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Article

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jbm - Journal of Business Market Management

Provided in Cooperation with:

jbm - Journal of Business Market Management

Suggested Citation: Gounaris, Spiros; Tzempelikos, Nektarios (2012) : Conceptualization and measurement of key account management orientation, jbm - Journal of Business Market Management, Freie Universität Berlin, Marketing-Department, Berlin, Vol. 5, Iss. 3, pp. 173-194, <https://nbn-resolving.de/urn:nbn:de:0114-jbm-v5i3.222>

This Version is available at:

<https://hdl.handle.net/10419/66011>

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Conceptualization and Measurement of Key Account Management Orientation

Spiros Gounaris · Nektarios Tzempelikos

Abstract: Even though the importance of Key Account Management (KAM) in building long term buyer-seller relationships is widely recognized in literature this long term perspective of KAM lacks appropriate empirical examination. The purpose of this study is to propose a conceptualization of Key Account Management Orientation (KAMO) as well as to derive an empirical based measure of it. In doing so, we first establish the construct through qualitative research and then using quantitative data from 304 personally administrated interviews we examined the psychometric attributes of the proposed construct. A set of attitude-related and behavior-related dimensions emerge from the study which aggregate to KAMO as a higher-order construct.

Keywords: Key account management · Empirical study · Business-to-business marketing

Introduction

The importance of building long-term relationships between buying and selling firms has been widely recognized in literature (e.g. Webster, 1992). A marketing approach aimed at building relationships with a loyal customer base in business

Published online: 28.09.2012

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markets is Key Account Management (KAM) (McDonald, Millman, & Rogers, 1997). Key Accounts are defined as customers in business markets identified by selling companies as of strategic importance (Millman & Wilson, 1995). KAM involves targeting key accounts by providing them with special treatment in the areas of marketing, administration and service (Barrett, 1986).

Previous research has identified many aspects of KAM relationships (Ryals & Humphries, 2007; Richards & Jones, 2009; Jones, Richards, Halstead & Fu, 2009). However, much of the KAM research focuses on issues related to the design of a KAM program (for a review see Workman, Homburg, & Jensen, 2003). This is probably due to the fact that KAM has been traditionally treated as an applied in nature, sales management activity and, as a result, appropriate theoretical background is missing (Gosselin & Bauwen, 2006). KAM, however, is more than traditional selling activities to major customers; rather it represents an application of relationship marketing in business markets (McDonald et al., 1997). Therefore, understanding the factors underlying KAM relationships, beyond the organizational context, is important for both scholars and practitioners (Millman & Wilson, 1999). Interestingly, empirical research addressing the relational aspects of a KAM program is rather limited.

This lack of empirical studies results in limitations concerning the theoretical as well as practical implications of KAM. It is insufficient to advice practioners or researchers that suppliers should develop the appropriate orientation towards KAM if they seek to build successful relationships with key accounts, without providing specific information on what this orientation involves and what dimensions actually constitute this orientation. It is, therefore, important to further develop the theoretical basis of KAM as an emerging paradigm in marketing in order to address the conceptual and managerial issues related to effective KAM implementation.

The present study aims at making a contribution to KAM literature by conceptually developing and empirically validating a framework capturing a system of values that reflect the supplier's willingness and ability to respond effectively to key accounts' needs. This framework is called Key Account Management Orientation (KAMO).

Thus, the purposes of this study are: (1) to conceptualize KAMO and its dimensions, and (2) to develop a psychometrically sound measure for KAMO. In order to address these issues this study is structured as follows: first we assess the construct of KAMO and its proposed dimensions. Next, we present the research methodology. We then proceed with the data analysis and the discussion of the findings. Finally, we conclude with the limitations of the study as well as the suggestions for future research.

Theoretical Background

Towards a conceptualization of Key Account Management Orientation

Key Account Management (KAM) has emerged the last decades as one of the most important concepts in business-to-business (B2B) marketing. Much of the previous KAM research focuses on the designing of KAM programs (e.g. Shapiro & Moriarty, 1984a; Kempeners & van der Hart, 1999; Napolitano, 1997) or on the

individual key account manager (Sengupta, Krapfel, & Pusateri, 2000; Wotruba & Castleberry, 1993). This is probably due to the fact that KAM has been traditionally treated as an aspect of sales management for large customers (Gosselin & Bauwen, 2006).

However, the scope of KAM goes beyond selling techniques (Salojärvi, Sainio & Tarkiainen, 2010; Homburg, Workman, & Jensen, 2002). More recent thinking about the nature of KAM suggests that KAM represents an application of relationship marketing in business markets (McDonald et al., 1997; Pardo, 1997). The general concept behind relationship marketing in business markets is that the focus should be on the building and maintaining long-term and collaborative relationships (e.g. Morgan & Hunt, 1994). According to this approach the scope of KAM involves the development of long-term collaborative relationships between suppliers and key accounts so that mutual benefits are created for both parties (Ryals & Humphries, 2007; Millman & Wilson, 1995). Therefore, the focus of KAM should shift from short-term, transactional exchanges to more long-term, strategic and collaborative relationships (Lambe & Spekman, 1997)

Despite the increasing attention on the relationship-oriented nature of KAM the last years (e.g. McDonald et al., 1997; Pardo, 1997; Richards & Jones, 2009; Sengupta, Krapfel, & Pusateri, 1997; Lambe & Spekman, 1997; Guenzi, Georges, & Pardo, 2009; Zupancic, 2008), empirical research on how suppliers transition from traditional sales to KAM orientation has been limited (Davies & Ryals, 2009). As a result, we lack a deeper understanding of the underlying factors behind a successful KAM relationship or why some KAM relationships, eventually, fail (Zupancic, 2008, Davies & Ryals, 2009).

Useful insights on further developing the theoretical basis of KAM and addressing factors that lead to effective KAM relationships can be found in *Market Orientation* theory. The scope of Market Orientation theory is, in brief, to describe what values and skills allow companies to practice marketing effectively and meet their customers' needs (e.g. Narver & Slater, 1990; Kohli & Jaworski, 1990; Homburg & Pflesser, 2000). Clearly, KAM and Market Orientation share certain similarities in that they both focus on customer orientation, inter-functional cooperation, delivering value to customers etc., so as to develop effective relationships with customers (Workman et al., 2003). Even though these similarities, Market Orientation cannot fully capture the drivers of a successful relationship in a KAM context. This mainly happens since Market Orientation treats customer base as a whole and does not differentiate between customers of strategic importance (i.e. key accounts) and other, average, customers (Homburg et al., 2002). Thus, is important to develop a framework incorporating factors that enable suppliers manage effective long-term relationships with key accounts.

In an attempt to capture these factors, Shapiro and Moriarty (1984b) first introduced the concept of National Account Management Orientation. From this approach is evident that there are values pertaining to management attitude towards key accounts and values pertaining to the actions required for a successful KAM program. However, this approach remains conceptually very closely related to the sales management view of KAM treating mainly National Account Management

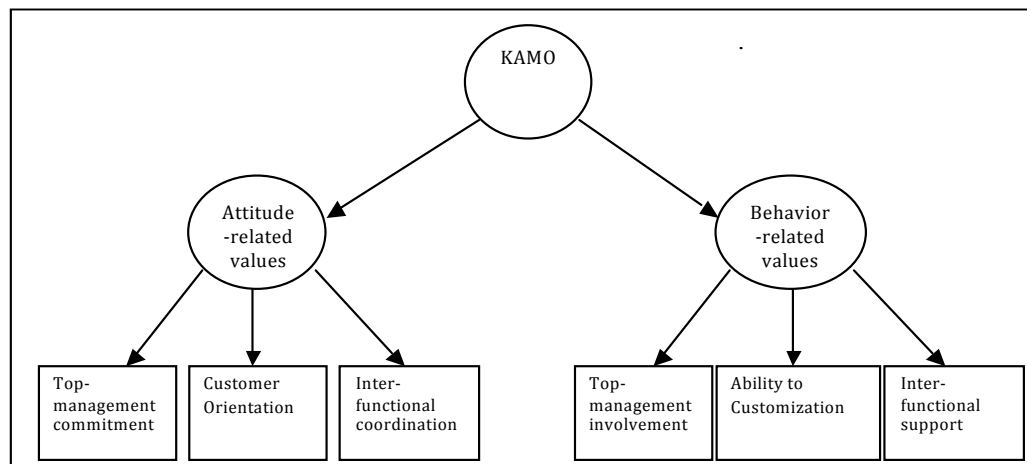
Orientation as a structural reform of the sales force, missing therefore the relational facet of KAM (Gosselin & Bauwen, 2006).

On these grounds, using insights from the KAM (Shapiro & Moriarty, 1984b; Millman & Wilson, 1999; Homburg et al., 2002), Market Orientation (Narver & Slater, 1990; Kohli & Jaworski, 1990) and Relationship Marketing literature (Palmatier, Dant, Grewal, & Evans, 2006), we suggest a conceptualization of *Key Account Management Orientation (KAMO)*. We define KAMO as “a system of values that reflect the supplier’s willingness and ability to respond effectively to key accounts’ needs”.

Key Dimensions of Key Account Management Orientation (KAMO)

Drawing on literature review (Shapiro & Moriarty, 1984b; Zupancic, 2008; Richards & Jones, 2009; Millman & Wilson, 1999; Homburg et al., 2002) and in-depth interviews with senior managers from selling organizations, we propose that KAMO is a multi-dimensional construct that integrates the attitude-related values of customer orientation, top-management commitment and inter-functional coordination and the behavior-related values of ability to customization, top-management involvement and inter-functional support (see Figure 1).

Fig. 1: Key Account Management Orientation (KAMO) and its dimensions



This conceptualization suggests that supplier should develop the appropriate attitude and behaviors towards KAM so as to manage effectively relationships with key accounts. Effective KAM relationships are inevitably going to be based on behaviors that derive from the attitudes of the organization (Gosselin & Bauwen, 2006). Customers can only identify and evaluate an organization’s attitude based on what they see and observe, i.e., behavior. So, clearly there is distinction between attitudes and behaviors within the KAMO concept. Only when all these factors work in concert can effective KAM relationships emerge.

These six dimensions may not be the only components of KAMO. In fact, literature has identified many dimensions of KAM that suppliers have to consider in order to develop effective KAM relationships (e.g. Ryals & Humphries, 2007). However, there seems to be a consensus in the literature concerning the importance of the proposed dimensions for a supplier seeking to develop KAMO (Zupancic, 2008; Millman & Wilson, 1999; Homburg et al., 2002; Richards & Jones, 2009; Jones et al., 2009). In the following paragraphs we discuss each dimension of KAMO that emerge from this conceptualization.

Coming to the organization's attitude towards KAM, an important factor that reflects this attitude is customer orientation. **Customer orientation** is the supplier's focus towards meeting the key account's individual needs through delivering superior value (Shapiro & Moriarty, 1984b; Guenzi et al. 2009). Customer orientation involves focus on what the key account wants (Berry & Parasuraman, 1991), what would add to the key account value from the relationship (Pardo, Henneberg, Mouzas, & Naude, 2006) and, subsequently, how to deliver it (Guenzi et al., 2009; Guenzi, Pardo, & Georges, 2007). Customer oriented culture, traditionally, captures the supplier's focus on the overall customer basis without differentiating between key accounts and other, average, customers (Homburg et al., 2002). However not all customers are of equal importance for the supplier. Therefore, adopting customer orientation for a supplier practicing KAM means paying more attention in satisfying key account's needs even if this is translated in dedicating fewer resources and attention in the other, average, customers (Piercy & Lane, 2006).

A second important dimension of KAMO is top management commitment. **Top management commitment** involves the demonstration of top management's belief about the importance of KAM (Millman & Wilson, 1999). Given that KAM is a strategic issue for the supplier, top-management should initiate and overview its implementation (Millman & Wilson, 1999). Specifically, top management has the responsibility to initiate and monitor the implementation of programs tailored to the needs of specific key accounts (Millman & Wilson, 1999) and to affirm the importance of the KAM program as a major strategic orientation for the company (Pardo, 1999). Securing top management commitment is also important in order to avoid inter-department conflicts. Very often the KAM function tends to threaten the status quo of the organization (Millman & Wilson, 1999). Top management should make clear to the whole organization that KAM should not be treated competitive by other functions; on the contrary, all should contribute to the KAM function.

Finally, **inter-functional coordination** is also an important value the supplier needs to develop. Inter-functional coordination is the coordinated utilization of resources in creating superior value for customers (Narver & Slater, 1990). Centralized purchasing functions call for an equally coordinated approach from various units of the supplier (Homburg et al., 2002). Literature suggests that the culture of inter-functional coordination fosters the exchange of customer information within the firm (Fisher, Maltz, & Jaworski, 1997). The diffusion of information about key accounts between the various departments of the firm enables suppliers to respond to key accounts' needs in a flexible and direct way (Homburg et al., 2002) and, as a result, enhance the value that is being delivered to them (Narver & Slater, 1990). Thus, inter-functional

coordination is a necessary condition for achieving effective KAM relationships (McDonald et al., 1997; Lambe & Spekman, 1997; Moon & Armstrong, 1994).

Yet, because a KAM program requires the supplier to take specific actions towards serving the needs of the key account (Gosselin & Bauwen, 2006), the supplier should also develop a set of behavior-related values. A first factor of this second set of values is ensuring adequate **inter-functional support** for the KAM program. Inter-functional support refers to the extent other departments provide the required help and support to the people responsible for managing key accounts. Inter-functional support is necessary so that various activities such as new product development, logistics etc., can be adapted to meet key accounts' needs. (Kahn & Mentzer, 1998; Homburg, Workman & Jensen, 2000; Zupancic, 2008). Moreover, inter-functional support provides more flexibility in the relationships with key accounts. This is particular important given that many KAM relationships tend to be complicated with increasing needs of adaptation and alignment of the whole organization so as to provide effective responses to key account's needs (Capron & Hulland, 1999; Millman & Wilson, 1999). However, this support does not always come easily (Homburg, Workman, & Krohmer, 1999; Homburg et al., 2002; Platzer, 1984). This difficulty becomes even more evident when KAM directors have no authority over other departments of the firm (Homburg et al., 2002; Gardner, Bistriz, & Klopemaker, 1998). Top-management, therefore, should pervade the whole organization for the importance of inter-functional support in the KAM success.

A second behavior-related dimension of KAMO is **ability to customization** (Lambe & Spekman, 1997; Montgomery & Yip, 2000). Ability to customization refers to the supplier's ability to deliver to key accounts a set of customized activities in order to build a close bond with the key account (Jap, 1999; Zupancic, 2008). The KAM literature (Jones et al., 2009; Lambe & Spekman, 1997; Montgomery & Yip, 2000; Napolitano, 1997) and the buyer-seller literature (Jap, 1999; Mohr & Nevin, 1990; Sheth & Sharma, 1997) has identified a series of customized activities that suppliers offer to their customers such as customized products/services and logistics, special pricing terms, taking over customer's workload, etc. that create value to the customers (Beverland, 2012).

Customization helps the supplier to contribute in customer's competitiveness by providing unique products and features that allow the customer to differentiate from competition either on the basis of quality or of cost (Day, 2000). As a result the key accounts feel more committed to the supplier and are willing to further develop their relationship (Anderson & Weitz, 1992; Cannon & Perreault, 1999; Workman et al., 2003). However, customization requires investments in money, personnel, time etc. The high cost of customization may lead to unprofitable relationships in the long run (Piercy & Lane, 2006). Therefore, effective KAM strategies should take into consideration the investment required in order to meet key account's needs through customized offerings, but at the same time, suppliers must recover this investment in the long run (Gupta & Lehmann, 2005). A supplier can benefit from customization, and therefore, should invest in customized activities, only when the estimated benefits outweigh the associated costs of investment. Thus, as customization lies in the heart of the KAM program, the supplier's ability to customization represents the second reflector of the behavioral set of values that suggest adoption of KAMO.

In addition to inter-functional support, customization also requires significant resources in terms of money, time and effort. This calls for increased **top management involvement** with the company's KAM programs, the third, behavior-related value that the supplier has to develop. Top management involvement is defined as the "extent to which senior management participates in KAM" (Homburg et al., 2002). Since a typical KAM program involves many functional units, the top management role should not be limited only to the overview of the KAM function but should also include initiatives that will help towards the further development of the relationship. Specifically, top management should allocate the necessary resources for the KAM function (money, time, personnel) and encourage cross-organizational responsiveness within the firm (Workman et al., 2003; Napolitano, 1997). Moreover, top management can contribute in building close bonds with key accounts e.g. by meeting customer's people, even at the customer's premises. Such initiatives are highly appreciated by key accounts since they get the feeling that they are "embraced" by the whole organization and that they are important for the supplier. This leads to increasing commitment to the relationship (Workman et al., 2003; Napolitano, 1997) and, as a result, to effective KAM relationships (Zupancic, 2008). Top management involvement, thus, in addition with inter-functional support and ability to customization represent the behavior-related set of values that reflect the degree to which the company has developed KAMO.

Methodology

The research objectives of the study were assessed against data from Greek selling organizations as part of a wider examination of KAM attitudes and practices. In order to increase the validity of the findings, the application of a qualitative research prior to conducting the main quantitative research was deemed appropriate.

Preliminary Investigation

Firstly, given the centrality of the KAMO scale, we run a set of qualitative in nature interviews. This is considered to be a suitable method when trying to derive conclusions of rather "abstract" topics such as the orientation towards KAM and the benefits out of its adoption (Tull & Hawkins, 1993). The purpose of the interviews was twofold: first, to obtain face validity for the structure of the study; second, to get a deeper understanding of how suppliers determine the components of KAMO. All interviews were conducted on the firm's premises and, on average, ranged from 45' to 60'. Findings of this phase were grouped according to the common ground and overlap of the responses. The result of this phase was that managers identified various aspects that are claimed to be components of KAMO, which for the most part matched the dimensions emerge from our conceptualization. Therefore, we are confident to have obtained some preliminary evidence of the confirmation of the conceptualization of KAMO.

Data Collection and Sample

A sampling frame of 800 randomly selected selling organizations operating in Greece was traced through various business directories (e.g. ICAP, Statbank). The criterion for inclusion in our study was that the company currently manages relationships with key accounts, regardless of the internal label used for these customers (Workman et al., 2003). The sample consisted of firms from different sectors including fast consuming goods, chemical and pharmaceutical products, computer and electronics, banks and insurances, telecommunications, metals, furniture, medical equipments and professional services. The use of cross-sectional sample was considered to be suitable for our study since as previous research suggests it enhances the generalizability of the findings (e.g. Geyskens, Steenkamp, Scheer, & Kumar, 1996; Hooley, Lynch, & Shepherd, 1990; Kohli & Jaworski, 1990).

Data were collected by means of personal interviews. In doing so, we contacted by telephone the 800 companies explaining the objectives of the study, identifying potential respondents and asking for their participation. For those agreed to participate in the study, an appointment at the firm's premises was set. Overall, 304 companies participated, providing an effective response rate of 38%.

With regard to sample unit, we contacted supervisors of the KAM function within the company (the titles of the respondents include national account manager, key account manager, head marketing manager and head of the sales department). Based on prior research (Homburg et al., 2002; Workman et al., 2003) and in-depth interviews we considered that higher level managers should be the most suitable informants for our study. Given that the aim of the study is to address the overall organizational approach towards key accounts, higher level managers are more likely to have an overview over the whole organization (Homburg et al., 2002). Although adopting such a key informant technique may impede the generalizability of the findings (Phillips, 1981), careful selection of informants and use of appropriate measurement scales can provide reliable and valid data (John & Reve, 1982).

Variable Measurement

Concerning the research instrument, the findings from the field interviews as well as the literature review provided the basis for a structured questionnaire. With regard to KAMO, the central construct of our study, given the absence of relevant measures we followed Churchill's recommendations (1979, p.66) for scale development. In short, after the establishment of the construct's domain through literature review, we developed an initial pool of items on the basis of literature review and in-depth interviews. Next, we used this pool of items to develop an initial questionnaire and conducted a pilot study for measurement purification purposes prior the finalization of the questionnaire.

Specifically, on the basis of literature review (Homburg et al., 2002; Millman & Wilson, 1999, Narver & Slater, 1990) and the findings from preliminary investigation, 38 items were generated in order to measure the six dimensions of KAMO. Then, following the item generation process, ten personally administrated pilot interviews were conducted, five with academics and five with practitioners. The respondents were

asked to suggest any item that they think would determine the level of KAMO as well as to comment on the clarity on the initially developed pool of items and indicate any ambiguity they experienced in responding to the items. Based on the feedback of this pre-test, some items were developed, others were modified and others were deleted. A total of 10 items were dropped, resulting in a preliminary 28-item KAMO scale including the scales of customer orientation ($\alpha=0.83$), top management commitment ($\alpha=0.90$), inter-functional coordination ($\alpha=0.89$) capturing the attitude-related values of KAMO and the scales of ability to customization ($\alpha=0.75$), top management involvement ($\alpha=0.84$) and inter-functional support ($\alpha=0.79$) capturing the behavior-related values of KAMO, respectively.

For validation purposes, we examined KAMO against the related constructs of customer's satisfaction, trust and commitment. Satisfaction is defined as a positive affective state resulting from the appraisal of all aspects of an exchange relationship (Geyskens, Steenkamp, & Kumar, 1999). Trust involves the customer's perception of the supplier's credibility and benevolence (e.g. Doney & Cannon, 1997; Kumar, Scheer, & Steenkamp, 1995). Commitment is the desire to continue the relationship in the future and a willingness to work in order to maintain it (Anderson & Weitz, 1992). For the measurement of satisfaction we based on the scale ($\alpha=0.83$) developed by Cannon and Perreault (1999). For the measurement of trust we relied on the scale ($\alpha=0.86$) of Doney and Cannon (1997). Finally, the measurement of commitment was based on the scale ($\alpha=0.88$) of Morgan and Hunt (1994). All measures were conducted with a seven-point rating scale ("1 = totally disagree", "7 = totally agree").

Next, a pilot survey had been conducted before the main study was implemented. Particularly, the questionnaire was pre-tested with three marketing academics and ten practitioners from the population under investigation in order to increase content validity and to ensure the clarity of the items. This pilot study revealed the need to make only some minor rewording on some of the items. A detailed list of the items is provided in the Appendix.

Data Analysis

Data analysis involves two phases: the evaluation of the psychometric attributes of the KAMO scale and the examination of the scale as a higher order construct.

Measures Purification and Psychometric Attributes

Following standard procedures for developing psychometrically sound measures (Nunnally, 1978; Gerbing & Anderson, 1988), reliability, unidimensionality and validity of the measures were assessed. The items were examined first by item-total correlations. Items that exhibited low item-total correlation ($<.30$) were dropped. The remaining items were subjected to exploratory factor analysis. Items with low loadings on intended factors ($<.50$) were also removed. This process led to the deletion of one more item of KAMO scale, resulting in 27-item scale to measure KAMO. One item of the satisfaction scale was also removed.

With regards to the psychometric attributes of the measures, reliability, unidimensionality and validity of the measures were assessed by means of Confirmatory Factor Analysis (CFA). Composite reliability for all measures exceeded the threshold value of 0.7 (Fornell & Larcker, 1981). In addition, Cronbach's alpha coefficient for all measures surpassed the threshold that Nunnally (1978) suggested as satisfactory (0.70) and is therefore acceptable. Results, therefore, indicate reliability for all measures (see Table 1).

Next, the items of KAMO were subjected to Confirmatory Factor Analysis (CFA) to assess unidimensionality. The KAMO construct as well as its underlying dimensions indicate an acceptable fit of the data with the exception of the Root Mean Square Error of Approximation (RMSEA). Usually, values of RMSEA up to .08 are considered to indicate reasonable model fit (Browne & Cudeck, 1993). However, the values of customer orientation and inter-functional coordination exceed the threshold level. Although RMSEA is regarded as 'one of the most informative fit indices' (Diamantopoulos & Siguaw, 2000), is affected by the sample size (Tanaka, 1987). This problem is considered to be rectified by the Non-Normed Fit Index (NNFI, also known as the Tucker-Lewis index-TLI), a probable suitable alternative for assessing good model fit (Bentler, 1990; Kline, 2005; Sharma, Mukherjee, Kumar, & Dillon, 2005). Usually values greater than 0.95 are considered to indicate good model fit (Hu & Bentler, 1999). This criterion, as well as of the other fit indices, were all met in our measures, providing support for the unidimensionality of the KAMO dimensions (see Table 2).

Next, construct validity was assessed by means of Fornell and Larcker's (1981) criterion. In all the measures, Average Variance Extracted (AVE) exceeds 0.50 providing evidence of convergent validity (Fornell & Larcker, 1981). Additionally, the AVE for each construct is higher than the squared correlation between that construct and any other construct in the model. Hence, discriminant validity holds for all measures used in the study (Fornell & Larcker, 1981) (see Table 1). Next, the KAMO scale was examined against the related constructs of satisfaction, trust and commitment by means of exploratory factor analysis. Results, as shown in Table 3, report high loadings on the intended factors, confirming a clear distinction between the constructs, and therefore provide further evidence for construct validity (Podsakoff & Organ, 1986).

Finally, we examined KAMO scale by assessing nomological validity. Nomological validity shows the ability of a scale to behave as expected with respect to some other constructs to which it is related (Churchill, 1995). Literature provides theoretical evidence of a positive link between KAMO values and the development of the relational outcomes of customer satisfaction, trust and commitment (Ivens & Pardo, 2007; Homburg et al., 2002; Millman & Wilson, 1999). Therefore, in order to test for nomological validity we examined whether the scores of the measures of KAMO significantly relates to satisfaction, trust and commitment. Results, as shown in Table 4, report the positive and significant association of all dimensions of KAMO with satisfaction, trust and commitment. Therefore, there is evidence of nomological validity for the proposed KAMO scale.

Table 1: Measures properties

| Construct | Indicator (number of items) | Mean | Standard Deviation | Cronbach Alpha | Item-total correlation | Standardized factor loading | Composite Reliability | Average | Squared |
|---|-----------------------------------|------|--------------------|----------------|------------------------|-----------------------------|-----------------------|--------------------|-------------|
| | | | | | | | | Variance Extracted | correlation |
| <i>Key Account Management Orientation</i> | Customer orientation (5) | 5.42 | 1.05 | 0.83 | .41 - .76 | .56 - .87 | 0.84 | 0.52 | .012 - .446 |
| | Top-management commitment (5) | 5.46 | 0.99 | 0.90 | .71 - .82 | .81 - .89 | 0.92 | 0.64 | .012 - .465 |
| | Inter-functional coordination (4) | 5.14 | 1.11 | 0.89 | .70 - .78 | .83 - .89 | 0.90 | 0.66 | .028 - .492 |
| | Ability to customization (6) | 5.40 | 0.79 | 0.75 | .45 - .57 | .65 - .77 | 0.76 | 0.51 | .024 - .416 |
| | top-management involvement (5) | 5.36 | 0.87 | 0.84 | .58 - .71 | .73 - .83 | 0.87 | 0.52 | .017 - .465 |
| | Inter-functional support (3) | 5.16 | 1.06 | 0.79 | .56 - .69 | .79 - .87 | 0.81 | 0.57 | .030 - .492 |
| | Satisfaction (4) | 5.57 | 0.77 | 0.83 | .60 - .73 | .81 - .89 | 0.86 | 0.63 | .018 - .506 |
| | Trust (5) | 5.89 | 0.73 | 0.86 | .63 - .75 | .77 - .85 | 0.88 | 0.54 | .012 - .506 |
| | Commitment (4) | 5.28 | 0.90 | 0.88 | .67 - .81 | .81 - .91 | 0.92 | 0.66 | .014 - .425 |

Table 2: Confirmatory Factor Analysis results

| Construct | Indicator (number of items) | χ^2 | df | p | CFI | GFI | NNFI | RMSEA |
|---|-----------------------------------|----------|----|------|------|------|------|-------|
| <i>Key Account Management Orientation</i> | Customer orientation (5) | 20.8 | 5 | 0.01 | 0.97 | 0.97 | 0.98 | 0.10 |
| | Top-management commitment (5) | 43.3 | 5 | 0.00 | 0.99 | 0.98 | 0.98 | 0.09 |
| | Inter-functional coordination (4) | 17.7 | 2 | 0.00 | 0.98 | 0.97 | 0.98 | 0.16 |
| | Ability to customization (6) | 14.4 | 5 | 0.01 | 0.97 | 0.98 | 0.97 | 0.08 |
| | top-management involvement (5) | 9.8 | 5 | 0.08 | 0.99 | 0.99 | 0.98 | 0.06 |
| | Inter-functional support (3) | 0.0 | 0 | — | 1.00 | 1.00 | 1.00 | — |
| <i>Global model fit</i> | | 164.1 | 77 | 0.00 | 0.94 | 0.91 | 0.94 | 0.104 |

Table 3: Results of exploratory factor analysis between KAMO dimensions and relational outcomes

| Variables | Customer Orientation | Top mgt commitment | Inter-functional coordination | Ability to customization | Top mgt involvement | Inter-functional support | Satisfaction | Trust | Commitment |
|-----------|----------------------|--------------------|-------------------------------|--------------------------|---------------------|--------------------------|--------------|-------|------------|
| CUSTOR1 | 0.61 | | | | | | | | |
| CUSTOR2 | 0.66 | | | | | | | | |
| CUSTOR3 | 0.59 | | | | | | | | |
| CUSTOR4 | 0.60 | | | | | | | | |
| CUSTOR5 | 0.58 | | | | | | | | |
| TOPCOM1 | | 0.65 | | | | | | | |
| TOPCOM2 | | 0.69 | | | | | | | |
| TOPCOM3 | | 0.70 | | | | | | | |
| TOPCOM4 | | 0.72 | | | | | | | |
| TOPCOM5 | | 0.67 | | | | | | | |
| INCOORD1 | | | 0.68 | | | | | | |
| INCOORD2 | | | 0.68 | | | | | | |
| INCOORD3 | | | 0.76 | | | | | | |
| INCOORD4 | | | 0.75 | | | | | | |
| ABCUST1 | | | | 0.52 | | | | | |
| ABCUST2 | | | | 0.46 | | | | | |
| ABCUST3 | | | | 0.49 | | | | | |
| ABCUST4 | | | | 0.71 | | | | | |
| ABCUST5 | | | | 0.51 | | | | | |
| TOPINV1 | | | | | 0.54 | | | | |
| TOPINV2 | | | | | 0.60 | | | | |
| TOPINV3 | | | | | 0.60 | | | | |
| TOPINV4 | | | | | 0.62 | | | | |
| TOPINV5 | | | | | 0.41 | | | | |
| INSUPP1 | | | | | | 0.64 | | | |
| INSUPP2 | | | | | | 0.82 | | | |
| INSUPP3 | | | | | | 0.79 | | | |
| SATISF1 | | | | | | | 0.64 | | |

| | | | | | | | | | |
|------------------------|-------|-------|------|------|------|------|------|------|------|
| SATISF2 | | | | | | | 0.61 | | |
| SATISF3 | | | | | | | 0.68 | | |
| TRUST1 | | | | | | | | 0.74 | |
| TRUST2 | | | | | | | | 0.74 | |
| TRUST3 | | | | | | | | 0.69 | |
| TRUST4 | | | | | | | | 0.68 | |
| TRUST5 | | | | | | | | 0.68 | |
| COMMIT1 | | | | | | | | | 0.72 |
| COMMIT2 | | | | | | | | | 0.79 |
| COMMIT3 | | | | | | | | | 0.67 |
| COMMIT4 | | | | | | | | | 0.72 |
| Eigenvalue | 5.08 | 4.19 | 3.79 | 3.17 | 3.00 | 2.63 | 1.81 | 1.71 | 1.59 |
| Percentage of Variance | 13.02 | 10.75 | 9.71 | 8.14 | 7.70 | 6.74 | 4.63 | 4.39 | 4.08 |

Note: reported values are factor loadings

Table 4: Correlations between KAMO dimensions and relational outcomes

| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
|-----------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-----|
| Customer orientation (1) | 1 | | | | | | | | |
| Top-management commitment (2) | 0.67* | 1 | | | | | | | |
| Inter-functional coordination (3) | 0.54* | 0.56* | 1 | | | | | | |
| Ability to customization (4) | 0.65* | 0.60* | 0.58* | 1 | | | | | |
| Top-management involvement (5) | 0.57* | 0.68* | 0.62* | 0.64* | 1 | | | | |
| Inter-functional support (6) | 0.55* | 0.56* | 0.70* | 0.58* | 0.65* | 1 | | | |
| Satisfaction (7) | 0.51* | 0.43* | 0.48* | 0.51* | 0.52* | 0.48* | 1 | | |
| Trust (8) | 0.42* | 0.36* | 0.43* | 0.48* | 0.46* | 0.42* | 0.71* | 1 | |
| Commitment (9) | 0.37* | 0.29* | 0.42* | 0.41* | 0.45* | 0.46* | 0.61* | 0.65* | 1 |

*coefficient is significant at the 0.01 level

KAMO as a higher-order construct

The next step involves examining whether KAMO, the central construct of our study, needs to be conceived as a higher-order construct. Because the conceptualization of the study suggests a multidimensional, hierarchical construct, a second-order factor analysis was conducted (see Table 5). Results suggest that the fit indices of the second-order factor model suggest a good model fit ($\chi^2/df=1.81$, $p=0.00$, CFI=0.97, NNFI=0.97, GFI=0.92, RMSEA=0.06) and although, the lower order factor model exhibit rather acceptable results as well ($\chi^2/df=2.13$, $p=0.00$, CFI=0.94, NNFI=0.93, GFI=0.91, RMSEA=0.10), the predictive validity of the second-order model is better. The high factor loadings and AVE demonstrate that the proposed indicators capture well the constructs that they were hypothesized to measure. Moreover, the first-order factors are relatively highly correlated (see Table 2). Results, therefore, provide empirical evidence for a higher-order conceptualization of KAMO (Hair, Anderson, Tatham, & Black, 1998; Bagozzi & Yi, 2012).

Table 5: Results of second-order factor analysis

| | First-order factor model | | Second-order factor model |
|-------------------------|-------------------------------|----------------------------|-----------------------------|
| | Standardized factor loading | Average Variance Extracted | Standardized factor loading |
| Attitude-related values | Customer orientation | 0.79 | 0.87 |
| | Top-management commitment | 0.82 | 0.88 |
| | Inter-functional coordination | 0.86 | 0.81 |
| Behavior-related values | Ability to customization | 0.81 | 0.85 |
| | top-management involvement | 0.84 | 0.88 |
| | Inter-functional support | 0.87 | 0.86 |
| Fit indices | χ^2/df | 2.13 | 1.81 |
| | p | 0.00 | 0.00 |
| | CFI | 0.94 | 0.97 |
| | NNFI | 0.93 | 0.97 |
| | GFI | 0.91 | 0.92 |
| | RMSEA | 0.10 | 0.06 |

Finally, since our study follows a single-informant approach, a test of common method bias is considered appropriate. Common method bias involves a bias in the responses due to something external to the measures. To test for a common method bias we used the Harman's single-factor test, a widely known approach for assessing common method bias in a single-method research design (Podsakoff, MacKenzie, Lee, & Podsakoff, 2003, Podsakoff & Organ 1986). Following this single-factor test an Exploratory Factor Analysis (EFA) is conducted, constrained the number of factors extracted to be just one and then the unrotated solution is examined. Results of the study suggest that a single factor does not account for the majority of the variance in the construct of KAMO (39.5%) providing therefore evidence that common method bias does not suggest an issue in our study.

Discussion and Implications

The present study falls into the emerging stream of research that integrates KAM and Relationship Marketing theory (McDonald et al., 1997; Pardo, 1997; Sengupta et al., 1997; Lambe & Spekman, 1997; Richards & Jones, 2009; Alejandro, Souza, Boles, Ribeiro, & Monteiro, 2011; Ryals & Humphries, 2007; Jones et al., 2009; Guenzi et al., 2009). The study explores KAMO, a system of values underlying the successful implementation of KAM.

KAMO encompasses attitude and behavior-related values. The first set of values includes (1) customer orientation, (2) inter-functional coordination and (3) top-management commitment towards KAM. This set of values demonstrates the supplier's willingness to develop the necessary skills for identifying and responding to the needs of key accounts. The second set of values relates to the supplier's actual behavior in relation to the KAM implementation. These behavior-related values include (1) the top-management's involvement to KAM, (2) the supplier's ability to customize the company's output according to the needs of key accounts and (3) the support from other units.

Attitude and behavior-related values are related, but conceptually distinct. Appropriate attitude is a required pre-condition upon which an effective KAM program can be built. This attitude should be followed by specific behaviors so that effective KAM can actually be implemented. Thus, both set of values represent different facets of KAMO and are co-mingled within the concept of KAMO.

The study provides several academic implications. First, the study proposes and empirically examines KAMO, a multi-dimensional construct consolidating attitudinal and behavioral factors that reflect supplier's willingness and ability to develop effective KAM practices. This is important since prior research has failed to address these elements into an integrated model as well as empirical validation is missing. Second, the study develops a reliable and valid measure of KAMO. To the best of our knowledge, this is the first study to provide a comprehensive, psychometrically sound, and operationally valid measure of KAMO. Third, although our conceptualization is based on well defined concepts in KAM (Millman & Wilson, 1999; Homburg et al., 2002), Market Orientation (Narver & Slater, 1990) and Relationship Marketing (Palmatier et al., 2006) literature, their integration into a single model provides a more clear and comprehensive picture of KAM development. Lastly, KAMO appears to relate with customer satisfaction, trust and commitment. These findings provide the necessary basis for further empirical examination of the outcomes of KAMO.

The study has also applications for practitioners. A first managerial implication has to do with the adoption of the values that reflect the notion of KAMO. When the values of KAMO are absent, to develop them requires the re-orientation of all the organizational functions of the supplier. To achieve this, the management needs to: (a) develop a clear educational learning plan to educate their managers on the values they have to foster in order to improve the outcome of their KAM programs, and (b) allow experimentation with specific tasks within their organization and also with their key accounts as a means of experiential learning that will enhance the message from the educational effort (Narver, Slater, & Tietje, 1998). This also implies that suppliers should shift from the traditional sales management approach towards a more

relationship-oriented philosophy in order to achieve the benefits from a long-term relationship with key accounts. In implementing this change management plan, practitioners can use the proposed measure as a useful self-diagnostic tool to track intra and inter-firm changes in the system of values that drive the company and to identify areas where further improvement is needed so as to improve the effectiveness of the KAM program.

Limitations and Future Research

This study is not free from limitations, which, nonetheless, future research can tackle. A first limitation involves the use of a single-informant design which focuses on suppliers. Future research incorporating perspectives from both sides of the buyer-seller dyad will offer a clearer picture on the level of KAMO adoption and it will highlight potential gaps between the perspectives of the two parties. Consistently, testing the KAMO scale on an additional sample would provide further evidence of construct validity and, thus, would provide further support for our conceptualization. Hence, a future replication of the study would be useful.

A second limitation refers to the static nature of the study. The KAMO dimensions as well as their relative importance value might change over time since customers' needs change continuously and, as a result, suppliers need to adapt to these conditions. The issue does not diminish the contribution of the study since deriving a primary understanding of dimensions of KAMO is necessary before moving to more complex research designs of longitudinal investigations. Therefore, future research towards this direction would be useful.

Finally, the present study focuses on the construct of KAMO and its underlying dimensions. It would be interesting to investigate KAMO in relation with major antecedents, mediating variables, and consequences. Future research is particularly important for the investigation of the impact of KAMO on business performance, given that it will directly link KAMO with supplier's financial goals.

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Appendix: Measures

| <i>Construct</i> | <i>Items</i> | <i>M/SD</i> | <i>Item loading</i> |
|--|--|-------------|---------------------|
| <i>Key Account Management Orientation</i> | | | |
| <i>Customer Orientation^a</i> | Satisfying the needs of our key accounts is a major objective for us | 5.47/1.21 | 0.56 |
| | We always monitor the extent that we satisfy our key accounts' needs | 5.27/1.22 | 0.87 |
| | We try to deliver superior value to our key accounts through our products/services | 5.62/1.14 | 0.77 |
| | We frequently measure the level of satisfaction of our key accounts | 5.10/1.35 | 0.86 |
| | We pay a lot of attention on the after-sale service of our key accounts | 5.69/1.32 | 0.77 |
| <i>Top-Management Commitment^a</i> | Top management affirms the importance of KAM as a major strategical orientation for the company | 5.40/1.20 | 0.82 |
| | Top management sets an example to KAM for the rest of the organization | 5.42/1.19 | 0.89 |
| | Top management closely overviews all the activities concerning the management of our key accounts | 5.61/1.16 | 0.84 |
| | Top management has no hesitation to spend a lot of time in order to contribute in the management of our key accounts | 5.52/1.13 | 0.81 |
| | Top management always stresses the importance that all units can contribute in delivering value to our key accounts | 5.35/1.17 | 0.86 |
| <i>Inter-functional Coordination^a</i> | All units share information with regard to key accounts | 5.29/1.33 | 0.83 |
| | All units realize that can contribute in the delivering of superior value to key accounts | 4.98/1.31 | 0.87 |
| | All units are willing to contribute when a problem of a key account occurs | 5.18/1.25 | 0.89 |
| | There is integration among the different units in order to satisfy the key accounts' needs | 5.11/1.26 | 0.88 |
| <i>Ability to Customization^a</i> | We adapt our products/ services according to our key accounts' needs | 4.92/1.33 | 0.66 |
| | We respond immediately to our key accounts' problems | 5.78/0.99 | 0.77 |
| | We adapt the level of our service quality according to our key accounts' needs | 5.35/1.05 | 0.77 |
| | (We adapt our pricing policy to our key accounts) | 4.95/1.87 | 0.41 |
| | We adapt our internal processes in order to meet our key accounts' needs | 4.87/1.26 | 0.73 |
| | We frequent and informally communicate with our key accounts | 6.09/0.91 | 0.65 |

| | | | |
|---|---|-----------|------|
| <i>Top-Management Involvement^a</i> | Top-management allocates the required resources (money, time, personnel) for the KAM function | 5.14/1.09 | 0.75 |
| | Top-management systematically monitors the KAM function within the company | 5.72/1.05 | 0.77 |
| | Top-management interprets, when necessary, in order to find solutions to problems that our key accounts face | 5.46/1.09 | 0.83 |
| | Top-management actively participates in the designing of activities regarding our key accounts | 5.59/1.07 | 0.82 |
| | Top-management compensates/ rewards the actions and initiatives that lead to the development of the relationships with our key accounts | 4.88/1.28 | 0.73 |
| <i>Inter-functional support^a</i> | The other units contribute when needed for improving the management of our key accounts | 5.22/1.13 | 0.79 |
| | The managers who are responsible for managing our accounts have to try hard in order to obtain help from other units regarding our key accounts (R) | 5.19/1.37 | 0.86 |
| | KAM is viewed as 'competitor' by other functional units (R) | 5.08/1.39 | 0.87 |
| <i>Relationship Quality</i> | | | |
| <i>Satisfaction^a</i> | Our key accounts are very satisfied with us | 5.51/0.88 | 0.79 |
| | They are very pleasant with what we do for them | 6.19/1.02 | 0.80 |
| | If they had to do it all over again, they would still choose us as supplier | 5.43/0.92 | 0.65 |
| | (They have regretted for their decision to cooperate with us) (R) | 5.77/0.89 | 0.54 |
| <i>Trust^a</i> | They are convinced that we keep our promises to them | 6.04/.88 | 0.77 |
| | They believe that we are genuinely concerned about their business success | 5.95/.83 | 0.82 |
| | They believe the information that we give them | 5.56/1.00 | 0.79 |
| | They believe that we keep the best interest in mind | 5.63/1.04 | 0.85 |
| | They consider us trustworthy | 6.28/0.80 | 0.77 |
| <i>Commitment^a</i> | "Our relationship with key accounts..." is something that they are very committed to | 4.77/1.19 | 0.81 |
| | is very important to them | 5.29/1.08 | 0.87 |
| | They consider it that it deserves their maximum effort to maintain | 5.59/0.93 | 0.91 |
| | It is something that they intend to maintain indefinitely | 5.48/1.00 | 0.86 |

^a Seven-point scale with anchors 1=totally disagree and 7=totally agree

Note: Scale items not retained are indicated in parentheses. (R) denotes a reverse-coded item