The surpluses and shortages in business-to-business marketing theory and research

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Abstract

Purpose – Business-to-business marketing has come of age in the last three decades and research in this area has been extensive and impressive. This paper examines the extant body of business-to-business marketing research and identifies surpluses and shortages with the goal of stimulating future research.

Design/methodology/approach – This paper focuses on two questions regarding future business-to business marketing. First, what has been the focus of understanding in business-to-business marketing theory and what should be its future focus? Second, what has been the purpose or objective to study business-to-business marketing and what should be the future objective for research?

Findings – It is found that research in business-to-business marketing is fundamentally changing and will continue to change. The paper identifies areas of business-to-business marketing research that have received surplus attention and areas that require additional attention.

Practical implications – The paper provides guidelines for future exploration of the business-to-business research domain.

Originality/value – The paper is analogous to the widely cited paper by Sheth (1979) that reviewed the state of consumer behavior research and identified areas that had been unexplored or under-explored, and in the process provided an impetus for new research in consumer behavor.

Keywords Business-to-business marketing, Research, Marketing theory

Paper type Research paper

Introduction

The discipline of business-to-business marketing has come of age in the last three decades. Three major academic journals are dedicated to business-to-business marketing (*Journal of Business & Industrial Marketing*, *Industrial Marketing Management*, *Journal of Business-to-Business Marketing*) and several other journals are dedicated to sub-areas such as personal selling and sales management (e.g. *Journal of Personal Selling and Sales Management*). There are also numerous books in this area, as indicated by a simple search of Amazon.com that revealed over 500 books with some manner of business-to-business marketing content. Finally, there are a large number of general and industry-specific business-to-business marketing magazines. Reid and Plank (2000) found both extensive (2,194 articles between 1978 and 1997) and excellent research in these publications.

Business-to-business marketing as a discipline has realized spectacular growth by borrowing concepts from the behavioral and quantitative sciences, and by broadening its horizons from traditional industrial product marketing to marketing of business services. As the research domain of business-to-business marketing expands, it is imperative that a periodic re-examination of the discipline is conducted (Spekman, 2000) to identify surpluses and shortages in research. Accordingly, the objective of this conceptual paper is to identify neglected or under-researched areas so that we can advance the discipline of business-to-business marketing.

Nearly three decades ago, Sheth (1979) published a widely accepted paper on surpluses and shortages in consumer behavior that led to research in many new aspects of consumer behavior, such as excessive consumption and emotionally driven behaviors. We find this approach very useful in examining the field of business-to-business marketing.

The paper is divided into four sections. The first section reviews the extant literature in business-to-business marketing. The second section identifies areas that have been the focus of understanding in business-to-business marketing theory and suggests areas that should be the future focus. The third section examines the purpose of research in business-to-business marketing and identifies the future motivation for continued interest in this area. The final section summarizes the paper.

Extant research in business-to-business marketing

Danneels and Lilien (1998) highlight the paradox that, although the dollar value of business-to-business transactions is double that of consumer transactions (Slater, 1999), the bulk of research and teaching in marketing focuses on

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consumer markets. This concern is not new. Webster (1978) also stated that:

> With well over half of America's economic activity accounted by industrial marketing, as distinct from the sale of products and services to consumers, it has been remarkable how little attention, relatively, industrial marketing has received in the professional literature and in academic research.

Furthermore, until the early 1970s business-to-business marketing was primarily practice-oriented, with relatively less academic interest. For example, there were more journals specializing in the practice of business buying behavior than in consumer behavior (Sheth, 1977). One of the reasons for the low level of academic attention to business-to-business marketing is the complexity of studying the business buying behavior. The business buying process normally involves many participants who influence the buying decision differently. Studies in this area require organizational cooperation and intimate knowledge of how the organization works, which are not easily attained.

Fortunately, the research in business-to-business marketing since Webster's call to action has been extensive and impressive. As mentioned before, Reid and Plank (2000) examined over 2,194 articles that were published on business-to-business marketing research between 1978 and 1997. They provide excellent summary of the literature, and their summary is presented in Table I. We will use Reid and Plank's (2000) study to evaluate the state of business-to-business marketing research.

Table I Literature summary (1978-1997)

Topic	*n*	Percentage of total
Advertising	58	1.7
Sales promotion	50	1.4
Public relations	9	<1
Promotion	65	1.9
Marketing research	110	3.2
Forecasting	38	1.1
New product management and development	225	7.3
Personal selling	242	7.0
Sales training	35	1.0
Sales motivation and compensation	100	2.9
General sales management	296	8.5
Purchasing management	253	7.3
Computers in business marketing	29	<1
Decision support and management science	58	1.7
Organizational buying behavior	448	12.9
Product management	89	2.6
Pricing	73	2.1
Business services marketing	82	2.4
Channel management and administration	135	3.9
Logistics and physical distribution	22	<1
International business marketing	125	3.6
Marketing to governments	11	<1
Market segmentation	64	1.9
Market planning and strategy	332	9.6
Marketing and other functions	67	1.9
Ethics in business marketing	18	<1
Buyer-seller relationships	268	7.7
Other	141	4.0

Source: Reid and Plank (2000)

In order to facilitate our analysis, we have reduced the number of areas listed by Reid and Plank (2000) into a more compact list in Table II, based on our own knowledge as well as the wisdom of our colleagues. For example, the "Organization buying/buyer seller relationships" category includes articles that address organizational buying and vendor-customer negotiations and relationships. The category of "Personal selling and sales management" includes articles that address issues of personal selling, sales training, sales motivation and compensation, and general sales management. Similarly, the category of "Product management/new product development" includes articles that address new product development and product management. As expected, articles on organizational buying and buyer-seller relationships are most frequently addressed and constitute about a fifth of the research focus in this area. We believe this is due to the publication of comprehensive models of business buying behavior developed by Webster and Wind (1972), and by Sheth (1973). While Sheth (1973) highlighted the effect of individuals in the buying process, Webster and Wind (1972) emphasized the role of the organization and its environment. Towards the late 1980s and early 1990s, research began to highlight the importance of developing relationships for effective marketing, especially in the business-to-business context. This led to numerous academic publications on testing these conceptual frameworks or in enhancing conceptual foundations. The creation of the Center for Relationship Marketing at Emory University brought the issue of customer relationship management into the mainstream. Scholarly opinion seemed to converge on a pattern of paradigm shift from a transaction-based marketing perspective to a relationship marketing perspective. At the same time, the IMP (Industrial Marketing and Purchasing) Group in Europe developed a research focus of buyer-seller relationships in business markets.

The second area of research focus has been personal selling and sales management. This also constitutes about a fifth of all of the articles published in the business-to-business

Table II Literature summary by areas (1978-1997)

Area	Number	Percentage
Organization buying/buyer-seller relationships	716	21.49
Personal selling and sales management	673	20.20
Product management/new product development	344	10.32
Marketing planning and strategy	332	9.96
Purchasing management	253	7.59
Communication	182	5.46
Channels and supply chain management	157	4.71
Segmentation and segments	157	4.71
Marketing research and forecasting	148	4.44
International	125	3.75
Computers/decision support	87	2.61
Marketing's role (functional, ethical)	85	2.55
Pricing	73	2.19

Source: based on Reid and Plank (2000) marketing journals. We believe this has been due to three reasons. First, several academic researchers came with sales experience and had a managerial affinity. Second, access to salespeople and sales management data was easier due to the pervasive nature of sales departments. Third, research was predominantly based on a single unit of analysis (e.g. salesperson, sales manager) in comparison to buyer-seller relationships that require dyadic and multiple level data collection.

The third largest area of research addresses product management and new product development and it constitutes about 10 percent of the research focus. Product management has been less frequently studied when compared to new product development. The research has examined the development of products, product lines, and product life cycle management. In addition, there have been discussions on organizational adoption and organizational choice frameworks specifically relevant to business marketing firms.

The next area of focus has been marketing planning and strategy, which also constitutes about 10 percent of the research focus. The majority of research in this area reflects strategic choices that firms need to make. Although focused toward business markets, the implications are relevant for all firms.

Purchasing management is the next largest topic of research, with about 8 percent of research focus. This research has typically taken the perspective of the buying firm. Research has examined organizational structures, the supply management function, partnerships, supplier selection, quality processes, and has detailed effective purchasing processes.

Communication research (advertising, sales promotion, and public relations) constitutes about 6 percent of the research focus. Most of the research is empirical, examining details of communication programs with no programmatic basis (Reid and Plank, 2000). All other areas combined constitute less than 5 percent of the research focus in business-to-business marketing.

Examining shortages and surpluses

As mentioned earlier, we will use the example of Sheth (1979), who undertook a similar endeavor to identify areas in consumer behavior that were in shortage of research and theory and those that were researched too much. A large number of neglected areas identified in the article later became mainstream consumer behavior research topics, such as customer satisfaction/dissatisfaction, consumerism and consumer welfare, search behavior, math choice models, and deviant consumption.

Our expectation is that this paper will generate a similar shift in research focus from areas of business-to-business marketing where we have a surplus of both conceptual and empirical understanding and managerial objectives to those that have been neglected.

Surpluses and shortages of focus in business-to-business research and theory

The focus of research in business-to-business theory can be classified by two dimensions. The first dimension is focus on individual behavior versus organization behavior. Clearly, there has been more research on organization behavior than on individual behavior, although organizational culture, structure, and processes affect individual decision-making, individual factors such as education background, age, and gender can further aid an understanding business-to-business marketing. The second dimension is use of decision-making processes as opposed to non decision-making processes. Once again, more research has been on decision-making processes. Figure 1 provides the 2×2 classification.

Surplus of focus: understanding organization behavior based on decision-making framework

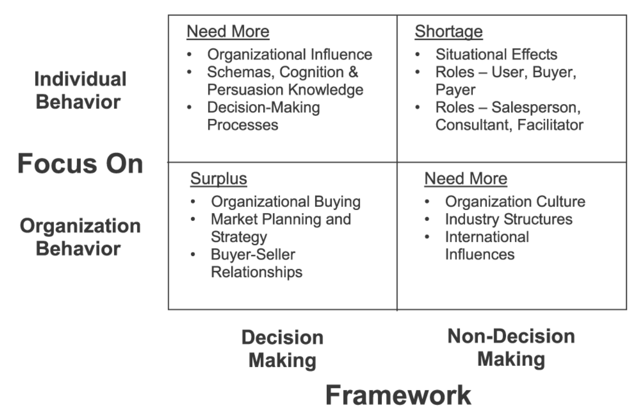
The first area we have identified as having a surplus of focus is organizational buying behavior models. There has been extensive research since the introduction of business buying models by Webster and Wind (1972) and Sheth (1973). The frameworks are well understood and form the underpinnings of much of the work in the business-to-business marketing arena. The second area of surplus is market planning and strategy. As Table II demonstrates, about 10 percent of the research focus in the business-to-business area is in marketing planning and strategy. As stated earlier, most of the findings in this area are relevant for most firms, not just in business-to-business contexts. The third well-researched area in business-to-business marketing is buyer-seller relationships. The understanding in this area has been considerably enhanced by the work of the IMP group in Europe as well as by research on relationship marketing.

Need more: organization behavior using non-decision-making framework

We identify three areas in business-to-business marketing that should address organization behaviors in non-decision making frameworks. The first area is the impact of organizational culture on selling or buying behavior. Organizational culture was first introduced to the marketing literature by Deshpande and Webster (1989). While there has been some research regarding organizational culture and business-to-business markets, we need a lot more to fully understand, for example, how an engineering-driven culture impacts business-to-business marketing differently than a sales-driven culture.

The second area that needs more attention is impact of industry structures on business-to-business marketing. While transaction cost analysis has been utilized in business-to-business marketing (Rindfleisch and Heide, 1997), there is still a lot of potential for additional research. Industry structures have also been examined extensively in the

Figure 1 Surpluses and shortages of focus in business-to-business theory



economics and strategy literature, but only a small amount of this knowledge is applied in business-to-business marketing. For example, what is the impact of consolidation of customer industries such as telecommunications?

A third area of research is international influences in business markets. As firms develop a more global orientation, we need to research such issues as offshore outsourcing and global account management. Another interesting area of research is the effect of the rise of China and India on US buyer-seller relationships.

Need more: decision making for individual behavior

We identify three areas that need more research on individual decision making. The first area is organizational influence on individual decision making. While there has been limited research in this area (Walsh, 1995; Pillai and Sharma, 2003), what we need to know is how governance policies and processes impact individual decision making. Specifically, is the budget and spending authority decentralized or centralized? Is the procurement function organized globally or locally?

The second area of research is schemas, cognition, and persuasion knowledge. Schemas are knowledge structures that individuals utilize to make decisions. These knowledge structures allow individuals to assess cues and to manage persuasion attempts (Friestad and Wright, 1994). While knowledge structures have been extensively examined in consumer behavior, they also need to be examined in the business-to-business context. For example, an area of research interest may be the effect of an individual's persuasion knowledge structures on the functioning of the buying center. Similarly, how the style of the decision maker (driver, expressive, analytic or amicable) impacts individual decision marketing is another potential area of research.

Finally, more research is needed on the decision-making process. Business-to-business marketing continues to regard individual decision-making as a black box. In contrast, research in consumer behavior has considerably enhanced knowledge of individual decision-making processes. There is a need to extend this kind of research to business-to-business marketing. An example of research in this area is impact of the type of message cues on product evaluation in the business-to-business context.

Shortage: non-decision marketing for individual behavior

As stated earlier, non-decision marketing processes and heuristics used by individual decision makers are generally regarded as irrational and unacceptable behavior in business-to-business marketing. After all, business decisions are supposed to be based on reason and there is presumed accountability of managers to make the right decisions. Unfortunately, research in this area is very limited.

Again we identify three areas that may fill this void. The first area is impact of situational effects. In consumer marketing, this topic has been extensively studied (e.g. Belk, 1974), specifically in the context of retail research. The findings of this research reveal that situational effects impact consumer behaviors to a large extent. For example, what is the impact of rising interest rates on Capex decisions in an organization, or impact of collapse of a company's market cap, as has happened with all the major airlines. The next area of research is the effect of organizational roles in business-to-business marketing. For example, Sheth *et al.* (1999) identify user, buyer, and payer as three distinct roles in an organization.. While we have significant research on how different people with specific role responsibilities in a buying center make decisions (gatekeeper, user, buyer, decision maker, etc.), we really don't know how these roles are impacted by such non-decision making processes as turf wars and internal politics. Finally, similar to the roles that organizational employees play, salespeople also play different roles, such as consultant, facilitator, or trusted advisor. Matching of roles to organizational situations and training for those roles are areas that need additional research. For example, an area of research interest is the effect of compensation on different roles (hunters versus farmers).

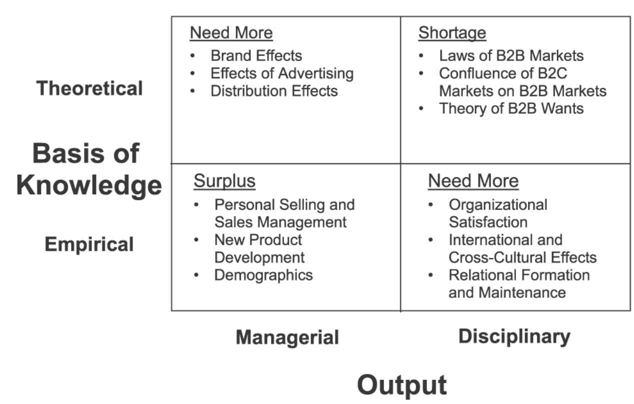
Surpluses and shortages in the purpose of business-to-business theory and research

The purpose of research in business-to-business theory and research can be divided into two dimensions. The first dimension is basis of knowledge – research that is theoretical in nature versus research that is empirical in nature. Historically, there has been more empirical research than theoretical research. This may reflect the critical stage of growth of the discipline. The second dimension is the type of output – research that is managerial versus research that aids discipline development. Similar to the first dimension, more research has been for managerial output rather than for enhancing the discipline. These two dimensions create a 2×2 matrix as presented in Figure 2 and discussed next. As previously stated, while a large number of areas could be identified, we discuss only three for each cell in the matrix.

Surplus: empirical research for managerial benefit

We identify three areas in business-to-business marketing that are empirically based and address managerial issues. The first area and focus of considerable research interest is personal selling and sales management. It constitutes about 20 percent of the research focus in the business-to-business marketing area (Table II), has a journal dedicated to it, and a large number of books on the subject. The broader issues are well understood and recent research has focused on more narrow issues. The second area of considerable research is new product development. It constitutes about 7 percent of research published in the business-to-business marketing area

Figure 2 Surpluses and shortages in the purpose of business-to-business theory and research



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(Table I). Most of the research in the new product development area has generated findings that are generalizable to most firms, not specifically business-to-business marketing firms. The final area of surplus is company demographic research. For example, some studies have examined the size of the firm and the size of the buying center. Other research has examined the number of employees in purchasing departments. There is considerable research of this kind, but little additional insights are provided.

Need more: theory-based empirical research

We identify three areas in business-to-business marketing that may generate theory-based empirical research. The first is organizational satisfaction. There is considerable research on customer satisfaction/dissatisfaction in consumer markets and some that addresses both consumer as well as business markets (e.g. Gruca and Rego, 2005; Morgan *et al.*, 2005). However, the understanding of customer satisfaction/dissatisfaction in business-to-business marketing is still limited. As Reinartz and Kumar (2000) point out, some of the fundamental axioms – such as a strong positive customer lifetime-profitability relationship, may not be valid in business-to-business markets.

The second area that can enhance theory-based empirical research is international and cross-cultural effects on business-to-business marketing. The discipline needs to examine this area because business organizations are becoming more international and cross-cultural due to globalization, and their customers and employees have increasingly varied cultural backgrounds. There is a need to examine the antecedents and consequences of international and cross-cultural shifts in business-to-business markets. For example, do cross-cultural buying centers make more optimal decisions or do cross-cultural sales teams do a better job of selling to global accounts?

A third area of additional research is relational formation, maintenance, and even dissolution. For example, Wilson (1995) suggests that the majority of deep relationships such as alliances fail, and he proposes a model of buyer-seller relationships that will result in structural and social bonding (stickiness). However, there is no empirical study to validate this interesting perspective.

Need more: managerial use of well-accepted marketing concepts

We identify three areas in business-to-business marketing that address managerial use of well-researched marketing concepts. The first area is the effect of brand reputation on business-to-business sales. There is considerable research on brand equity; however, the majority of this research is on consumer goods. As firms invest heavily in corporate brands, there is a need to better understand brand effects in business-to-business marketing situations. For example, does corporate reputation enhance the effectiveness as well as efficiency of the sales organization?

The second area is effect of advertising in business-to-business markets. Business-to-business marketers such as IBM and Accenture spend considerable resources on advertising their services in both consumer and business media. However, the efficacy of this expenditure has not been examined. Reid and Plank (2000) report that the majority of research in advertising deals with the executional aspects of advertising. However, it would be desirable to test whether advertising works as a reinforcement of the purchase decision.

Thirdly, as companies utilize alternative channels to reach customers, we need to study their relative efficiency and effectiveness in generating sales. For example, is telemarketing a good lead generator for the sales force or can it generate sales on its own? Similarly, what is the effect of web-based marketing on traditional channels, for example in the airline and travel industry? Finally, internal versus external channels of sales and distribution are issues of strategic as well as financial considerations.

Shortage: theoretical basis of knowledge and disciplinary output

As stated earlier, the confluence of theoretical basis of knowledge and disciplinary output is under-researched in business-to-business markets. There seems to be an acute shortage regarding the theoretical foundations of the discipline. While there are several rich hypotheses (e.g. perceived risk, buyer attitudes) and some good comprehensive theories in business-to-business behavior, most of them are developed for the managerial perspective. There is a need for a discipline-oriented theoretical foundation. The first area of research is to develop commonly agreed upon and scientifically validated laws of business-to-business markets. For example, if 20 percent of customers generate 80 percent of revenue (20/80 ratio), what is the degree of cross-subsidy across accounts? A second area of research is the role of segmentation and profitability analysis in those industries where the company serves consumers, small businesses and large enterprises. Do large customers subsidize the consumer segment? A third area of research is "need versus want" motivation. General business-to-business markets are need-based. We know very little about the company's wants and desires and how they get institutionalized differently in different organizations.

Conclusion

In this paper we have attempted to review the extant research in business-to-business marketing and have suggested directions for future research. The growth of research in this area was slow until the 1980s, as Haass (1986) states:

> Industrial marketing appears to have come of age in the 1980s. After years of languishing in the background of consumer marketing, there are signs that industrial marketing is taking its rightful place.

The research in business-to-business marketing has been impressive since then. New areas have been explored in the business-to-business marketing area. We further aid this processes by identifying surpluses and shortages in business-to-business marketing research. Our view is that we have enough research utilizing decision-making frameworks to understand how organizations make buying decisions as well as how we can sell to them. What we need to research is how individuals in an organization make buying decisions, and how to sell to a person and make him or her an advocate or champion for the company. Similarly, we have enough research on managerial issues utilizing empirical research methods. What we need is programmatic research utilizing large databases similar to PIMS or Computstat.

The purpose of identifying new areas of research is to encourage future researchers to appreciate the exciting

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opportunities offered by business-to-business marketing for academic research.

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