relationship and establishing contracts to formalize the managerial reframing into a collaborative and mutually beneficial relationship. Following suit, both companies committed to performing major structure developments in terms of developing a joint IT infrastructure that enabled highly efficient product and information flows. Basing on the joint IT infrastructure, the companies also introduced joint performance targets and related follow-up reporting, which spanned the relationship boundaries upstream, thus enabling performance management throughout the entire network. An interesting finding that surfaced from the analysis is that relationship transition requires major structural developments in the relationship management, including new contract structure, jointly developed practices for information sharing and commitment to resolving the challenges in a collaborative effort. To this end, the case emphasizes the importance of consistency between the underlying relationship structures and the direction of the relationship, as in this case depicted by the transition from value-in-exchange to value-in-use. Here, the value-in-use means that the aim of the relationship is to create real and verified value for the participants.

This study also contributes by scrutinizing the action dimension vis-à-vis the relationship transition. A key component in the action

dimension was price and cost management, delineating the buyer's responsibility in negotiating prices with suppliers, the service provider's responsibility in managing logistics costs yet recognizing that the buyer's actions had an impact on the costs incurred. Developments also included optimizing product flows in the entire network as well as optimizing orders by increasing volumes and rationalizing order fulfillment. A huge effort in this regard focused on re-arranging the formerly manual ordering process, and related information flows, as facilitated by the newly established joint systems and related infrastructure. In this sense, the structure and action dimensions can be seen to interact with each other, because the joint actions were influenced by the development of the underlying relationship structures which were developed as the actions between the parties unfolded. The case study also shows that some of the developments were clearly the service provider's responsibility, such as streamlining the regional terminal operations. However, these actions contributed significantly to the joint goals set by the companies in the early stages of the relationship transition related to reducing the total costs in the service supply chain and to increase efficiency on both sides of the relationship.

Finally, this study adds to the conceptualization of the management dimension of B2B relationship transition. The management dimension is characterized by a mutual reframing of the relationship, in which the companies set new goals jointly and established a vision for the future for the mutual relationship. By this, the companies were able to initiate a partnership orientation that had not been possible before. The joint vision for developing a more efficient service supply chain with centralized management of product and information flows was also formalized through the contract in 2003 (i.e., the structure dimension) in which establishing transparency in pricing was also a key element, facilitated by the implementation of new pricing principle (i.e. the managerial dimension) and related structural changes in systems. To this end, the management dimension is intertwined with the structure and action dimensions regarding the relationship transition. A joint managerial effort by the companies was also conducted in the form of a joint change management program aiming to instill and cement the newly established structures and activities that were supported by these structures. To this end, the management dimension in the relationship transition was directed at ensuring the capture of the potential benefits that had been mutually agreed upon. As acknowledged by both companies however, this required that the changes in the structures and activities were implemented across all units.

### 5.2. An empirically grounded framework for relationship positioning

The results of the empirical study show that the ex-ante research framework depicted in Fig. 1 provides support for analyzing positioning in a business relationship. The transition from G-D relationship logic to S-D relationship logic was reflected in the dynamics related to the action, structure, and management dimensions of the relationship as depicted in the ex-ante framework. In terms of positioning, the ex-ante framework prioritizes the management dimension. Accordingly, the type of value in a relationship (value-in-exchange and value-in-use) plays a determining role in relationship positioning and in the respective implementation in the action and structure dimensions.

Even though the relationship transition was initiated by the active managerial orientation of the buyer toward a strategic partnership, its implementation required managerial commitment from both parties involved. The collaborative managerial action resulted in both the buyer's and the supplier's actions to trigger the relationship transition from G-D to S-D relationship logic. Despite this strong and explicit top-down managerial orientation, the results of the longitudinal case study also point to various unplanned bottom-up actions in the buyer and supplier organizations. Thus, the dominant role of the managerial action can be questioned as its role seems to be one that facilitated the changes in the action and structure dimensions. This notion also lends support to considering positioning not only as a well-planned action

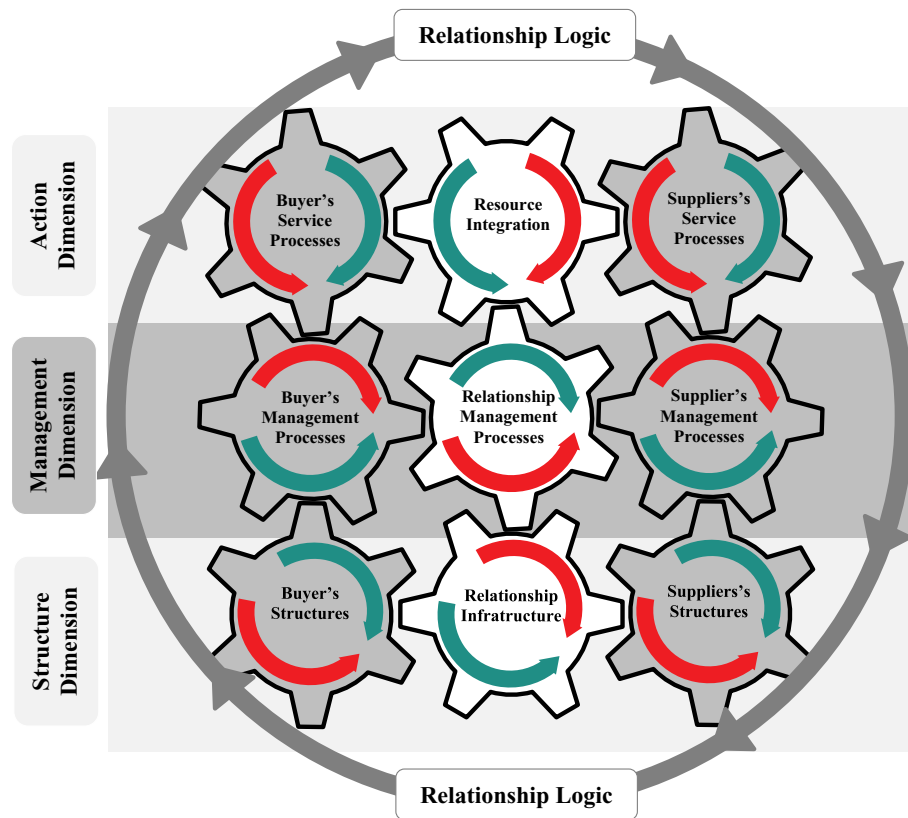


Fig. 2. Relationship positioning canvas.

that targets the *positioning of the relationship*, but also as a set of serendipitous and minor events and episodes within the relationship that posit the relationship and the companies within it in terms of *positioning in the relationship*.

Fig. 2 presents an empirically grounded framework that synthesizes positioning in a business relationship. The name of the framework, “Relationship Positioning Canvas,” reflects its inclusive nature in terms of describing the buyer's and the supplier's positioning activities relative to each other *in the relationship*, as well as the actors' attempts to define the positioning *of the relationship*. Accordingly, the framework forms a matrix that synthesizes the horizontal direction comprising the relationship dimensions and the vertical direction comprising the actors (i.e., buyer and supplier) and their mutual relationship. The framework then links these together as determinants that define the relationship logic. The relationship logic features the positioning of the relationship whereas the dynamics within and between the dimension may introduce changes in the prevailing logic, causing the relationship transition from one logic toward the other.

The relationship positioning canvas in Fig. 2 depicts the action, management, and structure dimensions as horizontal bars that connect the buyer and the supplier in the relationship. This idea is similar to the research framework that defines these dimensions as connecting the buyer and the supplier. However, the framework in Fig. 2 opens up and visualizes the role of the buyer and the supplier better regarding these levels. In terms of the action, this means that the research framework in Fig. 1 describes the action in terms of the continuum between the exchange of outputs and the exchange of competencies. The framework in Fig. 2 shows that this mode of action is dependent on the service processes of the buyer and the supplier and resource integration in the relationship. The empirical study and Table 3 feature a variant of details regarding the buyer's and supplier's service processes and the resource integration in the relationship and discusses their effect on the transition from the exchange of outputs to the exchange of

competencies. In terms of the structure, the framework in Fig. 2 describes the buyer's and supplier's structure and relationship infrastructure that represent elements that define how the relationship structure posits on the output structure: the competence structure continuum described in Fig. 1. Similarly to the action dimension, Table 3 features a variant of the details regarding the buyer's and supplier's structures and relationship infrastructure in the relationship and discusses their effect on the transition from the output structure to the competence structure. For the management dimension, the framework in Fig. 2 describes the buyer's, supplier's, and relationship management processes whose conditions dictate the type of value, value-in-exchange vs. value-in-use, which is in the focus of the relationship. Similarly, Table 3 provides details of the buyer's, supplier's, and relationship management processes and how the respective changes in these elements drive the relationship from value-in-exchange to value-in-use.

All the elements of the action, structure, and management dimensions are described in the form of gears. This visualization highlights the interconnection *within the relationship dimensions* (buyer-relationship-supplier) as well as *between the dimensions* (action-structure-management) as suggested by the case study. The more consistent the elements, the more consistent the relationship logic. In this respect, the circle spinning around the gears illustrates the relationship logic, which is the conceptualization coined in this article. The idea is that relationship logic emanates from the elements located on the gears of the dimensions. The positioning of the relationship logic is indirect; it happens through these elements, that is, indirectly. Changes introduced to the gears affect the other gears, their spinning, and ultimately, the relationship logic. The relationship logic visualized as a wheel connected to the gears communicates the duality between the relationship logic and the relationship dimensions: The elements on the gears may be either reinforcing (shown as green arrows within the gears) or diminishing (shown as red arrows within the gears), thus causing

momentum or friction when maintaining or transitioning the relationship logic. This visualization of arrows within the gears accommodates the idea raised in the empirical study regarding the various planned and unplanned actions on the dimensions, as well as their effect on other relationship dimensions and ultimately, the relationship logic.

The visualization of the framework facilitates the notion of interconnected elements as being crucial for positioning in the relationship. The consistencies and inconsistencies between the buyer, relationship, and supplier disable and enable a company's unique way of creating customer value in the relationship. The visualization shows that if the buyer's and supplier's ideas regarding the relationship conflict, the gears do not spin. For example, if the buyer aims at a value-in-use-oriented relationship that materializes in the exchange of competencies supported by the competence structure and the supplier aims at a value-in-exchange-oriented relationship that revolves around the exchange of outputs in an exchange structure, the opportunities for value co-creation are nonexistent. In this sense, the positioning in the relationship is a game that can be played by the buyer and the supplier together to eliminate the misfits and to enhance the consistency and positioning of the underlying relationship. Alternatively, the other party (the supplier) may aim at adapting its structure, action, and management to align with those of the buyer.

### 5.3. Managerial implications

The framework established in the study identifies three essential dimensions of change in the transition from goods-dominant to service-dominant exchange logic in the relationship (i.e., relationship logic). These dimensions define the structure, action, and management elements that together position the relationship as a strategic commitment of both parties to create value collaboratively. The study underscores that relationship management aims at facilitating effective value co-creation between parties in the relationship, which means that the relationship acts as a channel supporting actual value creation and facilitates the implementation of the buyer's and the supplier's goals in building an infrastructure for the desired performance in the long term.

The relationship logic explored in the study can help managers develop the underpinnings of relationship positioning. As illustrated through the case, a change in relationship logic stems from the managerial activity that triggers changes in the dynamics of the action and the relationship structure that integrate the buyer and supplier organizations in the relational exchange. Thus, the findings delineate managerial action focusing on changes in the joint activity in addition to changes in the relationship's structure to create the conditions for the desired relationship logic and change relationship positioning in the strategy of both parties involved in the exchange. Furthermore, the empirical findings suggest that managers need to consider carefully whether they should maintain the prevailing relationship logic or try to reposition the relationship by initiating a transition from one relationship logic to another. The study shows that changing the relationship logic is not a straightforward act of deciding and implementing but instead, a processual initiative that the parties carry out in collaboration.

In particular, the study delineates actions that advanced the relationship transition from goods-dominant to service-dominant relationship logic in the investigated relationship. The findings of the management activities carried out in the case study demonstrate how managers can push the transition. For managers, the study pinpoints the importance of (1) framing the relationship in a new way, (2) inducing a strategic orientation toward collaborative value creation in the relationship, and (3) establishing target setting for the joint activity. Following the changes in the orientation toward joint value creation in the relationship, managers entered into value-sharing activities such as (4) optimizing the frequency of orders as well as information and product flows, and (5) changes in the business processes and behaviors of the actors responsible for purchasing and sales in the relationship.

From the positioning perspective, the long-term goals and expectations determine the viability of developing the relationship into a strategic partnership that serves the partners' goals in areas beyond the focal relationship. In addition, the short-term conditions of the relationship, such as relationships with other customers and suppliers, should be openly discussed and agreed upon between the parties before they invest in developing the exchange structure and logic into a relationship positioned as a strategic partnership by both parties.

### 5.4. Limitations and avenues for future research

Although this empirical inquiry provided rich information on positioning in a B2B relationship, defining the contingencies of relationship logic, the study is not free from limitations. We chose to analyze positioning from the dyadic relationship perspective, focusing in particular on the relationship between a buyer organization and a supplier organization. Observations of the relationships could have been even more extensive by including actors in the case companies' business network in the analysis. However, our longitudinal research on the dyadic setup allowed us to dig deeper and conceptualize the dynamics that underpin positioning in a relationship. We call for more research on the influences of service transformation on the actors' network orchestration.

Regarding methodological concerns, we took various actions to control the threat of retrospective bias when analyzing the relationships. First, to build an understanding of the underpinnings and consequences of the transitions in the relationship logic in the companies, we focused on factual elements rather than on subjective interpretations of the investigated phenomena. In addition, our access to the organizations under study enabled us to develop a detailed longitudinal understanding of the evolution of the companies. Finally, the data drew from multiple informants and different data sources, ensuring triangulation which reduces the risk of bias arising from individual informants' perspective and retrospection (Maitlis & Lawrence, 2007). However, future research could investigate the system-wide changes caused by the transition to increasingly service-dominant operations. In particular, more empirical research is needed to fully comprehend the influences of service transformation on the productivity of organizations throughout the entire production system. Therefore, we call for more research on the long-term influences of the changes in the relationship logic on the participating organizations' economic and market performance.

This study disaggregates the buyer–supplier relationships into action, structure, and management dimensions and connects them with G-D and S-D exchange logics in the relationship (i.e., relationship logics). As the S-D and G-D logics are descriptive characterizations from existing literature, the analysis conducted in this study provides implications for streams of service research, such as servitization and service transition strategies.

Servitization (Oliva & Kallenberg, 2003) and service transition strategies (Fang, Palmatier, & Steenkamp, 2008) focus on how the supplier can develop its organization to increase the service layer of the offering to convert the manufacturing-based business model into a service-oriented business model. These streams of literature seem to reflect largely the goods-dominant exchange logic; the term “service” refers to service as a category of offering (services), not as a logic of value creation (service) (Neely, 2008). To introduce the S-D logic idea into the analysis of servitization and service transition strategies, this study proposes extending the existing supplier- and offering-focused analyses at the relationship level. In light of the present study, the relationship as a level of analysis provides opportunities for (1) zooming in on the specific topics related to servitization or service transition strategies, not only in the supplier domain but also in the buyer and mutual relationship domains, and (2) zooming out in terms of providing analytical dimensions for contextualizing the more specific micro-foundations of the supplier's organizational and business model development into a meaningful entity. Furthermore, such an expanded level

and focus of analysis take these streams of research into the center of positioning in business relationships and business markets: Servitization and service transition are meaningful entities only in terms of producing enhanced customer and participant value, thus increasing business opportunities. This idea becomes more explicit in terms of depicting the buyer and the supplier within the joint framework, as facilitated by this study and the proposed relationship dimensions.

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