INVESTIGATING THE RELATIONSHIP BETWEEN KEY ACCOUNT MANAGEMENT PERFORMANCE AND REPEAT ORDERS: DOES THE LENGTH OF THE RELATIONSHIP MATTER?

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ABSTRACT

While a significant amount of research has examined the effectiveness of key account management, there is a surprising lack of studies that examine the dyadic outcome of key account management performance. The present research aims to examine the influence of key account management performance on the key account repeat orders outcome. The study empirically tests hypotheses with the data collected through a self-administered survey from 112 garment companies with a 100% export-oriented business. The results indicate that key account management performance significantly influences the buyer’s repeat order behaviour. We failed to prove the moderating effect of the length of the relationship on the relationship between key account management performance and repeat orders. We provide the theoretical, methodological and managerial implications as well as the limitations and directions for future research.

Keywords: key account management performance, repeat orders, length of relationship, relationship marketing, social exchange theory

INTRODUCTION

In today’s volatile marketing environment, marketers are encountering various forces and factors. These factors have led to customer empowerment, and selling to them requires a focused strategic approach that relationship marketing aims to fulfill. Abratt and Kelly (2002) have noted that companies’ movement from transaction-orientated marketing strategies to relational-orientated marketing strategies has resulted in new management approaches, namely Key Account Management (KAM). In the business-to-business setting, companies initiate relationship marketing principles through a KAM program in to develop closer relationships with important customers (Ivens & Pardo, 2007).
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Account management directed towards key customers in business markets can be perceived as a useful execution of durable buyer/seller relationships (Gosselin & Heene, 2005) where perennial interaction takes place between the seller and the key accounts. Barrett (1986) describes KAM as targeting major customers with special treatment in marketing, sales, administration and service. Ojasalo (2001) describes KAM as a relationship-oriented marketing management approach in the business-to-business market that focuses on major customers. Workman, Homburg and Jensen (2003) suggest that KAM serves major customers with dedicated assets. Eventually, repeat customer orders are the logical consequence from those customers with key status and those that enjoy dedicated performance and perks from their vendors.

Given the increased importance of managing these customers with the utmost dedication, there is a need for further empirical examination of KAM performance and its impact on repeat customer orders. Though relevant research can be found in the field of KAM, surprisingly, the examination of the relationship between key account management performance and the repeat orders and how the length of the relationship moderates it, is absent. Regarding performance in terms of repeat orders, no clear understanding exists on the impact of key account management performance on outcome performance (Workman et al., 2003). At the same time, as a Western marketing strategy, studies relating to KAM are missing different cultural perspectives and are not providing these perspectives to key account management (Al-Husan & Brennan, 2009; Tsai & Chen, 2008). For example, Tsai and Chen (2008) mention that, in the Asian context, KAM literature is very rare.

Wagner (2011) mentions that the nature of the buyer-seller relationship is dynamic and that different stages might moderate the relationship between seller development and firm performance. Sharma (2006) opines that key account success undergoes change depending upon the stage of the relationship. Wotruba and Castleberry (1993) find that the length of time the national account management (NAM) program has been in existence appears to impact performance, with older programs showing the best performance. Workman et al. (2003) suggest that future studies should take into account the influence of moderators between key account management performance and its outcomes.

These gaps limit our understanding about how KAM performance impacts customers’ repeat orders and how the length of the relationship moderates the relationship between key account management performance and customers’ repeat orders. Therefore, the purpose of this study is to fill these gaps by answering the following two questions:
1. Does KAM performance influence repeat orders?
2. To what extent does the length of the relationship moderate the link between key account management performance and repeat orders?

To answer the above two questions and achieve the objectives, the present study tests the conceptual framework using data collected from the readymade garment companies in Bangladesh. Starting in the late 1970s, within a very limited time, the garment sector has become a major player in the economy of Bangladesh and now is second only to China among the world’s largest exporters of apparel, with a USD20 billion-a-year garment industry (Breed, 2012). According to the statistics of the Export Promotion Bureau of Bangladesh, the garment industry represented 78.60% of the country’s export earnings in the fiscal year 2011–2012 (Bangladesh Garments Manufacturer and Exporters Association [BGMEA], 2013) and served the requirements of Wal-Mart, Levi Strauss, Zara, Tesco, Gap, Carrefour, Metro, Marks and Spencer, Kohl’s, JC Penney, HandM, Tommy Hilfiger and other key accounts with more than thirty categories of apparel (Rahman, 2010). The purchase volume, specific requirements, reference power and other advantages, such as research and development capability in fashion and design of these multi-national key accounts contribute to the asymmetrical edge in the buyer-seller relationship in the Bangladesh garment sector (Huq, 2006).

Although low cost of labour, along with efficient producers and good needlework, has made Bangladesh an attractive destination for major buyers of apparel (Murshid, Zohir, Ahmed, Zabid, & Mehdi, 2009), the challenges facing this sector are formidable (Rahman, 2010). Investors travelled abroad to meet buyers and convince them that they are capable of producing clothes, and their success led to repeated orders, as well as to failures and bankruptcy because the buyers had nothing to lose—they could always cancel orders, putting all the financial loss on the suppliers (Haque, 2010). Rahman and Mirdha (2009) point out that the garment industry is the backbone of Bangladesh’s fledgling economy and that any shocks to its system could prove fatal for the growth of the nation and the economy of Bangladesh will be three times poorer (Haque, 2010). Therefore, it is critical for garment company owners to understand how key account management performance impacts repeat orders and how the length of the relationship enhances the key account management performance–repeat order relationship.
LITERATURE REVIEW

Key Account and Key Account Management

Key accounts are those customers who are important to the marketer from both financial and nonfinancial points of view. Pardo (1999) defines key accounts as the customers who are central to the company and who have a real influence on the supplier’s business strategy. Millman and Wilson (1995) define key customer as a customer having strategic importance in the business-to-business market. This strategic importance relates to sales revenue, profitability, centralised buying systems, necessities of special attention and other factors (Barrett, 1986; Colletti & Tubridy, 1987; Cooper & Gardner, 1993; Shapiro & Posner, 2006). The extant literature contains a variety of names; to maintain uniformity for the present study, the term ‘key account’ has been selected from among the alternatives of: key account, major customer, strategic customer, global customer, national account, as they encompass all of these (Sengupta, Krapfel, & Pusateri, 2000).

As these customers are strategically important, managing them properly is crucial for the organisation. Brehmer and Rehme (2009) define key account management as providing for the management and the building of the relationship in a more or less formal arrangement. Zupancic (2008) calls it a systematic choice, examination and management of the most important present and future customers of the company, including the set up and maintenance of needed infrastructure. In mentioning the importance of managing key accounts, Smith (2009) demonstrates that key accounts are key to both partners and their management is different from traditional customer management because key accounts create more than financial value.

Among academics, the definition of KAM differs significantly; this study defines KAM as a supplier company-initiated approach targeted at the most important customers to solve their complex requirements with special treatment that eventually ensures both parties’ financial and nonfinancial objectives (Ahmmed & Noor, 2012).

Key Account Management Performance

Performance means an efficient completion of something that yields expected outcomes for which efforts have been rendered. Webster defines performance, or success, as a favourable or prosperous outcome of anything or any effort attempted. In marketing, performance is determined by the sales volume, the profit margin and the return on the investment made by the marketer (Ofek & Sarvary, 2003). Choice among brands by customers (Meyvis & Janiszewski, 2004), attitude towards the brand and repeat sales, and donations and promotions
in the case of non-profit marketing, are also used to measure performance. For the present study, researchers have taken performance in key account management strategy as the attainment of goals for both the key buyer and seller over a long period of time in the key account relationship.

To ensure greater KAM performance, various factors and forces exert influence on it. A proper customer orientation helps the suppliers to know key customers properly and allows them to serve key customer needs well, which in turn ensures the performance of the key account program and organisational outcome performance. In the business-to-business arena, customer perception about the key account management approach affects its performance because the customer’s positive perception influences them to be receptive and develops their commitment toward the program, as long as the relationship does not create any disadvantage for them (Pardo, 1997).

Napolitano (1997) mentions several critical factors for KAM performance, which include the following: selecting key account customers, successful program segmentation, prioritising accounts on the basis of their needs and the company’s strength, reporting to upper management within the selling organisation by key account managers, and executive management sponsorship and involvement. Sharma (2006) found that marketers’ relational assets, relational intimacy, dissatisfaction and changes in the business environment are the prime forces of key account management performance. Al-Husan and Brennan (2009) identified swift access to top management and the authority to communicate with any level in the organisation, the right to make decisions, teamwork and education as prime factors that impact on KAM performance.

A Tie between Key Account Management Performance and Repeat Orders

The present study introduces repeat orders as the consequence of successful KAM performance. Repeat orders refers to the continuation of purchasing goods and services from an organisation (Molinari, Abratt, & Dion, 2008) by a key account customer. Through the performance of the KAM approach, suppliers can be more aware of the customer’s requirements and are better able to meet those requirements with more customised attention that eventually ensures the repeat orders. To date, the primary emphasis of studies has been the impact of key account management performance and these studies find several positive outcomes, such as higher revenue, improving the present market image, customer referrals, expectation of continuity, transfer of market knowledge, improving internal supplier operations, competitive advantage, shareholder value creation and joint ventures (Gosselin & Bauwen, 2006; Montgomery, Yip, & Villalonga, 1999; Pardo, Henneberg, Mouzas, & Naudè, 2006; Selnes & Sallis, 1999; Workman et al., 2003).
Social exchange theory views the exchange relationship between key account customers and garments companies as “actions contingent on rewarding reactions from others” (Blau, 1964). It implies that KAM performance impacts the level of customer satisfaction, which is expressed in the form of repeat orders from the suppliers and which sustains the relationship. Cardozo, Shipp and Roering (1987) report that the advantages to sellers of managing key accounts included increased market share, better customer service and higher customer satisfaction. Psychological investigations show that the rewards can be inspiring (Latham & Locke, 1991) when certain behaviour, such as repeat orders, is developed. Although the above studies identify the positive outcomes, recently Ivens and Pardo (2007) found that higher seller commitment to a key account management approach does not inevitably enhance buyer satisfaction or trust; trust is an important aspect of long-term customer relationships that result in the repeat orders. The possible explanation may be that suppliers did not properly understand the customer’s needs or that there was no strategic alignment. Additionally, various scholars such as Dowling and Uncles (1997) and Sharp and Sharp (1997) have raised questions challenging these positive outcomes. In fact, satisfaction does not always predict continuous purchasing and repeated patronage (Morgan & Hunt, 1994; Oliver, 1999) because if a customer has many available choices, satisfaction will not always keep him or her from switching to other alternatives (Jones & Sasser, 1995). Thus, it is necessary that a study be carried out to examine the issues relating to key account management performance and its impact on key account repeat orders.

The Moderating Role of the Length of the Relationship

The present study uses the length of the relationship as a factor that may moderate the relationship between key account management performance and repeat orders. Both the duration that a relationship exists between buyer and supplier (Palmatier, Dant, Grewal, & Evans, 2006), as well as how the parties regard each other as they pass through various phases (Dwyer, Schurr, & Oh, 1987) are involved. Several studies reveal that relationship duration results in maintenance (Bolton, 1998), continuous museum patronisation (Bhattacharya, 1998) and loyalty, as well as the intention to repeat orders (Seiders, Voss, Grewal, & Godfrey, 2005). Wotruba and Castleberry (1993) discovered that enduring national account management programs impact more profoundly on performance than less lengthy ones because the buyer and seller with an enduring key account relationship are able to know each other, and the relationship can facilitate both parties to achieve their individual and mutual goals. Social psychology literatures clarify that in the early periods of a relationship, individuals have been found to have less reliance in their evaluation of their partners than in the later stages of that relationships (Swann & Gill, 1997). In this regard, Bolton (1998) and Rust, Inman, Jia and Zahorik (1999) argue that this
dynamic might also hold for customers’ reliance in their assessment of satisfaction as an outcome of KAM performance. Therefore, in the long-term relationship, customer knowledge from exchanges with the seller act as powerful drivers for relationship consequences (Jap, 1999).

Verhoef, Franses and Hoekstra (2002) mention that the duration of the relationship is an interesting area of study in the field of relationship marketing that has attracted the attention of academics for many years. These studies produce non-uniform findings about the influence of the length of a relationship on the various factors, such as degree of commitment, trust and performance (Verhoef et al., 2002). In the leader-follower relationship, Mossholder, Niebuhr and Norris (1990) find that the longer a follower works for the same superior, the lower the influence the superior’s leadership behaviour has on follower performance, whereas shorter relationships produce benefits from directive and supportive leader behaviour.

Wagner (2011) mentions that the nature of the buyer-seller relationship is dynamic and the stages of the relationship might moderate between seller development and firm performance. Verhoef et al. (2002) explore a small number of studies that considered the length of the relationship as the moderating variable, and it is not clear whether these findings will be applicable to areas other than the field studied. Workman et al. (2003) mention that there may be interactions between key account management performance and moderators, and subsequent studies should take into account the influence of the moderator between key account management performance and its outcomes. Thus, in response to calls for a clearer and deeper understanding of the factors, the present study used the length of relationship as the moderating variable to investigate.

THE THEORETICAL FRAMEWORK AND HYPOTHESES DEVELOPMENT

On the basis of the literature review on key account management, the following framework is developed to incorporate the influence of key account management performance on key account repeat orders, with the length of the relationship as a factor that may moderate the key account management performance-repeat orders relationship.

The framework is based on social exchange theory (SET), which incorporates economics, psychology and sociology (Lee, Mohamad, & Ramayah, 2010) and was developed to explain human social behaviour from the economic perspective (Homans, 1958). The basic idea of the proposed framework is that KAM performance is proposed to have a considerable positive impact on the key
account’s repeat purchase behaviour, and at the same time, their relationship is moderated by and enhances the length of the relationship. The major proposition behind social exchange theory is that persons behave in ways that add value to the outcomes they regard positively and refrain from those behaviours that impact negatively on the outcomes in the relationship (Rodriguez & Wilson, 2002).

Figure 1. Theoretical framework

In the key account relationship, the supplier company ensures a higher degree of KAM performance with an implied expectation that the buyer will reciprocate for these benefits with more and higher volume of purchase with the passage of time, although this is not assured. If the buyer does act accordingly, the social exchange will be more prevalent in the long run. Otherwise, the supplier will not be motivated to continue the relationship. Accordingly, a non-governing mechanism ‘relationship’ is developed that governs the relationship between key account buyer and supplier.

RESEARCH HYPOTHESES

In the current study, repeat orders means the continuation of purchasing goods and services from an organisation (Molinari et al., 2008) by a key account customer. Through the performance of the KAM approach, suppliers can be more aware of the customer’s requirements and better able to meet those requirements with more customised attention, which eventually ensures the repeat purchase. Social exchange theory views the exchange relationship between key account customers and garment companies as “actions contingent on rewarding reactions from others” (Blau, 1964). In this regard, Boles, Barksdale and Julie (1997) found that when a seller keeps a customer, it makes it easy to ensure more business from buyers and also enables the seller to serve a buyer better and, possibly, boost sales to that key account.
From the above discussion, it can be summarised that the KAM approach leads to higher key account satisfaction, which in turn ensures business continuation in the form of repeat orders. While previous studies have not examined KAM in the readymade garment industry, evidence from other industries suggests that:

\[ H_1: \] Key account management performance is positively related to repeat orders.

Borrowing from the literature, the length of the relationship is defined as the extent of the relationship between buyer and seller where the parties pass through various phases in how they regard each other (Dwyer et al., 1987). Wotruba and Castleberry (1993) found that enduring national account management programs impact more profoundly on performance than less lengthy ones. Therefore, in a long-term relationship, the supplier experiences recurrent interactions with the customer that exert a powerful influence on the relational outcomes (Jap, 1999).

This indicates that the effect of KAM performance on organisational outcome performance, such as repeat orders, is enhanced by the length of the relationship between key account customers and suppliers because the link between an exogenous factor and an endogenous factor is affected by a moderator (Baron & Kenny, 1986). Therefore, researchers hypothesised that:

\[ H_2: \] The length of the relationship moderates (enhances) the positive relationship between key account management performance and repeat orders.

**RESEARCH METHODOLOGY**

**Sample and Data Collection**

For this cross-sectional study, a self-administered survey questionnaire was used to collect data from export-oriented garment companies in Bangladesh, with “the company” considered as the unit of analysis. Merchandising managers, or merchandisers of the merchandising department, represented their company as they deal with international buyers and are perceived as most knowledgeable. When the questionnaire was distributed, it was accompanied by a cover letter that explained the purpose of study to the responding organisation, requested a prompt response and gave assurance that the information provided would not be disclosed and that anonymity would be maintained.
To maintain the parsimony of responses and assess their suitability, interested companies in this survey were finally selected and interviewed based on the following criteria:

1. Consideration was given to the company’s most familiar key account customer, in terms of profits or importance;
2. The company should have in place a single point of contact, a team, or a special department, such as the merchandising department to serve this key account customer;
3. The company should sell garment products directly to buyers or through its own buying house, and
4. The person representing the responding company must be a practitioner involved with key account management practices.

Due to the majority of the companies (68.9% of companies) being located in Dhaka city, 2,693 companies (out of 3,920 garment companies) taken from the member list of Bangladesh Garments Manufacturers and Exporters Association website (BGMEA, 2010) are considered as the population.

The study used a systematic random sampling technique to select each element of the sample to distribute the questionnaire. The most common form of systematic sampling is an equal-probability method, in which every $k$-th element in the frame is selected, where $k$, the sampling interval (sometimes known as the *skip*), is calculated as:

$$k = \frac{N}{n}$$

where $n$ is the sample size, and $N$ is the population size (Black, 2010). Using this procedure, each element in the population has a known and equal probability of selection, which makes it functionally similar to simple random sampling (Black, 2010). However, this technique ensured the absence of any hidden pattern of traits in the population because the given population is logically homogeneous, which is necessary to ensure sample randomness (Black, 2010). Following the systematic random sampling technique, 150 companies were fixed as the sample and a total of 140 companies were approached with an English version questionnaire. Because of the inability of collecting responses in the first meeting, respondents were contacted later at a time suitable for their schedule. Finally, 112 completed questionnaires were returned, representing an 80% response rate, which is in line with that of other studies. Previous studies have shown various response rates, including 98% (Abratt & Kelly, 2002), 84%
(Lambe & Spekman, 1997), 74% (Sanford & Maddox, 1999), 18.6% (Shi, White, Zou, & Cavusgil, 2010), and 23.3% (Workman et al., 2003). Because the questionnaires were administered personally, a substantially complete response was generally elicited (Hansen & Hurwitz, 1946), and errors were not evident enough to reject any questionnaire. In addition, following the suggestion of Armstrong and Overton (1977), a chi-square ($\chi^2$) test was conducted and the statistically non-significant result ($\chi^2 = .001; p < .969; df = 1; n = 112$) implied that non-response bias will not significantly affect the generalisability of the study results.

**Measures**

This research borrowed measures from the extant literature to complete the survey, and Cronbach’s Alpha reliability coefficient was used to ensure the instruments’ internal consistency. A pilot test was conducted with a convenient sample of 30 garment companies in Bangladesh to refine and amend the items as necessary to finalise the actual instrument utilised in this study. KAM performance was measured using one dimension borrowed from the study of the Workman et al. (2003) scale, with a reliability of 0.85.

Molinari et al. (2008) scale, with a reliability of 0.91, was used to measure the repeat orders variable that consists of four items. The length of the relationship was measured using one item borrowed from the scale of Doney and Cannon (1997). Except for Doney and Cannon’s item, each item for the study variables is scored on a 5 point Likert scale with anchors “1 = strongly disagree” to “5 = strongly agree”. In addition, three categories of demographic information, namely the year of establishment of the company, the number of employees and the customer serving capacity per year were collected through a self-constructed ration scale. Measurement reliability and validity were assessed through principal factor analysis.

**ANALYSIS AND RESULTS**

Through various descriptive statistics, basic assumptions of normality, linearity and homoscedasticity were examined and no serious violation of these assumptions was found. Principal component factor analysis was then conducted to determine the items specific to a scale loading on a particular factor and to decide whether the items’ loading value was greater than the cut-off point suggested by Hair, Anderson, Tatham, and Black (2010). A summary of the scale used, the Alpha coefficient, the items for each variable and their loadings are given in Table 1.
Then, the strength and direction of the relationship, which may be positive or negative, were examined with the help of correlation analysis. Table 2 shows high and moderate correlation among these three variables (Cohen, 1988).

<table>
<thead>
<tr>
<th>Variables</th>
<th>Items</th>
<th>Factor loading</th>
</tr>
</thead>
<tbody>
<tr>
<td>Key account management performance</td>
<td>Compared to the average account, our performance with this key account in relation to achieving mutual trust is high</td>
<td>.646</td>
</tr>
<tr>
<td></td>
<td>Our performance with key account in relation to achieving information sharing is intensive</td>
<td>.726</td>
</tr>
<tr>
<td></td>
<td>Our performance with this key account in relation to achieving a reputation of fairness is notable</td>
<td>.685</td>
</tr>
<tr>
<td></td>
<td>Our performance with this key account in relation to achieving investments in the relationship is high</td>
<td>.600</td>
</tr>
<tr>
<td></td>
<td>Our performance with this key account in relation to maintaining long-term relationship is promising</td>
<td>.741</td>
</tr>
<tr>
<td></td>
<td>Our performance with this key account in relation to meeting sales targets and objectives is outstanding</td>
<td>.510</td>
</tr>
<tr>
<td>Repeat orders</td>
<td>We expect that our key account customer will do more business with us in the next several years</td>
<td>.814</td>
</tr>
<tr>
<td></td>
<td>We expect the relationship with this key account customer to last a long time</td>
<td>.785</td>
</tr>
<tr>
<td></td>
<td>We believe that our key account customer is likely to maintain the amount of business with us</td>
<td>.784</td>
</tr>
<tr>
<td></td>
<td>We believe that our key account customer would continue doing business with us even with modified specification</td>
<td>.779</td>
</tr>
<tr>
<td>Length of relationship (ratio scale) (Doney &amp; Cannon, 1997)</td>
<td>How long has your company had business or relationship with this key customer? ...years/...month</td>
<td></td>
</tr>
<tr>
<td>Demographic information (self-constructed ratio scale)</td>
<td>• Year of establishment of the company</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Number of employees of the company</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Key account serving capacity per year</td>
<td></td>
</tr>
</tbody>
</table>
To answer the first research question, “Does key account management performance influence repeat orders?”, regression analyses were performed, and the result indicated that key account management performance explains a large portion of the variance (30.0%) in repeat orders. The relationship between key account management and repeat orders is statistically significant and positive, thus supporting hypothesis 1, which is given in Table 3.

Table 3
*The influence of key account management performance on repeat order behaviour*

<table>
<thead>
<tr>
<th>Independent variable</th>
<th>B</th>
<th>SEB</th>
<th>β</th>
</tr>
</thead>
<tbody>
<tr>
<td>Key Account Management Performance</td>
<td>.698</td>
<td>.102</td>
<td>.547</td>
</tr>
</tbody>
</table>

Note: R² = .300; F = 46.508; Sig. F = .00; *p < 0.05
B = Unstandardised coefficient beta; SEB = Standard error of regression coefficient; β = Beta coefficient

To answer the second research question, “To what extent does the length of relationship moderate the relationship between key account management performance and repeat orders?”, among Bangladeshi garment companies, hierarchical regression analyses were performed to examine hypothesis 2. In testing the moderation effect of the length of the relationship, interaction effects have to first be developed by multiplying the values of the independent variable (key account management performance) by the value of the moderator variable (length of relationship). In the three-step hierarchical regression process, the dependent variable (repeat orders) is first regressed with the independent variable, followed by the moderator variable and finally with the interaction term (interaction between independent variable and moderator variable). The results showed the violation of the multicollinearity assumption where the Tolerance value and VIF values were .009 and 111.682, respectively (Pallant, 2007). To avoid the violations, centering was done (Aiken & West, 1991), and the result (0.4%) indicates there is no moderating effect; thus hypothesis 2 is rejected, as shown in Table 4.
Table 4
Results of hierarchical regression analysis

<table>
<thead>
<tr>
<th>Variables</th>
<th>Standardised Beta Step 1</th>
<th>Standardised Beta Step 2</th>
<th>Standardised Beta Step 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Independent variable:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Key account management performance (KAMPerf)</td>
<td>.547</td>
<td>.457</td>
<td>.450</td>
</tr>
<tr>
<td>Moderating variable:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Length of relationship (LR)</td>
<td>.348</td>
<td>.349</td>
<td></td>
</tr>
<tr>
<td>Interaction term:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>KAMPerf* LR</td>
<td>- .064</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$R^2$</td>
<td>.299</td>
<td>.412</td>
<td>.416</td>
</tr>
<tr>
<td>Adjusted $R^2$</td>
<td>.293</td>
<td>.401</td>
<td>.400</td>
</tr>
<tr>
<td>$R^2$ Change</td>
<td>.299</td>
<td>.113</td>
<td>.004</td>
</tr>
<tr>
<td>Sig. F Change</td>
<td>.000</td>
<td>.000</td>
<td>.391</td>
</tr>
</tbody>
</table>

Sig. = .391; $p > .05$

The length of the relationship variable does not interact with the predictor variable but has a relationship with the predictor or criterion variable; thus, it is not necessary to reexamine the moderating effect by plotting the graph (Sharma, Durand, & Gur-Arie, 1981).

DISCUSSIONS AND IMPLICATIONS

As the performance of the KAM approach ensures a dyadic outcome, based on the empirical research, researchers are able to establish the relationship between key account management performance and repeat orders. Given the mounting importance of the KAM approach, current studies have highlighted its benefits on outcomes performance. However, these findings contradict a recent study of Ivens and Pardo (2007), who found that higher commitment from the supplier to a key account management program does not necessarily increase customer satisfaction or trust for the supplier, the latter being one of the important factors of long-term customer relationships that result in repeat purchase behaviour. Although it is common sense that this strategy increases key customer loyalty level, Sharp and Sharp (1997) explain that whether or not loyalty programs produce many of the expected effects, it is difficult to judge these findings as proof because loyalty programs significantly alter the repeat-purchase pattern. Presumably, the buyer’s satisfaction with the program, and possibly an asymmetric relationship, are the prime factors influencing a positive relationship between key account management performance and repeat orders.
The most surprising aspect of the research is that the length of relationship does not moderate (enhance) the positive relationship between KAM performance and repeat orders. This finding is contrary to the suggestion of Wagner (2011) and the findings of Noordewier, John and Nevin (1990), who found that a long-standing association between buyer and seller increase performance results. However, the finding is in line with the studies of Duffy and Fearne (2004), who found that the duration of the relationship impacts neither the developing partnership nor the relationship performance.

**Theoretical and Methodological Implications**

Based on the extant literature, it is argued that studies that examined key account management performance and its resulting impact on outcome performance are limited. In the case of repeat orders, to the best of our knowledge, no research has taken this as the consequence of KAM performance. The present study has filled this gap and has provided evidence for the relationship between KAM performance and repeat orders. In addition, this research has advanced knowledge by incorporating the dyadic outcome (repeat orders) in the study of key account management strategy. Our findings failed to establish the moderating effect of the length of the relationship between key account management performance and repeat orders. Possible explanations may be that in a long-term relationship, the key account relationship becomes transactional and orders become a routine job. This finding initiated a debate in this field, and thus, opened a door for further investigation. Beyond the theoretical implications, this research has shed some light in the field of research methodology. As a multidimensional construct, KAM should be examined with multiple measures. Previous research considered either relational or financial performance measures but ignored its multidimensional facet. The present research incorporated both financial and relational performance measures and, thus, added knowledge in the field of research methodology.

**Managerial Implications**

A review of the results showed that KAM performance ensures higher repeat orders from the key account customers. A handy explanation for this is that the higher the KAM performance the higher the repeat orders from the customers. In spite of this, management in the organisation should devise KAM programs that ensure a higher degree of key account management performance. This is because customers’ requirements change rapidly, today’s market is more turbulent, and stronger and more sophisticated competitors are available. These factors, together with severe uncertainty, can make today’s positive situation turn negative tomorrow. This justifies continuous efforts by companies to increase their
capability to ensure the greater degree of key account management performance necessary for more repeat orders from key accounts.

LIMITATIONS AND DIRECTIONS FOR FUTURE RESEARCH

Some limitations of the present study open the door for future exploration in the field of key account management performance. Firstly, as a cross-sectional study, it has all the limitations of such a design. Secondly, the study considered only KAM performance as the independent variable that affects customers’ repeat order behaviour; there are other unmeasured variables that affect both independent and dependent variables. In addition, there may be an interaction effect as KAM performance ensures buyer satisfaction whose direct result is repeat orders from the particular supplier. Administration of a self-expansive questionnaire from a single source raises the question of common method bias. Future research can be conducted with multiple sources over a longer time by including both buyer and supplier participation to get a better understanding about the impact of KAM performance on outcome performance.

REFERENCES


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