

Buyer attentiveness in buyer–supplier relationships

Joseph M. Bonner*, Roger J. Calantone¹

The Eli Broad Graduate School of Management, Michigan State University, N370 North Business College Complex, East Lansing, MI 48824, USA

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Abstract

How do a manufacturing firm's (supplier) relationship marketing activities lead to more profitable business-to-business (B2B) customers? This research proposes that a supplier's relationship activities develop a buyer's attentiveness toward the supplier, which, in turn, leads to profitable buyer purchasing behaviors. Findings from 119 buyer organizations support this contention, and, additionally, buyer attentiveness was found to have a stronger positive influence on favorable buyer behavior than does either buyer dependence or relationship length. This study contributes to our understanding of long-term buyer–supplier relationships in B2B markets.

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1. Introduction

An emerging perspective in the relationship marketing literature in consumer markets emphasizes the need for firms to manage its customer equity (Blattberg & Deighton, 1996; Blattberg, Getz, & Thomas, 2001; Reichheld, 1996; Rust, Zeithaml, & Lemon, 2000). This perspective places focus on the acquisition and retention of profitable customers as the cornerstone of a firm's relationship marketing strategy. A firm's customers are increasingly viewed as an asset that must be managed over the long term.

A logical extension of this research is to examine how manufacturing supplier firms can build customer equity or buyer equity in business-to-business (B2B) markets. Researchers in B2B markets and channels have examined the link between relationalism and numerous performance dimensions, such as transaction costs (Heide & John, 1992; Noordewier, John, & Nevin, 1990), satisfaction (Anderson

& Narus, 1990; Mohr, Fisher, & Nevin, 1996), cooperation, and uncertainty reduction (Morgan & Hunt, 1994). However, our search of the B2B literature revealed no empirical studies on how a manufacturing supplier firm's relationship marketing activities influence the value of its buyers.

One explanation for how relationship marketing activities increase B2B buyer value to a supplier might be that a supplier firm's relationship marketing program serves to reduce the likelihood of buyers switching to alternative vendors. However, buyer organizations do not necessarily benefit from nor desire to be locked into an incumbent vendor. Research has shown that when a product is critically important to a buyer's operation, the buyer is likely to open the purchase process to new vendors as well as the incumbent (Heide & Weiss, 1995). Another explanation might be that a firm's relationship marketing program increases the longevity of the relationship (Blattberg & Deighton, 1996; Blattberg et al., 2001; Reichheld, 1996). However, studies on the relationship between longevity and profitability have been inconsistent (Kalwani & Narayandas, 1995; Reichheld, 1996; Reinartz & Kumar, 2000). Not all buyers desire a long-term relationship with their suppliers. Therefore, the need arises to examine other

* Corresponding author. Tel.: +1 517 353 6381; fax: +1 517 432 1112.
E-mail addresses: jbonner@msu.edu (J.M. Bonner), rogercal@msu.edu (R.J. Calantone).

¹ Tel.: +1 517 353 6381.

important mediating influences in the relationalism–buyer profitability relationship.

We take the perspective in the current study that a buyer organization's cognitive dispositions play a focal role in mediating the relationship between the degree of relationalism existing in a buyer–seller relationship, and buyer profitability. More specifically, we examine the degree to which a buyer (customer) firm's attention is directed toward a specific manufacturing supplier firm to the exclusion of other suppliers, and refer to this as buyer attentiveness. While the relational literature has examined numerous dimensions of dyadic relationships, such as dependence, switching costs, and relationalism (Heide & John, 1992; Morgan & Hunt, 1994), our study examines the attentiveness as an outcome of relationalism, and examines how attention is directed to the focal supplier to the exclusion of other suppliers. The existing relational literature has been mostly silent on how relationalism leads to relative advantages among competing suppliers.

A good illustration of the impact of buyer attention in B2B relationships is from the technical computer workstation market throughout the 1980s and 1990s. Computer companies sell technical workstations to engineers and scientists who use them in the most demanding computing applications. As a result, many advanced computer and networking technologies, such as windows-based interfaces, TCP networking, and distributed computing, grew up in this market, and eventually migrated to consumer PC computing as well. Relationships between computer manufacturers and buyer organizations were highly sought after to facilitate the necessary planning and adjustments to respond to the changing market and technologies. Interestingly, a small startup company in 1982, Sun Microsystems, emerged as the industry leader over well-financed computer companies, such as IBM, HP, and Digital Equipment. The cornerstone of Sun's strategy was to create excitement and “buzz” among its customers in the market that directed an enormous attention to Sun in all facets of customers' purchase decision making. Scott McNealy, the provocative CEO, and Bill Joy, Chief Scientist, once referred to as the “Edison of the Internet”, put great effort into establishing close relationships with leading customers. The relative attention given to Sun Microsystems was so astonishing that Sun's competitors often found new and, largely unproven, Sun technologies in request-for-proposals in major sales opportunities. It was clear that Sun Microsystems had established a share of mind with customers that had put its competitors at a strong disadvantage for new business.

Buyer attentiveness in buyer–supplier relationships reflects the attention focused on a particular supplier regardless of the current state of value exchange in the relationship. When a buyer exhibits high attentiveness to a supplier, the buyer may not necessarily be buying from the supplier now, but feels the need to include them in the evoked or consideration set. Some affinity exists between

the buyer and the supplier. To not consider the supplier would make the set of suppliers incomplete. Thus, the supplier appears to be “sticky” in the set of suppliers. Buyer attentiveness is distinct from the conditions that may drive the relative attention given to a supplier during decision making, such as dependence, switching costs, relationalism, or supplier reputation.

Buyer attention is particularly important in B2B markets where products are vitally important to the buyer's operation. B2B customers spend a great deal of time and effort in making purchase, maintenance, and service decisions concerning these products (Weiss & Heide, 1993). We believe that buyer attentiveness arises from buyer beliefs about the supplier formed over repeated relational interactions. These beliefs focus the buyer's attention on the supplier, and encourage buyers to undertake favorable purchase behaviors. Buyer behaviors, such as purchasing products frequently, steadily, and in high volume, and taking steps to keep purchasing costs low, are valuable to manufacturing firms (Gassenheimer, Calantone, & Scully, 1995). Therefore, the first objective of this study is to examine whether buyer attentiveness mediates the relationship between relationalism and favorable buyer purchase behaviors for B2B products.

The second objective of the study is to compare the influence of buyer attentiveness on favorable buyer purchase behavior with two alternative explanations. First, the relational exchange research has focused on dependence as the glue that binds partners together. The high cost of switching to a new vendor for a buyer due to large investments in transaction-specific assets, or the pursuit of joint opportunities can result in less motivation to search for new alternatives (Weiss & Heide, 1993), and in more committed relationships (Ganesan, 1994; Morgan & Hunt, 1994). Second, research findings suggest that customer longevity influences customer profitability for a manufacturer (Reichheld, 1996). Among these arguments are that, over time, customers can be serviced at lower cost, customer spending tends to increase, and customers may pay higher prices. Therefore, an interesting question becomes which better explains the formation of favorable buyer purchase behavior: buyer attentiveness, dependence, or longevity?

The paper begins with a discussion of buyer attentiveness. Next, the theoretical framework and hypotheses are discussed. This is followed by a discussion of the study methodology, which is then followed by the results from testing the hypotheses on 119 purchasing organizations in leading companies. The last section includes a discussion of the results, implications for theory and practice, and the limitations of the study.

2. Buyer attentiveness

The B2B products of interest in this study are products which can significantly improve a buyer's business

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