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VENDOR'S CAPABILITY: A WAY FOR WINNING THE CONTRACT IN A B2B RELATIONSHIP

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Abstract *A Business-to-Business commercial (B2B) transaction is different from normal retail transactions with customers. Organisations engage with each other and vendors in a specific manner in a B2B purchase environment. Organisations, big or small, spend money to keep up with their business operations. This requires them to deal with many other business units called vendors/suppliers to help them with necessary input resources for their business operations. In B2B transactions, organisations deal with each other to purchase goods and services. These associations work on long-term business relationships. The vendor organisations hire sales teams and relationship managers to work with the client organisation in order to maintain healthy business relationships. It is a point of debate whether the relationship that exists between the vendor and the client is because of the personnel who is responsible for the relationship or is it the vendor organisation as a whole that has built its capability and experience over the years has been successful in maintaining business relationships with the client. A client who engages with a vendor will have certain criteria for selection and engagement with a vendor. With this view, we have decided to study this phenomenon by comparing the two factors – sales person's relationship and vendor's capability and check which of the two factors influences the awarding of contracts from the clients. Purchase is more process driven it evaluates the vendors strongly on their capability to deliver on the purchase terms. The data analysis and the hypothesis testing results obtained indicate that evaluating vendors by their capabilities for awarding contracts is a more pragmatic way of supplier selection.*

Keywords: *Vendor Management, B2B Sales, Relationship Management, Corporate Purchase Decisions*

INTRODUCTION

Globally, organisations are facing tremendous pressures of being price competitive in their respective business areas. Due to this, the companies are compelled to cut down on their input costs. This results in increased pressure on purchase functions to manage sourcing at more competitive rates.

Purchase functions are evolving to Supply chain functions whereby they are also looking at end-to-end sourcing and vendor management functionalities. These functions also work internally with user groups and forecast their demand requirements which help them work with their vendor ecosystems to manage sourcing in advance and reserve the necessary resources for smooth operations of other functions of the organisation. B2B selling is a process in which one business entity commercially transacts with another for exchanging goods and services. This process is also called business buying or organisational buying. In this process, one organisation buys goods and services from another organisation. It is formally defined as a problem-solving and decision-making process where one organisation creates a buying situation when it perceives a business problem and understands that the problem could be solved by creating a buying decision. Organisational buying includes all the activities where organisational members defined the buying situation and then execute the buying decision by critically evaluating goods and services out of selected brands and suppliers.

The B2B sales process differs from B2C (business to consumer) transactions. Unlike B2C, large-scale B2B transactions are done with a more rational approach to decision-making with limited (or no) scope for emotional decisions.

The process of B2B selling is profound and well-evolved over time. Many detailed studies and research have been conducted in the field of sales relationships and their influence in winning B2B businesses. The process has seen significant improvement in the last few decades. In this research, we attempt to understand the evolution of the process over time.

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The vendor capability is very important for the B2B sales process. As the complexity of businesses increases qualification processes for vendor engagement also become more complex.

This study focuses on a comparing sales person's relationship with vendor capability. The study tries to make a neutral comparison between the two factors and tries to arrive at pieces of evidence as to which of the factors (salesperson relationship or vendor capability) holds greater influence in winning sales contracts.

Salesperson Relationship: Every business unit assigns personnel who become account managers/relationship managers for the client. The study tries to study the dynamics of such relationships and tries to hypothesise if there is any correlation between the relationship between account management/relationship and the client's decision to award a contract on relationship grounds. It has been observed that when salespeople change jobs they try to poach the client to the new company they work with. But in reality, the success of such an effort is always not favourable. The personnel generally fail to poach the business to the client completely. This implies that there are certain parameters that bind the vendor to a client. This study dives into some of these aspects to derive an understanding of this subject.

Vendor Capability: The selection of vendors is a very important function of purchase teams. Organisations are evolving their purchase teams as a strategic function as vendor management is getting more sophisticated over time. Vendor selection is driven by a series of qualification criteria. It is through these methods that vendor client relationships get established and strived for sustenance for a long time. Our study discusses personnel from purchase functions of different organisations to understand their processes for the selection of vendors. Our study has interestingly come up with some responses that vendor selection has almost become an automated process with ERP solutions managing most of the vendor selection criteria.

Many researchers over time have proposed several models for understanding the B2B sales engagement process. These models try to evaluate the purchase function as a strategic function which would be strongly aligned to capabilities offered by the vendor as the model depends on the fact that the B2B engagements are long-term and strategic in nature.

B2B contracts are generally long-term in nature and as the contracts occur long-term, the clients expect the vendors to commit to the contract. Therefore, while selecting the vendors the clients are more interested in understanding and evaluating vendors on the grounds of their years of business operations, technical capabilities and financial capabilities. This process is followed to ensure that vendors can commit to long-term contracts.

In this thesis, we will be presenting one case study on an open tender of the public sector Bank of India. This was a major tender worth over a million US dollars and engagement of over five years. A closer look at the tender qualification gives us insights on the B2B vendor selection process. The tender gives a clear understanding of the right and scientific selection of the supplier for long-term contracts. The tender outlines several parameters that are considered during supplier selection and can be used as a reference to the vendor selection guide for a multi-year contract.

LITERATURE REVIEW

When enterprises plan for annual budgeting then managers need to anticipate environmental constraints using different scenarios or by testing the robustness of strategic initiatives uses diverse tools like financial planning and control, Hendieh (2023).

The management of working capital is very important for the organisation, Das (2023) and for that negotiation with the vendor is required for any business purchase.

According to Sharma and Sharma (2021), the right choice of marketing capabilities can help retailers satisfy, retain, and edify long-term relationships with unshaken trust among their customers. According to the authors (Valtakoski, 2015), the journey of buyer-supplier relationships has been a very long and challenging one over the years. This journey was characterised by lots of challenges over time. However, the challenge is bigger when there is intangibility included in the relationship and the buyer is not able to justify the return on investment of his purchase to his management. The author also brings a case study of a finished software company which provided simple helpdesk tools to consulting services. It was difficult for the buyers to justify the tangibility aspect of consuming products/services from such vendors. The author notes that it becomes difficult for a seller to establish trust with the buyer. In such cases, it is best for the seller to establish trust. The buyer also needs to understand the benefits of consuming services/products from the seller and the potential benefits it brings to the buyer.

In such scenarios, the author suggests that the buyer should suggest the implementation of his products/services in a migratory and phased manner so that the buyer would have the comfort of realising the benefits of using the products/services of the seller. As per Saha and Kar (2021a) salesperson's productivity is also dependent upon different factors.

In the case of large institutional purchases, request for proposals (RFP) is often sought by the major institutions for their purchase requirements. The authors (Saito et al, 2012) try to contribute the process of RFP by focusing on how to make the non-functional requirements (NFR) of RFPs. The author conducts his study on Japanese market by picking RFPs of 29 institutions. The author follows a methodology wherein he picks the relevant NFR metrics, categorises them, defines the grading of the matrix and defines scoring systems. With this, they build a model for NFRs in RFPs. This model has helps in identifying poorly defined/written NFRs in RFP, which recommends that institutions to refine their RFPs to improve their NFRs before seeking proposals from vendors. Saha and Kar (2021b) mentioned in their research that a salesperson's performance depends upon several internal and external factors.

On the other hand, another author (Krishnan, 2018) refers to concept of requirement prioritisation. In this article also software industry reference is taken. According to him the RFP process requires client to prioritise their requirement carefully otherwise the vendor's developers get confused on the releases of the software development. After studying different methods like value prioritisation, analytical, hierarchical process, cumulative voting, EVOLVES, etc. the author has proposed a simple model for prioritising the requirements of any RFP that can help the supplier to effectively manage their delivery processes.

There is an interesting study by authors (Bernardos et al., 2020) that studies the supplier selection process in new light using principles of game theory. According to the researchers here they considered a construction firm which requires dealing with lots of suppliers for the supply of materials for their projects. They first applied the traditional quote submission-selection process and found that the best price could be reached at 0.9× material price. While researching they found that the best price could be attained up to 0.82× of the material price. They further applied principles of game theory and auctioning and found that the pricing benefits could reach up to 0.75× of the material price. Initially, the management of the firm was reluctant to implement the game theory experiment; however, they were convinced by the results when the best contract could be signed with the suppliers.

Another author (Nyadzayo et al., 2018) brings out the concept of value-based selling in B2B sales. The authors prepare the artice by defining the constructs like willingness to pay a premium (the client is ready to pay a premium to a particular supplier for availing his service, and consideration set size (the set of vendor brands that the client is ready to work with). The study reveals that the client is ready to pray premium for engaging with suppliers that they could be comfortable with. The study also tries to understand the tenets of social exchange theory whereby, client and vendor engage in business to avail mutual benefits. However, these exchanges come with additional opportunity costs.

Authors (Keranen et al., 2018) bring out the concept of value driven exchange between business units. Value driven exchanges are used by organisations which are driven by organisation goals for business benefits. The concept of value driven exchange is studied under the light of sales, purchase and dyadic. Sales functions have to apply the principle of value exchange by focusing on revenue generation for the company and reducing costs for the clients. From purchase perspective, the buyer takes help of vendors to maintain their purchase processes. As per the dyadic principles, both buyers and sellers exchange value by co-creating products and services.

Some of the management experts like (Liu et al., 2018), believe that social exchange for business helps in enhanced vendor buyer relationships. The duration of the contracts do not ensure healthy relationships between buyers and sellers. Trust is very important in maintaining healthy buyer seller relationships. Social exchange practices help in maintaining trust between buyers and sellers.

The Author (Dion et al., 1995) emphasises that TRUST is very important to ensure long term sustained buyer–seller relationships. One of the key inferences that the author states that sales person's personality alone is not decisive in sales performance. Trust between buyers and sellers are the driver of sales performance. Trust should also be maintained in a reciprocated manner between buyers and sellers.

Sales skilling and knowledge updating are very important to sales personnel. (Katsikeas et al., 2018), write in their article about some of the types of skilling which include exploratory learning where in sales personnel groom themselves in a disciplined and self-regulated manner for their organic knowledge updates. The other method is exploitative learning where the sales personnel rely on proven sales methodology to update their learning and skills. The sales personnel use his skills to control the outcome of the sale for the company. Like salespeople management also uses certain control mechanisms to ensure required sales outcomes. Activity control is a mechanism whereby management controls certain sales activities to ensure the potential outcomes are achieved. According to the authors, when outcome control is used more exploitative and less exploratory learning occurs. And when activity control is used exploitative learning occurs.

Marketing plays a crucial role in ensuring that a healthy relationship is maintained between buyers and sellers. (Barac et al., 2017) states that relationship marketing between the buyers and sellers can be achieved by maintaining commitments done to the buyer by the seller. The author goes on to state that depending on how the commitments are honoured, the relationship quality is decided. Bilateral communication is very crucial to maintain healthy business relationships.

Some of the research focuses on reciprocal feedback and its importance in B2B relationships. According to the authors (Murphy et al., 2017), Reciprocal feedback measures the frequency of responses to previous messages rather than the frequency of initiating communications. With the increase in the frequency of contact, the bond between buyers and suppliers strengthens thereby their relationships improve reciprocal feedback is critical in maintaining positive relationships between buyers and sellers with satisfaction. The bi-directional communication helps in enhancing reciprocal feedback between buyers and sellers. A number of parties involved in bi-directional communication would decide on the mode of communication that would be used.

Cialdini (2007), in his book "Influence – Psychology of Persuasion" brings out some of the key social exchange concepts. He tries to explain the power of reciprocation whereby the buyer would be obliged to favour the seller in case he has sought any help from the seller earlier. He also brings out the concept of social proof where it is explained that perception of what others think becomes key to the evaluation of the purchases. He also says that sometimes scarcity is used as a tool by the sellers which will bring a sense of urgency to buyers in their buying process.

Spiro et al. (1979), are one of the pioneers who brought in the concept of influence in selling. The premise for the study was based on industrial markets where salespeople deal with different stakeholders for their business requirements. For influence, a salesperson has to develop missionary-like zeal to close sales. He has to have faith in his product/services and have confidence in its value proposition. The persuasive aspect of sales should be developed by salespeople to Influence based selling. The sales training associated with such methods also needs to be intense with a lot of case studies, storytelling, and podcasts to be used for training salespeople for this kind of selling.

Researchers have worked towards understanding the importance of being a key supplier. (Uluga et al., 2006) suggests that Key customers are involved with the clients from the very initial product development stage. This gives the leverage of being the key supplier as their knowledge and experience in the client process are higher than others. The authors focused on key supplier relationships as units of analysis. It is observed that although cost factors take a prime position for ensuring the key supplier status, however, cost alone may not be adequate for ensuring key supplier status, other value drivers like support, personal interaction, etc. are key to ensuring a favourable position with buyers.

Reck et al. (1988), explain the evolutionary process of purchase function. He goes on to explain how the purchase function moved on from being just a stand-alone support function to becoming an integral part of corporate strategy and working towards greater strategies of the organisation in ensuring profitability. However, to reach such a level, purchase functions should strive to develop their own capabilities and competencies in order to be a part of the strategic function of the organisation. Along with the teams associated with purchasing even the management needs to work strongly to ensure that the purchase function qualifies to become part of the company's core strategy.

Literature Gap

During our literature study, we observe that there have been various studies conducted by various researchers on the subjects like:

- B2B Sales concepts and models, and sales processes.
- Salesperson relation equation with the enterprises.
- Vendor capability, vendor selection and models for vendor selections.
- Purchase functions and evolutions.

We did not find studies that try to link and compare Sales person relationships and vendor capability and check the correlation between the two factors. We, therefore, are trying to foray into this area with our research and try to study the influence of each of these factors in winning sales contracts.

OBJECTIVE OF THE STUDY

The study focuses on comparing the two parameters salesperson relationship and vendor's capability. The study tries to use correlational methods to check on any correlation that could exist between the two parameters and check which of the parameters is dominant in winning a sales contract. The study performs correlational analysis between relationship variables and vendor capability variables.

The study also tries to understand the influence exerted by sales relationships and vendor capability in winning sales contracts. During the study, we understand that the "Purchase Process" followed by organisations is becoming more dominant and most purchase decisions are driven by the guidelines of the purchase process.

Hypotheses

H1:	Client will place order with existing vendor based on his business relationship.
H2:	Client will place order with any vendor based on the technical capabilities.
H3:	Client will place order with existing vendor based on the relationship with relationship manager.
H4:	Multiple vendor evaluation disrupts the existing vendor renewal.

RESEARCH METHODOLOGY

Variables identified were mostly classified under relationship, capability and purchase process variables. Questionnaire has been designed on Likert like scale between Mostly Disagree (1) to Mostly Agree (5).The following table gives list of variables with their definition.

Table 1: Variables and Definitions

Relationship Variables	
Q1_Vendor_help_in_ requirementdiscovery	Existing vendor help in need identification.
Q2_Knowledgeshare_ vendor	Existing vendor shares regular knowledge updates.
Q9_Satisfiedwith_ex-istingvendorsupport	Client happy with existing vendor support.
Q10_Renewwithex-istingvendor	Client is ready to renew contract with existing vendor.
Q12_Strongvendorre-lationship	Client enjoys level business relationship with vendor.
Q13_AM_Jobswitch	If existing relationship switches job to competition will client churn business to new company.
Vendor Capability Variables	
Q6_Existingvendor_ givebestproposal	Existing vendor gives best service.
Q7_PriceWinsdeal	Capable vendor gives best price – New/ Existing.
Q8_Rightsolutionwin-deal	Capable vendor gives best solution – New/Existing.
Q11_Contractto_ Newvendor	Client is willing to offer contract to new vendor based on his capability.
Purchase Process Variables	
Q3_NDA_with_Ven-dor	Client signs up NDA with vendor during RFP process.
Q4_Multiple_Ven-dor_check	Client evaluates multiple vendors before awarding contract.
Q5_Checkfinance_ vendor	Client seeks financial data of participating vendors to engage for long term contracts.

SAMPLING METHOD

The population under consideration is a set of organisations varying in employee size from 200 employees to over 10000 employees. The central criterion for the selection of respondents was that the company should have a purchase panel/purchase department with at least one influencer and decision-maker. The IT officers were the main influencers who were evaluating vendors and were recommending the selection. The Decision makers would commercially negotiate with vendors and take a decision on a final vendor to whom the contracts were awarded. In many cases IT department was only the final decision makers. Over 70% of the respondents quizzed were from IT department.

The population size is unknown in the given case. Therefore, the sample size identification was a challenge.

In such cases, sampling by proportion is one of the methods used for sample size determination.

With this logic, if we consider a 95% confidence interval and standard error of 5%, with a random sampling method of equal probability of selection ($p = q = 0.5$) then, we can compute the sample size by the following method.

Standard error = Z * square root (pq / n); Standard error = 0.05.

Z = 1.96 (for 95% confidence interval)

This would imply:

Sample size (n) = ((1.96*1.96)*(0.5*0.5))/ (0.05*0.05)

Sample Size (n) = (0.9604/0.0025) = 384.16

Therefore, the Sample size can be anywhere close to 384.

In our study the Samples size was closed at 381 after data cleaning.

Relationship-Oriented Sales Process Adaption

The B2B sales process has slowly moved from a transactional process to a more strategic relationship orientation over time. This has evolved into a more value-based strategic collaboration and relationship management between the buyers and sellers. Over a period the sellers strategically align their sales processes to the buying processes of the strategic customers (Viio et al., 2016).

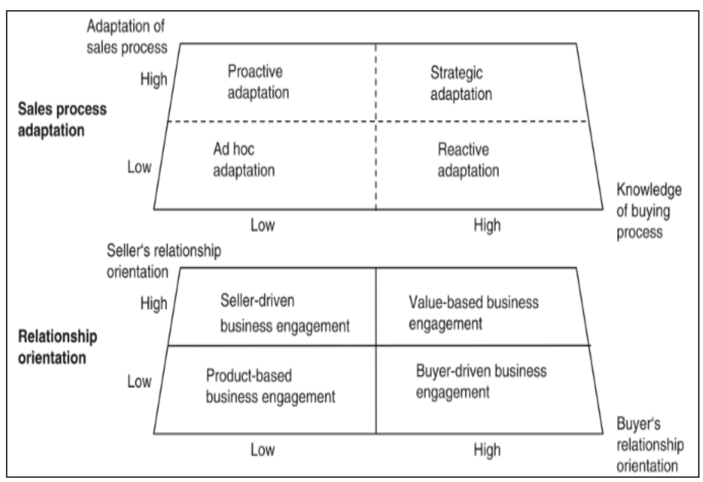

Fig. 1: Framework for Relationship-Oriented Sales Process Adaption

In this literature, the authors cite the example of Rolls Royce and American Airlines who joined hands to create the total care program for the aerospace industry which included the complete menu of servicing and original parts availability. The programme also included services like engine overhaul service.

Challenger Sale (Dixon et al., 2011): This is a B2B sales methodology proposed by Dixon and Adamson in their book Challenger Sales. They suggest a Solution sales approach and methods by which salespeople can take control of the sales process by engaging the client in commercial teaching and consulting. The authors suggest the method of commercial teaching whereby, the client is taught the advantages of adapting the solution which the client would not be aware of. The client is challenged by his knowledge and the advantages of the solution is demonstrated which prompts the client to try the solution.

Indian Government e-Market Place (Case Let – Canara Bank)

Large government institutions are the biggest buyers and involve in large B2B purchases. The approach followed by them is tendered approach. If we carefully study the purchase method of these institutions we understand that they follow a meticulous vendor selection process which demands many checks on vendor's capabilities. The process of selection is maintained transparent through the government tendering process. Government tendering in India has become more sophisticated and transparent through the Government e-Marketplace (GeM) process (www.gem.gov.in).

As per the market place the following process is followed:

The tender is released.

- Initial bids and technical qualifications are submitted by qualified bidders.
- The product/service is registered duly with the e-marketplace portal.
- Technical clarifications are sought by the institution on the details of the bid submitted.
- Multiple clarifications would be sought by the institution till all clarifications are submitted.
- Any changes in the tenders as per the information exchange are presented by the institution by releasing a corrigendum.
- Once all clarifications are submitted by all bidders the commercial bids are called by the institution. In the process, some bidders would get dropped on technical grounds.
- The commercial bid opening is done by the institution in person in front of the representatives of all the bidders.
- The best price bidder is selected, and the contract is awarded to him.

We present below one case study of Canara Bank, a major public sector bank of India, which released a tender on WhatsApp and Chatbot automation. The following are the summarised details of the tender:

Tender of Canara Bank Ltd.

Tender Reference: Custom Gem bid: GEM/2022/B/2027839; dated 10 Mar 2022.

Description: Custom Bid for Services - Integrated WhatsApp and Chatbot Solution.

Term of the Contract: 5 years.

Details: Bank wanted to go digital for their customer care operations and hence had issued a tender to engage qualified vendors who could help in customising chatbot automation on WhatsApp for Canara bank customers.

The vendor selection method was very scientific and meticulous please refer to the annexure for complete details. The following is the summary of the selection document.

- The selection criteria included evaluation of 200 marks. 150 marks (75%) is the cut off for selection.
- Selection requires the vendor to qualify different technical criteria.
- The qualified vendor was required to conduct Proof of Concept (POC).
- Details of infrastructure setup needs for the project was to be submitted.
- Functional qualification details also had been sought. The details required the reference of other scheduled banks.
- Marks were assigned each of the criteria and the vendor had to score at least 75% to qualify the technical bid to proceed to commercial qualification.

Based on the final commercial selection, the vendor was awarded the contract. Detailed selection criteria are listed in the annexure.

SANDLER'S TRAINING METHODOLOGY

This method was developed by David Sandler. He was one of the pioneers in solution selling and his method of prospecting has been one of the most widely used methods. The training is widely used for new customer acquisition. The method is used to up skill sales teams on:

- New customer acquisition.
- Enterprise sales.
- Customer success.
- Sales leadership training.

Sandler had devised a concept of sales submarine where he has compartmentalised each sales stage into submarine compartments where every stage needs to be followed ceremoniously without skipping any stage. This methodology helps in discovering the pain points experienced by the customer and stitch solutions as per his needs (www.sandler.com).

SPIN SELLING METHOD

This method was developed by Niel Rackham. The method focuses on asking questions in a way to uncover the pain points of customer while being conversational with them. The key elements of questioning include:

- *Situation Questions:* After the initial introductions, the sales person starts asking situational questions on the business operations of the client.
- *Problem Identifications:* While during the conversation the salesperson asks questions that uncover the problems/pains faced by the client in his business operations.
- *Implication Discussion:* When the problems are identified, the sales person tries to uncover the implications associated with the problems faced and how impactful those implications could be to the business of the client.
- *Need-Based Solutions*: According to this after the problem is identified, implications are drawn to understand the magnitude of the problem and salesperson can now position the solutions that would help the client solve the problem.

This methodology is therefore coined as SPIN methodology. This is one of the widely trained methodologies.

RESEARCH FRAMEWORK

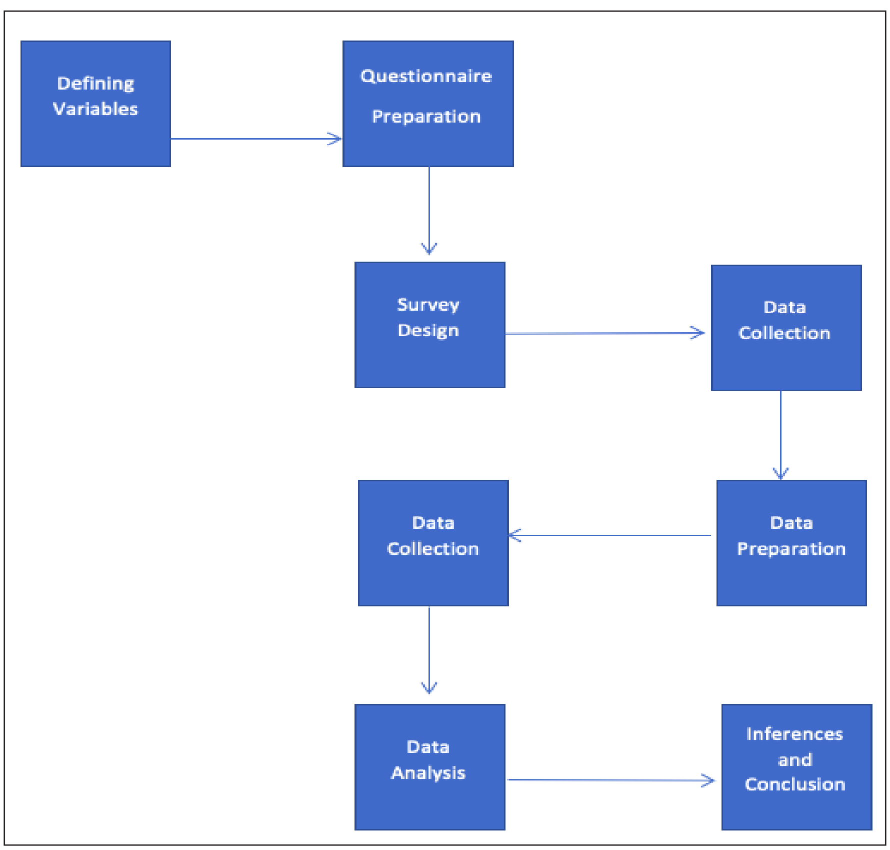

Fig. 2: Research Framework

DATA ANALYSIS AND INTERPRETATION

Missing Data Analysis

We studied the data on Missing at a random method to check on missing data, but we could not find any pattern for the occurrence of missing data. After omitting the missing data, the sample has been reduced to 381. Around 36 records were cancelled for the study due to missing data.

Normality Check

We did a Skewness analysis of the data and found the data to follow a normal distribution. The following is the skewness analysis of the data.

Table 2: Normality Data

Question	Skewness	Std Error
Q1_Vendor_help_in_requirement discovery	-0.255	0.249
Q2_Knowledgeshare_vendor	-0.606	0.249
Q3_NDA_with_Vendor	-2.169	0.249
Q4_Multiple_Vendor_check	0.63	0.249
Q5_Checkfinance_vendor	-1.085	0.249
Q6_Existingvendor_givebestproposal	0.096	0.249
Q7_PriceWinsdeal	0.803	0.249
Q8_Rightsolutionwindeal	0.005	0.249
Q9_Satisfiedwith_existingvendorsupport	-0.478	0.249
Q10_Renewwithexistingvendor	-0.187	0.249
Q11_Contractto_Newvendor	-0.251	0.249
Q12_Strongvendorrelationship	0.016	0.249
Q13_AM_Jobswitch	1.29	0.249

Kim (2013) quotes, that the Kolmogorov–Smirnov and Shapiro–Wilk checks would be "unreliable" with larger samples, that is, >300. Essentially, the data would be "sensitive". Mayers (2013, p. 53) thinks that the skewness values should have a cut-off of ±1.96 for samples smaller than 50, cut-offs of ±2.58 for samples ranging from 51 to 100 and a cut-off of ±3.29 for samples greater than 100. From the data processed, SPSS Descriptive analysis for the skewness values is all < ±3.29. So, we conclude that the data are normal (Saha et al., 2021).

Multivariate Outlier Analysis

The data points were processed for Multivariate Outlier Analysis and the test was extended to the Mahalanobis distance test. After the test is conducted, the p-values obtained are greater than 0.001. This implies that as per the Mahalanobis test, there are no outliers. The data is good for processing. Also, the Z test results indicate that the independent variables have a Z-value of less than 3.96, which again implies that there are no outliers.

Correlation Analysis

We conducted the correlation analysis for the data. The data shows no multi-collinearity between the variables. We do not see any correlation greater than 0.9 between any variables. This implies that there is no correlation between the variables.

ANOVA Analysis

For relationship variables, the Sig value (Q-value) is 0.003 which is less than 0.05. This shows some significance in data as it is less than 0.05. We, therefore, conducted Post hoc analysis of the same and find that all lower and upper bound values of the data are non-zero and are hence heterogeneous and reliable.

For capability variables, the Sig value was observed to be 0.225 and hence there is no significance observed as the value was more than 0.05. However, Post hoc analysis for the data also signifies that the data is heterogeneous in nature.

HYPOTHESIS EVALUATION AND INFERENCE

After studying the parameters in the above section of data analysis. We try to study the following Hypothesis:

H1 (Existing vendor relationship gets the business contracts): For this hypothesis from the correlation matrix derived from the data analysis, we check the Sig value (p-value) of Variables Q9_Satisfiedwith_existingvendorsupport and Q10_Renewwithexistingvendor. This implies that if the client is satisfied with the support provided by the existing vendor, then they are most likely going to renew contracts with the same existing vendor.

H2 (Vendor capability gets the business contract): For this hypothesis from the correlation matrix derived from the data analysis, we check the Sig value (p-value) of variables Q8_Rightsolutionwindeal and Q11_Contractto_Newvendor. This implies that if the client is satisfied with the right solution, he would also be willing to roll the contract to a new vendor.

H3 (Personal relationship helps in obtaining business contract): for this hypothesis from the correlation matrix derived from the data analysis, we check the Sig value (p-value) of variables Q12_Strongvendorrelationship and Q13_AM_Jobswitch. This implies that even if the client is having a good relationship with the vendor and his account manager, would he be ready to roll the contract if the same account manager switches jobs and represents a new vendor to the same client?

H4 (Multiple vendor evaluation disrupts the existing vendor renewal): for this hypothesis from the correlation matrix derived from the data analysis, we check the Sig value (p-value) of variables Q4_Multiple_Vendor_check and Q10_Renewwithexistingvendor. This implies that if the client is evaluating multiple vendors, then there is a chance that existing vendor's chances of winning the deal is disrupted or less.

The following table displays the Sig value (p-values) of the hypothesis tests as mentioned above.

Table 3: Hypotheses Result

Hypotheses	Statement	Sig Level	Decision Clause	Decision
H1	Existing relationship gets the business contract	0.018	< 0.05	Null Hypothesis Rejected
H2	Vendor capability gets the business contract	0.157	> 0.05	Null Hypothesis Accepted
H3	Personal relationship helps in obtaining business contract	0.009	< 0.05	Null Hypothesis Rejected
H4	Multiple vendor evaluation disrupts the existing vendor renewal	0.000	< 0.05	Null Hypothesis Rejected

Business Inferences

H1 (Existing vendor relationship gets the business contracts): From the p-value obtained we can infer that the hypothesis can be rejected. This would imply that existing relationship between vendor and client may not be decisive for awarding contracts to existing vendors.

H2 (Vendor capability gets the business contract): From the p-value obtained, we can infer that the hypothesis cannot be rejected. This would imply that as long as all the purchase evaluation parameters of the client are satisfied, the client would be open to rolling the contract to the new vendor as well.

H3 (Personal relationship helps in obtaining business contract): From the p-value obtained we can infer that the hypothesis can be rejected. This implies that all the personal relationships with the account manager of the existing vendor may not be applicable for awarding contracts to him. This would also imply that the buyer purchase process is decisive in awarding contracts and not personal relationships.

H4 (Multiple vendor evaluation disrupts the existing vendor renewal): From the p-value obtained, we can infer that the hypothesis can be rejected. This would imply that if multiple vendors participate in the purchase process, the chances that the existing vendor can again win the contract may not be true. This would also imply that the buyer-purchase process is decisive in awarding contracts and not vendor relationships.

Findings and Inferences

- Data description: The tests performed on the data reveal the following findings: The normality test and distance test infer that the data is normally in distributed. Also there are no practical outliers observed in the study.
- Multi-collinearity and correlation studies reveal that there are no significant relationships observed among the variables.
- ANOVA results revealed that data is heterogeneous in nature.

The above data analysis infers that in the absence of a significant correlation between the variables it becomes difficult to conclude on the comparative study with which we started the research.

We started with the problem statement, where we tried to compare whether vendor capability is more important or relationship is more important in winning B2B purchase decisions.

The hypothesis results on relationship analysis clearly suggest that B2B purchase does not depend on vendor relationships or sales person relationships. The analysis implies that the data obtained is not sufficient to conclude that purchase decisions in B2B purchase scenarios are influenced by the relationship between the vendor and client or sales person's relationship with the client.

This implies that purchase is more process driven it evaluates the vendors strongly on its capability to deliver on the purchase terms. The data analysis and the hypothesis testing results obtained indicate that evaluating vendors by their capabilities for awarding contracts is a more pragmatic way of supplier selection.

MANAGERIAL IMPLICATIONS

This project has been studied with the intention of finding the influence of relationships and vendor capability on client contracts. Today every employee is driven by key performance indicators (KPI). These metrics are key drivers for purchase decisions. Some of the primary drivers include:

- Cost of goods/services.
- Quality of goods/services.
- Supply/implantation timelines.
- Post sale support and customer experience.

The procurement teams are measured on performance on the above factors continuously. To keep up on this they are constantly working on onboarding vendors that can help them achieve their KPIs. Over the years the procurement function has evolved and has become more process-oriented. With the implementation of sophisticated ERP/MIS systems, the process of procurement is becoming more defined and system-oriented.

In these conditions, it becomes imperative to study the dynamics of the purchasing function. Not all problems of businesses are getting solved by automation. This study has tried to rake up both the pragmatic and emotional sides of purchasing. However, over the years it is observed that purchasing is becoming more process-oriented and just as purchasing personnel are measured on KPI to help in organisational profits, vendors are also measured on KPI.

The Corporate buying teams prepare KPIs for vendors and this call for lots of competence and consistency from vendors to perform well to get sustained business from the clients. Our study focuses on understanding the level of influence exerted by capability and salesperson relationship and vendor capability in winning contracts.

Our study understands that the relationship aspect becomes less useful when the process orientation is high. Relationship managers become only the liaison personnel in such cases and the relationship is maintained at the organisational level. That is why almost every respondent in the study replied that they would not switch vendors when a relationship manager changes jobs. The relationship factor only manages relevant information and details supporting the RFP stage. Once RFP is rolled out, it is the process and competence that take precedence.

During the RFP evaluation phase, it is the vendor competence that will mostly help the vendor to qualify in the selection process. The vendor engagement rules of client and vendor's capability help in qualifying the vendor. The capability and competence is measured by the vendor's ability to technically satisfy the client's requirements and the ability to meet the pricing expectations of the client. The vendor is also evaluated on his turnover, organisation size and processes/compliances that his company follows. Finally, client support and post-sale servicing help vendors in maintaining their relationships with the client.

We have studied the implications of these two factors and their influence in winning client contracts. The study can be further developed into a model as a future scope which can help in analysing the buyer's pattern of behaviour and understanding where the relationship can be leveraged and where capability can help in qualification.

LIMITATIONS

This study has been done on the following limitations:

- This project was scoped keeping in mind the enterprises that would have at least 300–10000 employee size with a definite purchase panel consisting of at least one decision maker and one influencer in the panel.
- The focus was kept on IT, ITES, manufacturing and pharmaceutical sectors. Other sectors like education, consumer goods, etc., were not taken into consideration for the study.

Scope for Future Research

This project can be further developed to study the subject in light of other influencing factors like management support, macro-economic factors, sector-wise, etc.

The project can also be extended to study the phenomenon with start-up ecosystems and large corporations.

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