Motivations for developing direct trade relationships

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Abstract

Purpose – This study aims to understand buyer and supplier motives for developing direct relationships with their trade partners.

Design/methodology/approach – A total of 18 in-depth interviews were conducted across Victoria and Tasmania (Australia); eight with retail buyers and ten with fresh produce suppliers. Both parties were involved in a direct relationship with their trade partner.

Findings – The research reveals a large variety of motivations that influence buyers and suppliers when deciding whether to operate in a direct or non-direct relationship with their trade partner. Motivations for both parties are remarkably similar, with buyers and suppliers ultimately attempting to minimise the inherent risk associated with operating in a volatile environment.

Research limitations/implications – The study may be limited by the fact that buyers and suppliers of different commodities were included in the study. In addition, the varied nature of the respondents’ role may have impacted their judgment. The inability to interview dyads in all cases also limits the research.

Practical implications – This research has implications for both researchers and practitioners already involved in, or considering becoming involved in, a direct trade relationship. Clarification of motivations for bypassing intermediaries shows how both trade partners can minimise external risk and strengthen competitive advantage by assuming a direct relationship.

Originality/value – Extant research within this literary field is largely quantitatively based with researchers focusing on distinct relationship constructs, the definition of relationship marketing and the process of relationship development. In response to these limitations, this research adopted a qualitative approach in examining the core motivations for developing a direct trade relationship within the fresh produce industry.

Keyword(s): Buyer-seller relationships; Fresh foods; Qualitative market research; Australia.

Introduction

Buyers and suppliers are increasingly seeking direct relationships with their trade partners; reflecting the increasing trend away from traditional adversarial relationships towards cooperation (Morgan and Hunt, 1994; Palmer, 2002; White, 2000; Wilson, 1995). As the concept of relationship marketing has developed, theorists have had to acknowledge its innate complexity. Despite this, the paradigm shift away from the traditional transaction cost analysis exchange approach to relationships has been acknowledged within both marketing theory and practice (Robicheaux and Coleman, 1994).
Notwithstanding interest in the relationship phenomenon, theory has been hindered by a lack of consolidation, resulting in further development based upon theory “… not yet fully understood or defined” (Callaghan and Shaw, 2001, p. 1). Gummesson (1996) considers research within this area a “theory-less stack of fragmented philosophies and observations” (Egan, 2000, p. 379). Relationship marketing theory has also predominantly been addressed through positivist methodological approaches, with buyer-supplier relationships being considered in terms of their key defining constructs, performance outcomes, antecedents and development processes (Dwyer et al., 1987). Thus, an holistic view of the relationship has often been discounted with academics focussing upon specific defining constructs and causal relationships.

It is our intention to examine the core motivations for both buyers and suppliers in developing and maintaining a direct relationship with their trade partner, i.e. those trade partners who strategically avoid the engagement of intermediaries. A qualitative methodological approach is adopted which aims to capture an array of relationship variables. This is clearly delineated from extant literature, which is predominantly quantitative and context specific. We begin by briefly outlining current relationship marketing theory. Then, given the acknowledged importance of context when considering relationships, we give a detailed account of our chosen context, the Australian fresh produce industry. We present the qualitative findings of our research before discussing the implications and limitations and, ultimately, our suggestions for future research.

Defining relationship constructs

Conceptual and empirical models often focus on different components or aspects of the relationship but use similar key constructs (Lindgreen, 2001; Wilson, 1989). Higher-order constructs include trust (Gulati, 1995; Morgan and Hunt, 1994; Schurr and Ozanne, 1985; Walter, 2003), commitment (Anderson and Weitz, 1992; Dwyer et al., 1987; Perry et al., 2002; Wilson and Moller, 1988), cooperation (Anderson et al., 1994; Palmer, 2002), power (Palmer, 2002; Robson and Rawnsley, 2001), dependence (Batt, 2001; Ganesan, 1994; Hogarth-Scott and Parkinson, 1993) and long-term orientation (Bennett and Gabriel, 2001; Ganesan, 1994; Kalwani and Narayandas, 1995). The confounding nature of these variables poses a significant challenge for academics and practitioners in fully understanding the dynamic nature of the buyer-supplier relationship. Often, the constructs are individually measured as an antecedent and/or performance outcome (Jap et al., 1999; Morgan and Hunt, 1994).

Whilst higher level constructs have been given great consideration within the context of buyer-supplier relationships, there are many other variables that impact relationship development and, ultimately, its continuation. In investigating relationship theory limitations, Paun (1997) qualitatively addressed factors that were deemed important in distinguishing “best” from “average” relationships. Participating organisations conceived that joint planning, regular communication, product customisation and minimal pricing problems were characteristic of more successful relationships. Fontenot and Wilson (1997) suggest that communication is a fundamental consideration with regard to relationships. They cite communication, trust and functional conflict as being imperative to any relationship model.

As Fontenot and Wilson (1997, p. 10) suggest, “no single model is likely to capture all elements relevant to relationship marketing”. A holistic approach to relationship theory has thus been largely neglected. In addition, theory “has given only limited attention to the effect of contextual variables” (Heide, 1994, p. 72); with contextual factors playing an important role in those constructs considered the most pertinent. Conflict regarding the most important constructs has been deemed relevant to the specific context within which the relationship exists (Wilson, 1995). Thus, in seeking greater understanding of buyers’ and suppliers’
motivations for developing direct relationships with their trade partners, this research is specific to the Australian fresh produce industry. The nature of the direct trade relationships is of increased interest within this context due to the absolute level of power held by the two major buyers operating within this industry (Dapiran and Hogarth-Scott, 2003).

Research context

In 2002, the gross value of Australian horticulture production was estimated at $3,244 million (Horticulture Australia, 2004). Whilst the majority of product is consumed by the domestic market, export opportunities are steadily growing, especially as Australia takes advantage of its range of climatic zones and increasing reputation as a provider of quality produce to the world (Ausveg, 2005). Within the Australian fresh produce industry, Woolworths and Coles dominate the retail industry with an estimated 40-42 and 30-32 per cent market share, respectively (IBIS, 2004). In 2003-2004, it is estimated that the supermarket and other grocery (except convenience) store industry generated revenue of $52.5 billion, an increase of 3.6 per cent since the previous year. It accounts for 24.3 per cent of total retail trade in Australia, comprising approximately 3,700 retail establishments and employing 242,888 people (IBIS, 2004). It is estimated that the fresh fruit and vegetable segment accounts for 10.1 per cent of the grocery industry (IBIS, 2004). Intensifying competition between major retail organisations within Australia is based on a variety of macro- and micro-environmental factors. These changes have largely mirrored trends witnessed in the UK and US (Parliament of Australia, 2002).

In addressing the UK fresh produce industry, Fearne and Hughes (1999, p. 127) state that:

… the future is bound to see a steady move away from traditional commodity trading … with much greater emphasis on value-added and return on investment to all members in the supply chain.

Boehlje et al. (1995) highlight ten key changes within the US agriculture sector that are pertinent to all members of the supply chain. These include globalisation, increasing environment regulation and liability, changing size and scope of organisations, increasing need for organisations to pursue niche markets and be adaptable, fewer distribution firms, need for integration, coordination and partnering and the proliferation of boundaryless firms:

These changes are driven by changes in consumer needs, wants and attitudes; new technological advances at all levels; increasing government regulation and changes at the farm production level (Boehlje et al., 1995, p. 493).

Those most able to adapt quickly will enjoy higher performance levels and, ultimately, derive a more sustainable competitive advantage.

Generic drivers for the development of direct relationships include developing supermarket strategies, food safety legislation (Grant, 1995), rationalisation of the supply base (O’Keefe, 2002; Hughes and Merton, 1996; Knox and White, 1991) and innovation (Fearne and Hughes, 1999). Exacerbating the need for direct relationships within this industry is the perishable nature of fresh produce (Hobbs and Young, 2000; Wilson, 1996; Bennett, 1994), and its inherent risk (Hobbs and Young, 2000). Whilst such generic drivers exist, there are also particular motivating factors for buyer and supplier groups. Specifically, buyers recognise the role of the fresh produce category in developing customer loyalty and influencing store choice (White, 2000) and improving gross sales and profitability (Hughes and Merton, 1996). In addition, consumers are placing more emphasis on the quality of fresh produce (Batt, 2003), motivating the buyer to establish closer relationships with suppliers to
meet stringent quality and quantity requirements (Knox and White, 1991). Dominance of the two major buyers within the Australian retail market has led to increased discussion regarding their behaviour, particularly related to power.

Suppliers also recognise the importance of developing direct relationships with their trade partners. A retail sector report compiled by the Parliament of Australia (2002) confirmed that the three major chains in Australia (Woolworths, Coles and Franklins) typically deal directly with suppliers, whilst independent retailers have retained an intermediary within their supply chain. Vertical coordination allows suppliers year round access to large retailers, heightened security, additional information, programming advice and feedback on variety acceptability and new product development (Hughes and Merton, 1996). Minimised involvement of intermediaries has resulted in suppliers’ need to further invest in infrastructure. This relationship-specific investment can be an important consideration in developing and maintaining strategic partnerships (Campbell, 1997). The imbalance of power between suppliers and the two major retail buyers in Australia requires consideration. Industry research indicates that a supply relationship with one of the major supermarkets may constitute up to 70 per cent of some growers’ business (Parliament of Australia, 2002). However, the prolific number of smaller retailers present in the market allows, to a limited degree, suppliers to spread their risk.

One way in which suppliers could potentially increase their power is through the establishment of cooperatives. However, the “hard produce” category within Australia is largely devoid of such cooperative structures. The large number of supply organisations and their focus upon price means that, if a supplier is dropped, others quickly respond by competing fervently to fulfil the retailer’s requirements. Where larger “contracts” require some degree of cooperation between suppliers, typically an intermediary is engaged. The intermediary may simply procure and distribute product or may provide some level of value adding (for example, washing, grading and packing before redistribution). Given the context specificity of relationship variables, it is proposed that the external environment influences the motivations of both trade partners to initiate and nurture a direct trade relationship.

**Methodology**

It is the objective of the research to establish greater insight into the motivation of buyers and suppliers operating within a direct buyer-supplier relationship for developing such a relationship with their trade partner. In the light of current research limitations and the consideration that traditional quantitative bases for knowledge are being challenged (Goulding, 1998); a qualitative research approach was deemed the most appropriate. One predominant factor in this decision was the need to investigate the relationship within its real-life context. “Enquiry is always context bound and facts should be viewed as both theory laden and value laden” (Goulding, 1998, p. 53). Wilson (1995) also supports the significance of the context within which the relationship is being conducted. Shaw (1999) demonstrates the need to consider positivist research approaches cautiously:

By stripping small firm problems of the context within which they occur naturally, the findings produced by positivist approaches are generalisable only to the extent that the conditions under which data are collected exist in the social world (Shaw, 1999, p. 60).

Judgemental sampling was adopted with initial respondents being industry contacts. Subsequent snowball sampling meant that buyers and suppliers within the Australian fresh produce industry, initially contacted, were given the opportunity to recommend other organisations with which they were familiar and deemed appropriate respondents given the research topic. Using a semi-structured interview protocol, eight in-depth interviews were conducted within the buyer group and ten with suppliers. Research was conducted across
two Australian states, Victoria (six respondents – three buyers and three suppliers) and Tasmania (12 respondents – five buyers and seven suppliers) (see Tables I and II for respondent characteristics). The unit of analysis was Australian fresh produce buyers and suppliers operating in a direct relationship with their trade partner. All supply respondents were known to supply one of the major retailers. Though differing significantly in size, all suppliers were operating as private companies. Whilst the level of each supplier’s total output to a major retailer was not calculated, all suppliers recognised some level of production reliance. That is, suppliers rely upon a certain level of demand from their major trade partner.

In discussing motivations, respondents were asked to consider a particular trade partner. This was particularly relevant when the respondents were asked to provide examples. Whilst it is recognised that the consideration of dyads is preferable in qualitative buyer-supplier relationship research, unfortunately, sets of dyads were not always available. As such, some of the buyers and suppliers discussed a trade partner participating in the research, whilst others discussed trade partners who were not included. All interviews were recorded and transcribed. The interviewer also took notes during the interview. Data analysis processes were consistent with Strauss and Corbin’s (1998) open, axial and selective coding techniques. At the selective coding stage, secondary data were also considered.

**Findings**

**Strategic motivation**

Whilst buyer and supplier motivations for establishing direct relationships with their trade partners were varied, both partners’ motivations were considered strategic. Initially, suppliers placed great importance on receiving a better price and reducing payment risk through establishing direct relationships; reflective of their reliance upon timely cash flow from buyers. However, suppliers also cited perceived equality, continuous supply, improved quality, greater price control and communication as desired benefits in dealing directly with trade partners. By contrast, buyers placed the majority of their importance on strategic, long-term considerations, including greater control over the volatility of the industry, continuous supply, greater transparency of their trade partners, improved sales, improved quality, reduced costs, greater communication and, ultimately, heightened understanding. Whilst recognising that businesses are likely to be complementary in their operations (Hallen *et al.*, 1991), for mere practicality, it appears that large buyers are more strategic in their selection of trade partners:

They are looking for a measure of corporate vision and they have a clear desire to deal with the larger players … who are perceived as being more sophisticated and more knowledgeable and as having the capacity to use information to help them grow their share of the market. The incentive they offer … is volume growth (*Fearne and Hughes*, 1999, p. 124).

**Countering volatility**

The fresh produce industry is distinctive in its volatility (fluctuations in supply and demand and perishability). Buyers within this programme of research perceived the development of direct relationships as being the best means by which to counter their industry’s widespread volatility regarding price, quality, supply and demand and perishability:

We don’t have written contracts with our suppliers, it is all based on a handshake. If we have dealt with a supplier directly over a long period of time, then we know their strengths and
weaknesses and trust that they will deliver to specification to the best of their ability (Gerald, Tasmanian buyer).

If someone can grow for me 52 weeks of the year, obviously, they are going to get priority over anyone else. But they have to be good at what they do (Ed, Tasmanian buyer).

Similarly, suppliers view the existence of a direct relationship as minimising the inherent context volatility. For example:

… we're as good as our last order and if we keep that relationship going well, then we'll keep going. There's no reason for them to take us out (George, Victorian supplier).

If you want to move really big volumes of stuff, you've got to do it through the bigger stores (Nick, Tasmanian supplier).

Therefore:

… the volume and perishable nature of the product involved means that trust and personal relationships between supply chain partners are of utmost importance (Wilson, 1995, p. 35).

Overcoming potential discomfort in being solely reliant upon verbal agreements. Trusting relationships do not require detailed contracts (Gulati, 1995).

If direct trade partners experience reciprocity in their defining relationship constructs (i.e. trust, commitment, cooperation, power, dependence and long-term orientation, supply and demand) quality and price fluctuations should be better tolerated:

At certain times of the year, the grower will need a better price for the product and the supermarket, depending upon their history will say, okay, we can afford to pay you an extra dollar over the next three weeks because we understand that you lost quite a bit of money through our specials (George, Victoria grower).

Without such reciprocity, direct buyer-supplier relationships cannot survive. Conversely:

… close personal relationships between the buyer and supplier … lead to higher levels of commitment … they are associated with greater investment … lead to increased levels of satisfaction and engender levels of commitment to their continuation (Mummalaneni and Wilson, 1991, p. 20).

Quality and price

Both buyers and suppliers see fresh produce quality as the most important consideration. The likelihood of receiving and providing quality product is considered to be higher if the partners are involved in a direct relationship. Quality is heavily cited in relation to price throughout the extant literature (Hatton and Matthews, 1996) as well as throughout the research. “Quality is your number one driver. Second to that comes price” (George, Victorian supplier). Similarly, “quality is number one and dollars come second” (Gerald, Tasmanian buyer). For the buyer, consistently high quality results in the desire to continue and further develop relationships with their trade partner. “If you set up a relationship with one supplier … you don’t get variations in the quality as much” (Gerald, Tasmanian buyer).

Quality concerns and price are closely related for both buyer and supplier groups:
It's important for your supplier to still give you the quality and give you the service and give you the [right] pricing structure (Norman, Tasmanian buyer).

Financially it would have an impact on your business and you get a better quality direct from the supplier (Norman, Tasmanian Buyer).

Both buyers and suppliers recognise the importance of the relationship with regard to price setting. Good relationships stymie any likelihood of exploitation. In addition, buyers see the establishment of a direct relationship with their trade partner as affording them a more continuous supply of product. However, as mentioned previously, the continuous product supplied must also be of the highest quality. Large buyers deem this more likely when dealing with a select number of direct trade partners:

The relationship that we have with only a small band of suppliers, it's excellent. So, therefore, you do get a better quality of product (Norman, Tasmanian buyer).

"[Quality is improved] because you get a better understanding of what we all want" (Ed, Tasmanian buyer).

Those suppliers considered to provide buyers with a continuous supply of quality product at the right price are rewarded accordingly, as large buyers recognise that frequent supplier switching is counterproductive (Hatton and Matthews, 1996):

I haven't put a new grower on for years. The supplier base is very competent at the moment (Gerald, Tasmanian buyer).

However, this is not the case for small retailers. The research reveals that small buyers exhibit more freedom in selecting suppliers. There is not the same level of expectation to be in exclusive trade partnerships from either side of the relationship:

There's so many suppliers and you do have a fall back position where you can buy that product somewhere else if you require (Norman, Tasmanian buyer).

Subsequently, small buyers do not usually enjoy the same supplier loyalties as large buyers:

… [Buyer] is our main outlet so we produce what they want, according to their specifications. We wouldn't be changing anything too much just for a small outlet (Mel, Tasmanian supplier).

Buyers reward loyalty from dedicated suppliers:

It is part of the commitment we have to our suppliers when we first started talking about quality assurance, that if the opportunity exists to expand them, we'd give them that option (Gerald, Tasmanian buyer).

One supplier did, however, prove discontented:

It's the total push all the time, getting better product for less price and it's just that squeeze all the time … It's a frustrating business … because [the supplier] does not have any power to do anything about it (Maurice, Tasmanian supplier).
Communication

The perishable nature of the product involved commands the need for communication (Knox and White, 1991). Buyers consider higher quality as being associated with the development of a direct relationship with their trade partner. It is correlated with high levels of communication and the ability to minimise misunderstandings through the exclusion of intermediaries. Communication must occur on a frequent basis as within the fresh produce industry, demand and supply requirements and opportunities change daily. In addition, the lack of formal contracts heightens the need for communication in ensuring both parties are aware of the other's position. Both parties within the direct relationship should have an appreciation of the bigger picture. For example, they will then understand that large buyers are often responding to customer demand in saying to them “this is going to happen, then that's what's going to happen” (Robson and Rawnsley, 2001, p. 43):

We emphasise to the suppliers that it is a partnership operation ... without suppliers [the buyer] doesn't have a business, so they aren't to feel as if we were the big bad boys. We have to work together because we need each other (Gerald, Tasmanian buyer).

In fact, buyers have had to change their partnership philosophies significantly:

Coming back to the old school where supermarkets would rule with an iron fist, there may be some people out there that have had to learn that it has to be a win-win, not a single win on our behalf (Thomas, Victorian buyer).

Communication is seen to directly impact conflict, trust, commitment and cooperation (Anderson and Narus, 1990).

Buyer and supplier respondents regarded communication as a key motivation for developing direct trade relationships. In fact, in one case, it was deemed:

... the single biggest benefit of going direct. The more communication we do, the better off we are (Thomas, Victorian buyer).

The research reveals an association between the degree of communication by both buyers and suppliers and their ability to maintain harmonious relationships, despite unforeseen circumstances:

If we have a bad run of hot weather, for instance, we could have fruit which is soft, so they [buyer] might come back and say, look, these ones are a bit dodgy, so it's an ongoing conversation ... It's a pretty live relationship (Hans, Tasmanian supplier).

Any communication breakdown may threaten the relationship. Communication is also strongly aligned with information.

Information

It is suggested that partnerships should provide a forum for all within the supply chain to exchange information and plan for the future (Hughes and Merton, 1996). Effective communication affords information exchange. Mel (Tasmanian supplier) regards better knowledge as being a desired outcome of developing closer relationships with buyers:
… [They will] know more about the product … the growing of the product they're purchasing. They know the people that grow it, they know the area from which it came, greater information about the product they're buying.

Those that pool their strengths will improve their relationships (Wilson, 1996):

It is only when you have a direct relationship that you know when it's right, it's right and when it's wrong, it's wrong. If you are relying on a middle person to pass on the information, it does not always happen (Thomas, Victorian buyer).

For buyers, poor information management leads to incorrect information and, ultimately, poor decision making:

Everything is time bound and if you don't have the information correct you can actually be out of whack with what is going on out there with competitors (Anthony, Victorian buyer).

If you don't have the correct information, you won't be able to make the correct decisions, so that's a detriment to both parties (Norman, Tasmanian buyer).

Innovation

Current literature indicated that the exchange of innovative ideas and solutions provides increased motivation for partners to establish and remain within a direct relationship (Fearne and Hughes, 1999; Walter, 2003). This was witnessed in practice. In keeping with large buyers’ preference for more strategic partners, many cited transparency, specifically related to innovation, as a motivation for establishing a direct relationship:

Visibility into their business, whether they are viable, whether they are progressive, whether they can grow (Sam, Victorian buyer).

Large buyers characterise successful relationships as being those in which growers exhibit such self-motivation and entrepreneurship and are willing to facilitate them. In the light of commitment, long-term orientation, communication and information, they enthusiastically support such suppliers:

Their sales were basically zero. However, this range of product is [now] the fastest growing category in Australia. They are now our national supplier. I'm blown away by the results and good on them. It's been a two-way thing. I was asked what they needed to do to get their business up and going. They've implemented it plus they've had their own innovations, which have been successful (Anthony, Victorian buyer).

This supports the literature which suggests that successful relationships in the fresh produce industry are proactive, innovative and share information (Fearne and Hughes, 1999).

Similarly to buyers, suppliers are extremely focussed on innovation, recognising it as being directly correlated to their organisational performance as well as a testament to their trade partners (especially large buyers). Thus, they are proactively seeking new opportunities and focussing upon value adding:

If we develop or hear of new innovations from overseas, then we'll share it with them [buyers] … Innovation and flexibility [are] very important, especially with packaging. Changing your packaging, changing your labels, changing your shapes, varieties, seasonal changes for specialty lines are very important (George, Victorian supplier).
Without the “cooperation link” to innovation, suppliers can become easily disillusioned:

We have to always be thinking of new and better ways with new products, to do things, and I don't think the supermarket chains are responding to those type of things fast enough and I think there's opportunity for new outlets to develop who can do this much easier (Maurice, Tasmanian supplier).

In fact, the research highlights a definite move away from a dictatorial attitude. It might be argued that the partnerships between suppliers and large buyers survive because the former have acquiesced to the requirements of the latter. However, non-compliant trade partners have disappeared from the supply chain; innovation being:

… difficult to achieve and exploit in a sector which offers low margins for suppliers and in which the rewards for first movers … are limited and short lived (Fearne and Hughes, 1999, p. 123).

Whilst it has been posited that buyers seek direct relationships for reasons benefiting only themselves, shrouding selfish behaviour in more altruistic behaviour, interviewed suppliers largely discounted this. It would seem more likely that suppliers might suffer from more exploitative behaviour given the presence of only two major buyers within the Australian fresh produce industry. However, only one supplier acknowledged active power inequality.

**Research limitations and future research directions**

Whilst this research has aimed to give a more holistic qualitative approach to direct buyer-supplier relationship theory, the inherent dynamic nature of such theory ensures research limitations. Time constraints prevented interviews with organisations producing the same commodity. Varied product susceptibility to external forces may have affected respondents’ answers. Also, there was some inconsistency in the respondents' organisational roles. It is possible that buyers sometimes hide their true perception of supplier requirements (e.g. profit maximisation) in seemingly more acceptable criteria, such as quality (Robson and Rawnsley, 2001). This concern was validated during initial discussions with fresh produce suppliers engaged in direct relationships. As a result, the interviewer emphasised confidentiality to all respondents. In addition, due to limited time and financial resources, not all respondents' trade partners were involved in the research. Thus, the benefits associated with conducting wholly dyadic research were not realised.

To address limitations, future investigations of direct buyer-supplier relationships might include considerations of the motivations for developing direct relationships within other contexts. This would allow researchers to determine any common themes. In addition, future criteria should ensure that all respondents buy/supply the same fresh produce to allow limited situation variability.

**Conclusions**

The good firms are getting better – building relationships, developing systems, improving service levels and management skills – but the challenge to achieve year on year growth remains; margins are squeezed as volume goes up but prices are cut, yet the need to invest is ever present and privately owned firms in a highly competitive market need profitability to fund it (Fearne and Hughes, 1999, p. 123).

Whilst Fearne and Hughes (1999) state this with specific reference to the UK fresh produce industry, the statement holds true with regard to its Australian counterpart. This scenario
means that, within the Australian fresh produce industry buyers and suppliers must address their motivations for developing direct relationships and ensure that they are, effectively, meeting their own needs, whilst also considering the needs of their trade partner. Despite slight differences in motivations for direct relationship development between buyers and suppliers, what remains clear is that symmetry and reciprocity are vital for relationship success.

<table>
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<tr>
<th>Respondent</th>
<th>Product supplied</th>
<th>Respondents' position</th>
<th>State</th>
<th>No. of retailers dealt with</th>
<th>Time in company (years)</th>
<th>Time in industry (years)</th>
<th>No. of employees in co.</th>
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<tr>
<td>Mel</td>
<td>Vegetable</td>
<td>Director</td>
<td>TAS</td>
<td>5</td>
<td>25</td>
<td>38</td>
<td>4</td>
</tr>
<tr>
<td>George</td>
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<td>2</td>
<td>1</td>
<td>19</td>
<td>20</td>
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<tr>
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<td>Vegetable</td>
<td>Operations GM</td>
<td>TAS</td>
<td>100</td>
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<td>TAS</td>
<td>12-14</td>
<td>44</td>
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<td>4</td>
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<td>TAS</td>
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<td>1</td>
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<tr>
<td>Sam</td>
<td>Vegetable</td>
<td>Marketing manager</td>
<td>VIC</td>
<td>100+</td>
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<td>80</td>
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<tr>
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<td>VIC</td>
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**Table I.** Supplier characteristics

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<th>Respondent</th>
<th>Category</th>
<th>Respondents' position</th>
<th>State</th>
<th>No. of growers dealt with</th>
<th>Time in company (years)</th>
<th>Time in industry (years)</th>
<th>No. of employees in co.</th>
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<tbody>
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<td>Gerald</td>
<td>Large retailer</td>
<td>Buyer</td>
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<td>70</td>
<td>28</td>
<td>20</td>
<td>–</td>
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<tr>
<td>Vince</td>
<td>Small retailer</td>
<td>Director</td>
<td>VIC</td>
<td>100+</td>
<td>10</td>
<td>20+</td>
<td>3</td>
</tr>
<tr>
<td>Norman</td>
<td>Small retailer</td>
<td>Director</td>
<td>TAS</td>
<td>6</td>
<td>12</td>
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<td>5</td>
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<tr>
<td>Owen</td>
<td>Small retailer</td>
<td>Director</td>
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<td>Small retailer</td>
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<td>Manager</td>
<td>TAS</td>
<td>10-12</td>
<td>7</td>
<td>20</td>
<td>3</td>
</tr>
<tr>
<td>Thomas</td>
<td>Large retailer</td>
<td>Buyer</td>
<td>VIC</td>
<td>300-400</td>
<td>21</td>
<td>11</td>
<td>–</td>
</tr>
<tr>
<td>Anthony</td>
<td>Large retailer</td>
<td>Buyer</td>
<td>VIC</td>
<td>100+</td>
<td>2</td>
<td>21</td>
<td>700</td>
</tr>
</tbody>
</table>

**Table II.** Buyer characteristics

**References**


Batt, P.J. (2001), "Building trust in the fresh produce industry", paper presented at the ANZMAC Conference.


**Further Reading**


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