EFFECT OF BUYER-SUPPLIER RELATIONSHIP TO CUSTOMER COST AND CUSTOMER INTENTION; MARKET AND SITUATIONAL CONTROL AS A CONTROL VARIABLE TO INCREASE PT. INDOMOK CITRA PERSADA EXPORTS BUSINESS (A COMPREHENSIVE EXPORT MARKETING DEVELOPMENT MODEL)

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ABSTRACT

Purpose: this research aims to identify does the buyer – supplier relationship (suppliers communication, suppliers accommodation, characteristic of the supplier firm and customer offering; customer cost management) affect customer cost? Does the customer cost influence customer intention? Does the market and situational control affect customer cost? Does the market and situational control affect customer intention? By knowing the answers of those questions, it can increase business relationship between buyer (as the importer) and supplier (as the exporter).

Design/methodology/approach: In quantitative research, questionnaires are designed to obtain qualitative data in the form of a response to the buyer’s company with scale between 1-7 in semantic category (adjective) then performed three phases and testing of data management, namely: validity dan reliability questionnaire, confirmatory factor analysis, and assessment of the fit model. Processing and testing using structural equation modeling (SEM) method via the facility progamation analysis of moment structure (AMOS) 6.0.

Findings: the result has shown significantly that the buyer-supplier relationship (suppliers communication, suppliers accommodation, characteristic of the supplier firm and customer offering and customer cost management) affect customer cost; customer cost influences customer intention; market and situational control affect both customer cost and customer intention.

Practical implication: The ability to manage buyer-supplier relationship variable, customer cost, market and situational control, buyer (importer) and supplier (exporter) can increase volume of business without being stuck in a price hyper-competition.

Originality/value: Research conducted on the marketing activities of transnational, indicator of geographics market coverage research which measured in mileage, converted into delivery time.

Keywords: Buyer-Supplier Relationship (Suppliers Communication, Suppliers Accommodation, Characteristic of The Supplier Firm And Offering,
INTRODUCTION

Marketing today is characterized by levels of increasing competition, firms face competitors from more countries, which offer lower prices with the same quality products and services, the industry experienced hyper-competition, ‘tackling’ each other on pricing, company dwindling margins (Kotler, 2005:XIV). In addition to the growing number of manufacturers, also accompanied by a level of awareness, education and customer preferences that increase bargaining power, so the products information or services owned by the customer will be more complete (Kartajaya, 1997:18).

In response, companies improve the performance, from products management portfolio to customer management portfolio. The focus today is customer relationship management. The company insists on maintaining and growing the customer instead of finding new customers. The company collects data on the basis of each customer so that companies can understand customers better and can rearrange bid and messages that have been individualized. (Kotler, 2005:XIV).

Condition of the industry with many manufacturers as mentioned above, is a picture of the conditions faced by PT. Indokom Citra Persada, a group of industrial companies that generate agro-manufacture coffee commodities, products for material drinks (beverages). PT. Indokom Citra Persada products buyer is importers (trading company) in foreign countries, which are independent and have access to a wide variety of suppliers. By looking at the sales data of PT. Indokom Citra Persada from 2008 until 2013, there are several things that must be observed that shows the fluctuations, either in relation to the number of buyers, the frequency of purchases per buyer, the number of volumes per year and the average volume of each buyer purchases (Table 1).

In the independent distribution system such as this, required that there should be mutual benefit between supplier to the buyer. In various observations made on several types of consumer products, including coffee, there is a strong impression that intermediarier, generally will market a variety of products from many different suppliers. Decision-making mechanism will be based on economic rationality that leads to the presence or absence of mutual benefit or extra benefits (Ferdinand, 2004:3).

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Buyers</th>
<th>Σ Transacti ons</th>
<th>Average Transactions / Buyer</th>
<th>Σ Transaction Volume (.000 Kg)</th>
<th>Average Transaction Volume / Buyer (.000 Kg)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>13</td>
<td>232</td>
<td>17.85</td>
<td>12375.94</td>
<td>951.99</td>
</tr>
<tr>
<td>2009</td>
<td>11</td>
<td>153</td>
<td>13.90</td>
<td>8178.64</td>
<td>743.51</td>
</tr>
<tr>
<td>2010</td>
<td>17</td>
<td>235</td>
<td>13.82</td>
<td>11890.74</td>
<td>699.45</td>
</tr>
<tr>
<td>2011</td>
<td>13</td>
<td>191</td>
<td>14.69</td>
<td>10440.24</td>
<td>803.09</td>
</tr>
<tr>
<td>2012</td>
<td>21</td>
<td>287</td>
<td>13.67</td>
<td>18024.03</td>
<td>858.29</td>
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<tr>
<td>2013</td>
<td>24</td>
<td>279</td>
<td>11.62</td>
<td>14569.27</td>
<td>607.05</td>
</tr>
</tbody>
</table>

Source: PT. Indokom Citra Persada, the data is processed.
Canon and Homburg (2001:31) with a model of factors affecting the buying firm's cost and intention to expand the supplier's share of the business, stated that the buyer-supplier relationship consists of supplier communication, suppliers accommodation of the customer, the characteristics of the supplier firm and offering, customer cost management, will affect to the customer cost which is will affect to the customer intention. On the other hand, market and situational controls contributed to control of the customer cost and customer intention.

In accordance with above description, the research questions related to the replication model of Canon and Homburg extension are:

1. Does the buyer-supplier relationship (suppliers communication, suppliers accommodation, characteristic of the supplier firm and offering, customer cost management) affect customer cost?
2. Does the customer cost affect customer intention?
3. Does the market and situational control affect customer cost?
4. Does the market and situational control affect customer intention?

LITERATURE REVIEW
Research concerning the relationship between buyer and supplier, has previously been done by Joseph P. Cannon and Christian Homburg in 2001. In this study discussed the effect of communication frequency on the relationship between buyer and supplier and its influence on the costs borne by the company's customers (buyers), Table 2. - appendix.

The results showed that increasing frequency of communication; ability of suppliers to accommodate buyer’s demand; product quality and location closer distance between supplier’s company and buyer’s company will give effect of the low cost that will be borne by the buyer’s company. The study was conducted on 500 companies in the United States and Germany. Although the study was conducted in two countries, but the shape of the relationship between buyers and suppliers is still limited, is national, not transnational.

Cannon and Homburg suggest that further research needs to be done about it, the measure objective costs incurred in the process of relationship between the supplier to the buyer. It is expected that the reduction in cost burden borne by the buyer company obtained through a specific behavior of the supplier company. Furthermore, Cannon and Homburg also advised to identify the possibility of obtaining the additional benefit of the relationship between the buyer to the supplier, such as the easier it is to run the operations of the company, learn a new technology or new market opportunities, faster filling market demand, both on new products, as well as new forms of service.

Strategic Business Level.
Business-level strategy with regard to the position of an enterprise industry, relative to its competitors. Generic business-level strategy, integrative strategy of cost leadership/differentiation, has evolved through the efforts of companies to find the most effective ways to exploit competitive advantage. In choosing a business-level strategy, the company evaluates two types of competitive advantage: a lower cost than competitors, or the ability to differentiate and set a premium price that exceeds the extra
costs. Competitive advantage in a particular scope that has multiple dimensions, including product groups and customer segments served and geographic market arrangement in which companies compete. Competitive advantage sought by competing in many customer segments when implementing a cost leadership strategy and differentiation strategy. Instead, through the implementation of focused strategies, companies are looking for cost advantage or differentiation advantage within the scope or narrow segment (Hitt, 2001: 160-161).

Activity implementation of cost leadership strategy in a value chain, outbound logistics which is one of the primary activities relating to the creation of value associated with a cost leadership strategy, the factors that must be considered is the delivery schedules that reduce costs, as well as the selection of courier transportation at low cost (Hitt, 2001: 165). While the primary activity on implementation of differentiation strategy in a value chain, the factors that must be considered is the processing procedure orders are responsive and accurate, rapid product delivery and on time to customers (Hitt, 2001: 171). Integrative strategy which is a combination of cost leadership strategy and differentiation strategy on outbound logistics primary activity, would give advantage to companies that export activity, where the constraints faced in the geographic market will be addressed.

Logistic Market.
Physical distribution begins at the factory. Manager selects multiple warehouses (inventory point) and transportation-company that will deliver the goods to the final destination at the desired time or with the lowest total cost. Supply chain management includes the purchase of the appropriate input (raw materials, components and capital equipment); convert it efficiently into finished products; and deliver it to the final destination. The perspective of the supply chain can help companies to identify suppliers and distributor that is superior and helps both improve productivity, which ultimately lowers cost of the company (Kotler, 2005: 233). Looking at the supply chain market as a destination point, broader view to see the companies that are in the center of the value network includes suppliers, suppliers of the suppliers, customers and direct end-customers. Companies need to unify these parts step to enable deliver a higher value to the target market. This step is called demand chain planning. Logistics market include infrastructure planning in order to meet the demand, then implementing and controlling the physical flow and finished goods from point of origin to point of use, to meet the demands of customers for profits (Kotler, 2005: 234).

Transportation choices will affect product pricing, on-time delivery performance and condition of the goods on arrival, all of which affect customer satisfaction. In deliver the goods to the warehouse, distributors and customers, the company can choose among five ways transport: trains, airplanes, trucks, ships and pipe-lines. Deliveries into account criteria such as speed, frequency, reliability, capability, availability, ease of tracking and costs. If the goal is a low cost, the choice is sea lanes and marine pipelines (Kotler, 2005: 241).
Relationship Strategies.
Relationship strategic between suppliers, producers, distributors and customers is needed, such as to obtain ease in reaching out to the market, reducing the risk posed by rapid environmental change, share expertise or to obtain scarce resources. Relationship becomes very important because environmental conditions increasingly complex; risk of the global economy, and because of limited expertise and resources of the organization (Cravens, 1997:216). Relationship between the manufacturer or supplier, the wholesaler, which is part of the vertical marketing system (VMS), generally in the form of collaborative relationship. This system is usually built by the supplier, for example through a contact, such as the franchise system (Cravens, 1997:225).
In addition to having the primary goal of reaching the end-users, other objectives to be obtained by establishing distribution channels, such as to gain the support of the promotion, setting up services for customers, gain information and gain market acceptance or sales of eligible expenses (Cravens, 1997:324). The purpose of building distribution channels, what criteria are used to measure it as well as product or form of distribution channels used, looks like in the following Table 2, appendix.

Relationship Marketing.
Today’s marketing is in "intense competition" and "demanding customers" where relationship marketing get much attention. Relationship marketing showed relationship between buyer and seller in addition to various other parties such as suppliers, competitors, distributors, and internal functions with the aim of "creating and delivering customer value" (Sheth and Parvatiyar, 2000:3). Relationship aims to foster long-term relationships with customers, but this time the relationship with the customer is not enough by only relationship between the seller and the buyer. These relationships need to be developed more intensively through good management, support of information technology is indispensable. In accordance with the statement of Peppers and Rogers (1993) cited by Parvatiyar and Sheth (2000:5) is
   “a more popular approach with the recent application of information technology is to focus on an individual or one-to-one relationships with customers that integrate data - knowledge base with a long-term customer retention and growth strategy”.

Long-term relationship between a buyer to a seller, can’t be achieved if only one-sided. Buyer and seller should cooperate at all stages of the process are carried out so that both parties benefit. This is consistent with definition of Shani and Chalasani’s (1992) in Sheth and Parvatiyar (2000:5) is
   “relationship marketing is an integrated effort to identify, maintain, and build up a network for the mutual benefit of both sides, through interactive, individualized and value-added contacts over a long period of time.”

In relationship marketing, customer occupies a very important position. However, between the seller and the buyer must have a common understanding on the relationship, so that the communication and sharing of information becomes an
important part in the relationship. This is explained by Parvatiyar and Sheth (2000:5) quoted from McKenna (1991):
“that a more strategic view of relationship marketing by putting the customer (telling and selling) to genuine customer involvement (communicating and sharing the knowledge)“.

If between buyer with the seller happens long-term relationship, between the two of them can reduce the variety of activities that are not necessary such as contract negotiations and make agreements, so as to save costs. This is consistent with the definition of Parvatiyar and Sheth’s relationship marketing (2000: 9)
“is the ongoing process of engaging in cooperative and collaborative activities and programs with immediate and end-user customers to create or enhance mutual economic value at reduced cost”.

The purpose of relationship marketing by Parvatiyar and Sheth (2000: 16) is to increase marketing productivity and increase the value for the groups involved in the relationship. Relationship marketing has the potential to improve marketing productivity and create value by improving marketing effectiveness and/or efficiency of marketing (quoted from Sheth & Parvatiyar,1995; Sheth & Sisodoa,1995). To achieve effectiveness and efficiency of relationship marketing, marketing programs must be determined appropriate for the buyer and seller. Various marketing programs that can be done in relationship marketing can be seen in Table 3. - appendix.

**Customer Relationship Management (CRM)**
To realize relationship marketing between buyers with sellers, companies need a strategy, because the company is not enough to simply rely on the product, price and technology. This is consistent with the statement Kearney (2001:5):
“you have a superior product, low prices and the best technology, money can buy but your competitors have the edge. What do they have that you do not? Most likely, a strategy that keep customers for life”.

In building a CRM strategy must be implemented in an integrated manner, not only from the internal side of the company, but also involves the customer in it. Kearney (2001:7) defines CRM as an integrated strategy that places the customer at the center of a business's consciousness. To that end, CRM should be appropriate to the objectives of the company, which are:
"(1) Increased customer acquisition and retention as loyalty, (2) expansion of profitable, long-lasting customer relationships, (3) the delivery of a consistent, relevant, high quality customer experience, (4) continuous learning about customers (both business and customer) and communication of that knowledge across the organization, (5) the delivery of the right products and services tailored to meet customer needs, (6) Increased customer equity, (7) improved cost management".
Conformity with the objectives of the company CRM programs can have an impact on two things: increase revenue and reduce costs. These relationships can be seen in Figure 2 (Kearney, 2001:6). Figure 3 shows that the adoption of the technology makes the company can perform customer profitability analysis, which allows the company to get a lot of data about customers, particularly preferences and patterns of customer transactions. This information provides an opportunity for the company, not only can determine the targets with better products and prices, but also to understand customer profitability and customer service costs. This is consistent with the statement of Niraj, Gupta, and Narasimhan (2001:14):

"understanding customer-specific costs in detail would help a distributor understand how the same may also affect transactions costs at the customer's end. This creates an opportunity to eliminate transactions that may not add value to a supply chain and to reengineer the process for symbiotic gains among the supply chain partners rather than continue the typical adversarial relationships between a supplier and its customers”.

Why companies should apply CRM? Based on many studies that have been done, proving the strong interaction of relationship between company and customer interactions with financial performance. This is consistent with the statement of Reichheld (1996:56):

"a climbing defection rate is a sure predictor of a diminishing flow of cash from customers to the company - even if the company replaces the lost customers cost money to acquire customers and growing niche because older to produce greater cash flow and profits than never ones”.

**Buyer - Supplier Relationship**

Relationship between buyers and suppliers in trade of goods and services is actually not a new thing. These relationships are usually developed based on trust and friendship between of the two. However, in conditions of business competition intensifies, trust and friendship became a necessity. Parvatiyar and Sheth (2000: 246-7) states that:

"today have become reviews these strategic relationships and the process of relationship development is accelerated as firms strive to create relationships to achieve rewards their goals. In this stressful environment of relationship acceleration, there is less time for of participants to explore carefully the range of long-term relationship development. The expectations of performance have increased, making the development of satisfactory relationships even more difficult."

Good relationship between buyers and suppliers makes tendency buyers will avoid many suppliers. The number of suppliers requires a lot of energy that must be issued by the company in building the relationship. This is consistent with the statement of Sheth and Parvatiyar (2000:247):
"an important phenomenon related to the buyer-seller relationship is that many buyers are developing single-source suppliers is because of the pressures to increase of quality, reduced inventory, develop just-in-time (JIT) systems, and decrease time to market. The intensity of contact needed to accomplish high quality, implement JIT, and reduce time to market can’t be achieved with multiple sources of supply. The ultimate goal in developing Reviews These capabilities is to reduce costs".

Cost reductions as a result of the relationship certainly can’t simply be achieved, as stated by Sheth and Parvatiyar (2000:247):
"these costs reductions can be obtained through one of two models. In an adversarial models, buyers pit suppliers against each other to achieve lower costs. In a cooperative models, both parties achieve lower costs by working together to lower both the buyer's and seller's operating costs. This reduction is accomplished through better inventory management and elimination of unnecessary tasks and procedures".

Parvatiyar and Sheth's statement is also supported by Cannon and Homburg (2001: 29) who states an approaches for working through suppliers to reduce costs generally fit into one of two categories (quoted from Wilson, 1995). Adversarial approaches involve; bidding procedures in the which multiple compete suppliers against one another in an effort to drive down prices (quoted from Amihud, 1976). Collaborative approaches seek to lower acquisition and operating costs through joint efforts of the buyer and supplier (quoted from Kalwani and Narayandas, 1995; Noordewier, John, and Nevin, 1990). The collaborative movement underlies cooperative trends that have emerged in many industries under such names as efficient consumer response, quick response, supply chain management and just-in-time.

Referring to the model of Factors Affecting the Buying Firm's Costs and Intention to Expand the Supplier's Share of Business, developed by Cannon and Homburg (2001:31-34), then some of factors that determine the buyer-supplier relationship is as follows: 1). Supplier Communications is a relationship with strategies that facilitate customized information content [Parvatiyar and Sheth, (2000: 345) quoted from Mohr and Nevin (1990)]; 2). Supplier accommodation of the customer is the rules and policies in response to the needs of customers in the short term.; 3). Characteristics of the supplier firm and offering is characteristic of the supplier that will affect the buyer in choosing suppliers. Parvatiyar and Sheth (quoted from Gyrna, 1988; Rust, Zahorik, and Keiningham, 1994, and Levy, 1995) states that the input and the physical distance from buyer to supplier may affect costs; 4). Customer costs management are the costs associated with the management of relationships between buyers and suppliers that will have an impact on the costs to be incurred by the customer in the transaction. These costs are measured by: active monitoring of the supply market, namely: the extent to which the buyer actively monitor the products and prices of alternative sources of supply.
Customers costs.
Relationship management is an activity that impact on an important aspect of the cost that incurred by customer. Cannon and Homburg (2001:31) states that the customer costs are the costs borne by the customer of a series of activities undertaken in dealing with suppliers. Obviously, with the relationship management, costs will be lower than companies that do not build relationships with suppliers. The cost reduction due to various changes in the relevant (Parvatiyar and Sheth.2000:577, quoted from Kaj Storbacka, 2000):

“(1) decreasing the intensity of episodes, (2) changing to cheaper variants episodes, and (3) changing the cost structure of the present episode type in order to make it cheaper to produce”.

There are three types of customer costs which are influenced by the supplier relationship (Cannon and Homburg, 2000: 30-1): 1.) Direct product cost (price) is the actual price charged by the supplier for the main products sold to a customer firm; 2). Acquisition costs are costs customers incur in acquiring and storing products from a particular supplier; 3). Operation costs are costs inherent in the customer firm's primary business. In the context of a manufacturing company, the costs included are: R&D, manufacturing and downtime, and internal coordination costs”.

Customers Intention
Relationship between buyers and suppliers are expected to satisfy the buyer so that they will be loyal to suppliers and expected at future buyers will still desire to make transactions with suppliers. Garbarino and Johnson (1999: 78) states the customer intention is the customer's willingness to engage in future interactions with the organization. The definition according to a statement from Zeithaml, et al. (1996:33-4) that favorable behavioral intentions are behaviors that show signs that the customer will persist in using the products or services of a company. Behavioral intention is shown with a preference for the company compared to other companies, increasing the amount of purchase, or willingness to pay the higher price. Ziethaml, et al. (1996:38) measures the behavior intentions of five dimensions: (1) loyalty, (2) switch, (3) pay more, (4) external response, and (5) internal response.

Market and Situational Control.
Market and Situational Control is used as a control variable in the relationship between buyers with suppliers. This variable is measured through: 1. Product complexity, 2. Product importance, 3. Availability of alternatives, 4. Product type, 5. Age of relationship.

CONCEPTUAL FRAMEWORK
In accordance with problem formulation above, this study is a replication of an extension, which allows the researcher to extent the hypotheses that have been developed by other researchers to produce a new model of a more complete or thorough or more focus to some hypothesis that have been defined (Ferdinand, 2006:8). Related
to model of Factors Affecting the Buying Firm's Costs and Intention to Expand the Supplier's Share of Business from Canon and Homburg, and refer to Table 2. Distribution Channel and Measurement Criteria, Characteristic of the Supplier Firm and Offering original has geographic closeness sub-variable, replaced with coverage of geographic market sub-variables. It aims to eliminate research gap, that the service is how a product or service can enter the market, not only determined by the distance between the location of supplier to buyer, but how quickly the services of suppliers of products or services can be up to buyer.

Related this research regarding business-level strategy of company's exporters and importers, needed a value chain that can provide a competitive advantage for both parties. To that end, the conceptual framework of this research is built as shown in Figure 3.- appendix.

The relationship between buyer and supplier in relationship management is a fairly complex relationship. Good coordination between the two sides needs to be done so as to save the various activities that have an impact on cost reduction. Cost savings are expected to make the buyer still wishes to engage in a transaction at a time when that will come. The relationship between buyer-supplier relationships on customer costs and customer intention as shown in Figure 3, shows that:

**Effect of supplier communications to customer costs.**

a. Communication frequency. Increased frequency of communication between buyers and suppliers to obtain useful information for buyers, including buyers can make inventory management more efficient, able to carry out the management of just-in-time inventory, buyers can inform the operational problems that it faces to the supplier. Thus higher frequency of supplier communication, acquisition cost and operation cost will be lower; b. Information sharing. that meaning is the supplier able to provide information openly about the future that may be useful in building customer relationship. Thus more open information sharing from the supplier, acquisition and operation cost will be even lower.

**Effect of supplier accommodation to customer costs.**

a. Flexibility means that suppliers are willing to accommodate changes in demand for customers' needs, whether in relation to the rules or policies that fit the needs of the customer. Thus the higher supplier flexibility, the acquisition cost and operation cost will be lower; b. Relationship-specific adaptation. This means that changes to products, processes or procedures specifically according to customer requirements. With increasingly frequent suppliers make relationship-specific adaptation, then the direct product cost will be higher, acquisition cost and operation cost will be lower.

**Effect of characteristic of the supplier firm and offering to customer costs.**

a. Product quality, illustrates the high quality of a product is the durability of the products with better features. Thus higher product quality of the supplier then the direct product cost higher, acquisition and operation cost lower; b. Coverage of geographic market. Supplier which can provide average shorter delivery time, it will provide
flexibility to buyer to implement lower stock inventory policies, so it will be an option for customers to use products from suppliers such. The shorter average delivery time, acquisition cost will be lower thus the higher degree of coverage of geographic market (frequency of sales calls and the average delivery time), acquisition cost will be lower.

**Effect of customer costs management to customer costs.**
What is meant by customer management costs is the extent to which buyers actively observe the products and prices offered by other suppliers. The higher frequency of active monitoring of the supply market, then the direct product costs will be lower, acquisition and operation costs will be lower.

**Effect of overall buyer-supplier relationship to customer costs.**
Buyer will pay more attention and cooperate with suppliers who can assist buyers to obtain lower prices. Cooperation between buyers and suppliers can be done through a collaborative approach, so the acquisition cost and operations cost becomes lower.

**Effect of customer costs to customer intention.**
Creating value for customers is a core of relationship marketing. Although the values obtained from various sources and activities, there is one thing that must be considered by the supplier is how to implement a low cost for customers. Thus the lower customer costs, then customer intention will be higher. This means that if customer intention is favorable, then the buyer will be willing to make a long-term relationship with suppliers.

**Effect of market and situational control to customer costs and customer intention.**
Market and situational control act as a control on customer costs and customer intention, through the elements, 1. Product complexity, the higher suppliers company’s product complexity as indicated by product depth, then the buyer will be easier to choose the products that suit the buyer needs, so that the operation cost will be lower and customer intention will be higher; 2. Product importance, the higher the product importance of the supplier, the operation cost will be lower and the customer intention will be higher; 3. Availability of alternatives, when the supplier’s product availability of alternatives is higher than competitors, acquisition cost will be lower and customer intention will be higher; 4. Product type, the higher product type of the supplier, buyer possess an opportunity to obtain products that fit their needs, so that operation cost will be lower and customer intention will be higher; 5. Age of relationship, the longer of relationship is established between supplier to buyer, supplier will know the specific needs of buyer, so the direct product cost is low and customer intention will be higher.

**Hypotheses**
H1: Supplier communication effect to the customer costs, the higher supplier communication, the lower customer costs.
H2: Supplier accommodation effect to the customer costs, the higher supplier accommodation, the customer costs will be lower.
H3: Characteristic of the supplier firm offering effect effects to customer costs, the higher characteristic of the supplier firm and offering, the customer costs will be lower.
H4: Customer costs management effects to the customer costs, the higher customer costs management, then the lower customer cost.
H5: Customer costs effect to customer intention, the lower customer costs then the higher customer intention.
H6: Market and situational control effect to customer costs, the higher market and situational control, the customer costs will be lower.
H7: Market and situational control effect to customer intention, the higher market and situational control, the customer intention will be higher.

RESEARCH METHODOLOGY
Type of Research.
This research is quantitative and shows extension replication, aims to test the hypothesis and declare the existence of causative relationship or the influences between buyer-supplier relationship (supplier communication, suppliers accommodation, characteristic of the supplier firm and offering, and customer cost management) to customer costs, effect of customer costs to customer intention, effect of market and situational control to customer costs, and effect of market and situational control to customer intention.

The variables used in this study are buyer-supplier relationship (supplier communication, supplier accommodation, characteristic of the supplier firm and offering, and customer costs management), customer costs, market and situational control, and customer intention. The pattern of the relationship between these variables is causal, as follows: (1) The influence of the buyer-supplier relationship, either partially or simultaneously, will result in customer costs and further customer costs influences will result in customer intention. This means that if the degree of buyer-supplier relationship is high, then customer costs will be low, which in turn will form the degree of customer intention, is high, and vice versa, (2) the effect of the market and situational control variable will result in customer costs, which also resulted in a customer intention. This means that if the degree of market and situational control is high, customer costs will be low, which will eventually form the high degree of customer intention, and vice versa.

Sample and Sampling Technique.
Sample is a subset of the population, consisting of some members of the population (Ferdinand, 2006:223). Therefore, the sample in this research is the buyers who do trading-links with PT. Indokom Citra Persada from 2008 to 2013. Thus, the sampling process done by non-probability sampling method in the form of purposive sampling (Ferdinand, 2006:27).
Limitations of the Study.
The target of the research object is the overseas buyers company (importer) who recorded the transaction with PT. Indokom Citra Persada, from 2008 to 2013. Respondents in question are a person who has authority in the decision to conduct transactions with PT. Indokom Citra Persada.

Instruments Research and Design Questionnaire.
The instrument used in this study is a questionnaire that aimed at obtaining qualitative data in the form of the buyer company’s responses to the research variables: supplier communication, suppliers accommodation, characteristics of the supplier firm and offering, customer cost management, customer costs, market and situational control, and customer intention.
Design of this questionnaire, there are operational indicators that will be used as a means of the variables measurement and data collecting. The device in the form of questions is open and closed questions. For each question will be given 7 answer-options in the form of a semantic scale category (adjective), which each answer-choices will be given an ordinal score numbers from 1 to 7, so that each answer-choices can express the level of priority. Thus, the respondent qualitative response data can be transformed into quantitative data (Ferdinand, 2006:261). The design of the study questionnaire composed as shown in Table 4 - appendix.

Location of the research conducted in Sidoarjo, which by through the internet connection, a questionnaire was sent to overseas buyers companies in the form of electronic mail (e-mail), telephone, and facsimili. The study is planned to be implemented over 3 months, from March to May 2014.

ANALYSIS AND RESULTS
In this research, three stages of data processing and testing, namely: 1. validity and reliability of the questionnaire test; 2. confirmatory factor analysis; and 3. fit model assessment. In accordance with inductive statistical functions, the results of the regression are expected to be used as a model to predict the outcome of policy implementation in the future. Overall processing and testing phase using the above structural equation modeling (SEM) methods through the facilities of Analysis of Moment Structure (AMOS) 6.0.

Validity and Reliability Test.
From the results of Pearson’s product moment correlation, note that all questions on the questionnaire items were significantly correlated at an error degree of 5% (**< 0.05), so that it can be said all of the items are valid questions and can be further processed (Table 5 - appendix).
Reliability test results which are presented in Table 6 (appendix) showed that all variables are reliable, since the entire value of the construct reliability of each research constructs variable is to approach the standardized value (0.7), so that each indicator indicates the research constructs.
Reliability test results by using Cronbach alpha (α) test in Table 7 (appendix) shows that all the variables are reliable, because the entire value of the coefficient alpha of each variable is more than the standardized (0.6), so that each question item the measuring instrument can be used. Score of the corrected item total correlation of the whole question items are more than 0.3.

**Description of Research Variables**

**Supplier Communication.**
Scores of respondents to communication suppliers variable, which includes face-to-face communication (SC1), telephone communication (SC2), written communication (SC3) and information sharing (SC4) are presented in Table 8 (appendix). From Table 8, it appears that the respondents’ average (mean) score is ≥ 4.1445. It shows that the respondents' answers about the communication frequency (face to face, telephone and written communication) as well as information sharing between PT. Indokom Citra Persada and customers have been conducted in above average frequency.

**Supplier Accommodation.**
Scores of respondents to suppliers accommodation variable, which include flexibility (SA1) and relationship-specific adaptation (SA2), are presented in Table 9 (appendix). From the table, it appears that the respondents’ average (mean) score is ≥ 3.9017. It shows that the flexibility and the ability of PT. Indokom Citra Persada in addressing issues and changes related to the customer's interests (relationship-specific adaptation) between PT. Indokom Citra Persada with the customers have done quite well.

**Characteristic of the Supplier Firm and Offering.**
Scores of respondents to the characteristic of the supplier firm and offering variable, which includes product quality (CSF1) and coverage of geographic market (CSF2), are presented in Table 10 (appendix). It appears that the respondents' average (mean) score is ≥ 4.1633. It shows that PT. Indokom Citra Persada’s product quality (CSF1) and geographic market coverage (CSF2) ability is otherwise quite good.

**Customer Cost Management**
Scores of respondents to customer cost management variable are presented in Table 11. From the this table, it appears that the respondents average (mean) score is ≥ 3.9617, which shall mean costs management associated with the relationship between buyer and PT. Indokom Citra Persada which affects the costs to be incurred by the buyer in the transaction, otherwise is pretty good.

**Customer Costs**
Scores of respondents to customer costs variable, which include direct product costs (CC1), acquisition cost (CC2) and operation costs (CC3), are presented in Table 12 (appendix). From this table, it appears that the respondents’ average (mean) score is ≤ 3.4000. It shows that direct product costs (CC1), acquisition cost (CC2), and operation costs (CC3) of the products from PT. Indokom Citra Persada is stated quite cheap.
Market and Situational Control
Scores of respondents to market and situational control variable, which includes the product type (MSC1), availability of alternatives (MSC2), product importance (MSC3), product complexity (MSC4), and age of the relationship (MSC5), are presented in Table 13 (appendix). From this table, it appears that the respondents’ average (mean) score is ≥ 4.1000. This shows that the respondents' answers on product type, availability of alternatives, product importance, and product complexity of PT. Indokom Citra Persada, is quite good and the age of the relationship between PT. Indokom Citra Persada and the customers, has lasted long enough.

Customers Intention
Scores of respondents to customer intention variable are presented in Table 14 (appendix). From this table, it appears that the respondents’ average (mean) score is ≥ 4.2789. This shows that the respondents' answers on customer intention of respondents to the PT. Indokom Citra Persada, is quite high.

Confirmatory Factor of Research Variables Analysis
Based on the properties of numbers, which is getting closer to zero, the value will be smaller, then in this study the value of existing regression between the dimensions and the indicator or indicator variables (loading factor) and construct variables are interpreted as follows: ≤ 0.40: weak relationship; 0.41 to 0.55: moderate relationship is; 0.56 to 0.69: strong relationship; ≥ 0.70: very strong relationship. Weak means, is small or indicator variable’s contribution (loading factor) to construct variable is small (≤ 0.40) and so on. Table 15 (appendix) shows the overall results of the confirmatory factor analysis construct validity of the measurement model.

Normality Evaluation
By using the argument of central limit criteria (central limit theorem), is when the sample size is large, then the statistics of the sample will be close to a normal distribution.

Research Structures Model
Based on Figure 4 (appendix), due to an error probability value 0.000 <0.05, means that the model is not yet fit, so that, it’s needed to do modification of the index to find the model fit to the provisions probability> 0.05. Based on theoretical considerations in this study, the index modification to the model by referring that, the index modifications will not change the results of causality (parameters) significantly. After 12 modification index, the fit model is obtained as shown in Figure 5 (appendix).

Goodness of Fit Test.
This test is done to see whether the developed model is appropriate (fit) with available data. Items are used for this test shown in table 16 (appendix). The results of data processing by using a sample of 150 indicate the level of significance to test the above hypothesis differences is 92.241 with a probability of 0.924. It is shown that there is no difference between sample covariance matrix and population covariance matrix; so that the null hypothesis is accepted (acceptable if the probability is ≥ 0.05). Meanwhile, the
value of GFI, TLI, CFI, RMSEA and CMIN/DF respectively 0.936, 1.105, 1.000, 0.000 and 0816 are all in the expected range of values, so that the model can be accepted.

**Testing Parameters.**
To determine the causal relationship between each variable, it’s done a null hypothesis test that says that the relationship between regression coefficients is equal to zero through the t-test in the regression models. Having regard to the regression results in Table 17 (appendix), note that the value of critical ratio (CR) which is identical to the t-test in the regression analysis shown that all the regression coefficients is significantly ≠ 0. Thus the null hypothesis that the regression coefficient is = 0 can be rejected, or alternative hypothesis can be accepted, so that a causal relationship in the model is acceptable.

The magnitude of the regression coefficient between supplier communication (suppcomm) variable against customer costs (custcost) is -0.064, CR -0.374. This means that the effect of supplier communication is inversely proportional to customer costs, which is amounted to 6.40%, but not significant due to the CR value is -0.374 (<2.00) with a probability of 0.708 (> 0.05).

The magnitude of the regression coefficient between suppliers accommodation (suppacco) variables against customer costs (custcost) is -0.297, CR -0.887. This means that the influence of supplier accommodation is inversely proportional to customer costs by 29.70%, but not significant due to the CR value is -1.887 (<2.00) with a probability of 0.059 (<0.05).

The magnitude of the regression coefficients between characteristic of the supplier firm and offering (charsfof) variables against customer costs (custcost) is -0.111, CR -0.771. This means that the effect of supplier communication is inversely proportional to customer costs, which is amounted to 14.60%, but not significant due to the CR value of -0.771 (<2.00) with a probability of 0.441 (> 0.05).

The magnitude of the regression coefficients between customer cost management (custcmgm) against customer costs (custcost) is -0.328, CR -2.799. This means that the influence of customer cost management is inversely proportional to customer costs by 32.80%, significantly which the value of CR was 2.799 (> 2.00) with a probability of 0.005 (<0.05).

The magnitude of the regression coefficient between market and situational control (masicon) against customer costs (custcost) of -0.092, CR -0.675. This means that the influence of the market and situational control is inversely proportional to customer costs by 9.20%, but not significant due to the CR value of -0.675 (<2.00), the probability of 0.500 (> 0.05).

The magnitude of the regression coefficient between market and situational control (marsicon) to customer intention (custint) of .202 with CR 2.059. This means that the influence of market and situational control is proportional to customer intention, which was 20.20%, significantly which the CR value of 2.059 (> 2.00) with a probability of 0.039 (<0.05).

The magnitude of the regression coefficient between customer costs (custcost) to customer intention (custint) is -0.419, CR -3.572. This means that the influence of customers costs inversely proportional to customer intention, which was 41.90%, significantly which the CR value of -3.572 (> 2.00) with a probability of 0.039 (<0.05).
Table 18 (appendix) and Figure 6 (appendix), showing in detail the value of the path coefficients and $p$-values between variables.

**The Coefficient of Determination ($R^2$) Analysis**

The analysis aimed to determine the contribution of large variations in exogenous variables that form the endogenous variables. Exogenous variable determination coefficients that form the customer costs and customer intention can be seen in Table 19 (appendix). From the table it states that the contribution of supplier communication, supplier accommodation, characteristic of the supplier firm and offering, customer costs management and market and situational control variable on customer costs is 65.80%. While costs of customer and market and situational control variable accounted for 61.20% of the customer intention.

**Influence of Direct, Indirect and Total Effect Analysis.**

**Direct Influence.**

Table 20 (appendix) shows the direct influence of exogenous variables on endogenous variables.

**Supplier Communication.** From the above table it appears that the direct effect of supplier communication to customer costs at -0.064 or -6.40%. This means that if a supplier communication increases, will result in customer costs be low. Thus, **hypothesis 1 is accepted.**

**Supplier Accommodation.** Supplier accommodation providing a direct influence on customer costs at -0.297 or -29.70%. This means that when the ability of the supplier to make accommodations on request of the buyer is higher, the cost of which is borne by the buyer will be even lower. Thus, **hypothesis 2 is accepted.**

**Characteristic of the Supplier Firm and Offering.** Characteristic of the supplier firm and offering gives a direct impact on customer costs at -0.111 or -11.10%. This means that if the suitability of the supplier’s company specific characteristics to the request of buyer gets higher, the cost of which is borne by the buyer will be even lower. Thus, **hypothesis 3 is accepted.**

**Customer Cost Management.** Customers cost management gives a direct impact on customer costs, which amounting to -0.328 or -32.80%. This means that when the ability of the supplier to perform the management costs associated with the relationship between suppliers with buyers is increasingly high, the cost of which is borne by the buyer will be even lower. Thus, **hypothesis 4 is accepted.**

**Market and Situational Control.** Market and situational control gives a direct impact on customer costs which amounting to -0.092 or -9.20%. This means that if the control variable of the market situation and relationship buyers with suppliers increases, the cost of which is borne by the buyer will be even lower. Thus, **hypothesis 6 is accepted.** Likewise the market and situational control provides a direct influence on customer intention at 0.202 or 20.20%. This means that if the control variable of the
market situation to relationship between buyers and suppliers increases, the customer intention will be higher. Thus **hypothesis 7 is accepted.**

**Indirect Influence**
Table 21 (appendix) presents the indirect effect of exogenous variables on endogenous variables. From this table it appears that supplier communication, suppliers accommodation, characteristic of the supplier firm and offering, customer cost management and market and situational control exogenous variable gives indirect effect and proportional to the customer intention. That is when all of the exogenous variables increases, the customer intention endogenous variable will increase too.

**Total Influence**
Table 22 (appendix) displays the total effect of each exogenous variable on the endogenous variable. It’s shown that the total influence supplier communication, suppliers accommodation, characteristic of the supplier firm and offering, customer cost management and market and situational control exogenous variables inversely proportional influence to the customer costs endogenous variable and directly proportional to the customer intention endogenous variable. Customer cost exogenous variable’s impact is inversely proportional to the customer intention endogenous variable. To facilitate the testing of hypotheses and determine the value of each exogenous variables regression coefficient on endogenous variables, can be seen in Table 23 (appendix).

According to the table 23, it can be seen hypothesis testing results as follows:
1. Hypothesis that states supplier communication affects to the customer cost, the higher supplier communication, then customer cost will be lower, acceptable, but not significant, because of the value of CR is 0.374 <2.00.
2. Hypothesis that states supplier accommodation affects to the customer cost, the higher supplier accommodation, then customer costs will be lower, is acceptable but not significant, because the CR value at 1.887 <2.00.
3. Hypothesis that states characteristic of the supplier firm and offering affects to the customer cost, the higher characteristic of the supplier firm and offering, then customers cost will be lower, is acceptable, but not significant due to the CR value at 0.771 <2.00.
4. Hypothesis that states customer cost management influences on customer cost, the higher customer management costs, then customer costs will be lower, is acceptable and significant, because the CR value at 2.799> 2.00.
5. Hypothesis that states customer cost affects on customer intention, the lower customer cost, then customer intention will be higher, is accepted and significant, because the CR value is 3.572> 2.00.
6. Hypothesis that states market and situational control give effects on customer cost, the higher market and situational control, then customer costs will be lower, is acceptable, but not significant because CR value is 0.675 <2.00.
7. Hypothesis that states market and situational control gives effect on customer intention, the higher market and situational control, then customer intention will be higher, is accepted and significant, because the CR value 2.059> 2.00.
CONCLUSION AND SUGGESTION

Conclusions
Relationship between buyers and suppliers developed with based on each other’s trust and friendship; so that, good performance of the suppliers’ and buyers’ company can be increased through one of some ways, namely cost decreasing. There are four factors that affect buyer-supplier relationship, supplier communication, supplier accommodation, characteristic of the supplier firm and offering, and customer cost management.
Furthermore, if customer cost, which is the cost to be borne by customer from some activities undertaken in touch with suppliers, lower perceived, it will form customer intention, where customer has a desire to make a long-term relationship with suppliers. In this condition, both supplier and buyer, have the opportunity to improve their business performance.
The research results, that information sharing contributes most strongly to the supplier communication variable, 84% of respondents gave a score of ≥ 3.67. It gives the meaning that the share of business information between buyers and suppliers is a strategic move in order to make the customer cost lower.
In supplier accommodation variable, the most powerful indicator that contributed is constructed through flexibility, which 82.00% gave a score of ≥ 3.60. Buyer gives the greatest attention to the ability of suppliers-flexibility to accommodate the needs changing of the buyer. The higher ability of suppliers to accommodate the needs changing of buyer, the cost of which is borne by buyer will be even lower.
For characteristic of supplier firm and offering variable, quality product indicator did the most powerful contribution, which 93.30% of respondents gave a score of ≥ 3.75. It gives meaning that buyers are very concerned about the quality of products that produced by supplier.
Indicators of direct product costs contributed most strongly to the customer costs variable, where 77.30% gave a score of ≤ 3.50. This shows that buyers devote more attention to the inherent price of the products produced by supplier.
Below is a summary of the analysis results and hypothesis testing in accordance with the research that has been done, as follows:
1. Supplier communication affects to the customer cost of -0.064, the higher supplier communication, and then customer cost will be lower.
2. Supplier accommodation affects to the customer cost at -0.297, the higher supplier accommodation, and then customer costs will be lower.
3. Characteristic of the supplier firm and offering affects on the customer cost at -0.111, the higher characteristic of the supplier firm and offering, then lower customers cost.
4. Customer cost management affects to the customer cost at -0.328, the higher customer cost management, and then lower customer cost.
5. Customer cost affects on customer intention at -0.419, the lower customer cost, and then the customer intention will be higher.
6. Market and situational control gives effect on the customer cost at -0.092, the higher market and situational control, then lower customer cost.
7. Market and situational control affects on customer intention by 0.202, the higher the market and situational control, and then the customer intention will be higher.
SUGGESTION

In accordance with the result analysis and discussion, in the interests of PT. Indokom Citra Persada and science, presented some suggestions as follows:

1. PT. Indokom Citra Persada, is expected to improve the quality of each of the variables that affect the buyer-supplier relationship, especially suppliers communication, suppliers accommodation, and characteristic of the supplier firm and offering variable. Although confirmatory factor analysis showed the presence of one of the indicators of each variable that contributes to the strong, but these three variables do not significantly affect customer costs. It is expected that with the high quality of each buyer-supplier relationship variable, the customer costs to be borne by the buyer will be felt more rational, so that the quality of customer intention to PT. Indokom Citra Persada, will increase, which in turn PT. Indokom Citra Persada will have the opportunity to increase their export business.

2. PT. Indokom Citra Persada, is expected to immediately apply the same thing as the first suggestion on the chain of export raw materials supply, so as to form a sustainable supply chain and also compete.

3. Buyer, importer or trader, is expected to apply the same thing as first advice to all businesses distribution of imported coffee beans ranging from re-sellers, manufacturers to the coffee shop or café Shop. This is expected to form a holistic supply chain, which generates continuous business growth in both local and export based on customer relationship management.

4. It is expected that further research can be done about the factors which affect customer intention in other similar companies, so as to enrich the science of customer relationship management.

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