



A classification of business-to-business buying decisions: Risk importance and probability as a framework for e-business benefits

Lisa M. Hunter^{a,1}, Chickery J. Kasouf^{b,*}, Kevin G. Celuch^{c,2}, Kathryn A. Curry^d

^a*Kronos Incorporated, 297 Billerica Road, Chelmsford, MA 01824, USA*

^b*Department of Management/Metal Processing Institute, Worcester Polytechnic Institute, Worcester, MA 01609, USA*

^c*Department of Management and Marketing, University of Southern Indiana, 8600 University Boulevard, Evansville, IN 47712, USA*

^d*Morris Boorky Powder Metallurgy Research Center, Worcester Polytechnic Institute, 100 Institute Road, Worcester, MA 01609, USA*

Received 19 September 2001; received in revised form 15 November 2002; accepted 13 March 2003

Abstract

Business-to-business (B2B) markets have been considered an attractive e-business venue for the realization of cost reduction and exchange creation utilities. However, as marketers have long argued, there are different types of buying situations, and the benefits sought in each may vary substantially. The present work builds on the thinking of previous industrial buying typologies by integrating perceived risk concepts into the business buying decision. Specifically, we develop a classification grid of industrial buying situations and then explicitly link likely e-business benefits to the various situations. The proposed framework holds implications for management and research related to supply chain relationships.

© 2003 Elsevier Inc. All rights reserved.

Keywords: E-commerce; Industrial marketing; Interorganizational relations; Risk

1. Introduction

The promise of efficiencies generated by new information technologies offers attractive avenues to reduce cost through purchasing strategies. Many writers view the Internet as the means to the transactional efficiencies of EDI on a large scale (Henig, 2000). However, with the emergence of exchanges and auctions, a critical question is how the power of the Internet is best used to support a sound supply chain strategy that balances costs and service.

Recent commentary surrounding online exchanges illustrates the barriers to widespread adoption of e-business technologies in business-to-business (B2B) markets. As Wise and Morrison (2000) argued, two of the most critical flaws of current exchanges are that they ignore much of the research on effective relationship management and that they give sellers little incentive to participate. This is underscored

by one analyst, who observed, “Let’s see, you want me to put all my products and prices online so my customers can beat me about the head and shoulders. Then, I can commoditize myself even more to take my razor-thin margins down to microscopic levels. Finally, I get to pay transaction fees for this privilege. What am I missing?” (Henig, 2000). While price minimization is an intriguing prospect, not all purchases are driven by the same criteria (Desai-Sarnowski, 2001; Porter, 2001).

The objective of this paper is to classify organizational purchasing situations into categories with implications for the use of e-business. It proposes that the utilities of e-business are varied and that these benefits depend on buying circumstances. The link between specific organizational buying circumstances and the applicable utilities of e-business is an important issue for practicing managers and academics. The sheer volume of the B2B market is substantial and its growth projections make it one of the most attractive areas for e-business (Halford, 2000).

Matching specific types of organizational buying situations with different uses of e-business offers a more realistic perspective on the benefits these technologies can provide both buyers and sellers. This paper will examine these benefits, identify industrial buying decisions using risk

* Corresponding author. Tel.: +1-508-831-5548; fax: +1-508-831-5720.

E-mail addresses: lhunter@kronos.com (L.M. Hunter), chick@wpi.edu (C.J. Kasouf), KCelluch@usi.edu (K.G. Celuch).

¹ Tel.: +1-978-947-2815.

² Tel.: +1-812-461-5297.

dimensions as a framework to classify decisions, and establish links between e-business benefits sought and buying situations. Understanding the strategic implications of a purchasing situation will benefit buyers and sellers. For the buyer, it will identify the most appropriate purchase criteria. For the seller, it will help in the development of appropriate value propositions.

2. Benefits of e-business applications in the supply chain

The benefits of e-business have been touted extensively as the foundation of a radically new business model for a “new economy” (Cohen, DeLong, & Zysman, 2000; Cross, 2000; Fingar, 2000). The recent failures of numerous dot.coms, however, suggest flaws in this view of the Internet’s transformational impact. Even pure-play e-businesses clearly have been unable to survive by ignoring fundamentals such as revenue creation and profitability in pursuit of customers and brand building at any cost. Porter (2001) suggests that the Internet does not engender a radically new approach to business, which “renders old rules about . . . competition obsolete,” but instead offers a set of tools that can complement traditional ways of competing and “buttress existing advantages” (pp. 63–64). In keeping with this more realistic view, the discussion that follows summarizes how e-business technologies can be used as tools to create value for buyers and sellers. The benefits of e-business that can potentially satisfy the needs of industrial customers can be summarized in the following categories.

2.1. Streamlining the procurement process

Many e-business applications provide a new front end for the purchasing process, such as Web sites for online ordering, which replace phone ordering using paper catalogs (Porter, 2001). Reductions in paper handling and other time-consuming purchasing transactions often result in cost reductions (Kalakota & Robinson, 1999). E-marketplaces and exchanges bring the entire purchasing process online. Online procurement promises to lower the costs of communicating, gathering information, and accomplishing transactions (Porter, 2001). It offers efficiency gains and enables human activity to be redirected to higher value-added areas (Brunelli, 2000; Kalakota & Robinson, 1999; Porter, 2001; Stuart & McCutcheon, 2000).

2.2. Connecting buyers and sellers

Exchanges can ease marketing and supplier selection efforts by helping buyers and sellers easily connect and transact business with one another (Porter, 2001). The Internet offers potential buyers access to information about suppliers from around the world, exhibiting an “almost magical ability to remove geographical barriers” (Brodsky, 2001). This aggregation of buyers and sellers has been

identified as a primary impact of the Internet on commerce (Helper & MacDuffie, 2000). Small suppliers have the opportunity to expand globally by entering marketplaces that were once unknown to them or closed to them due to the high costs of EDI (Milligan, 2000; Porter, 2001). Buyers, in turn, gain access to new product sources.

2.3. Coordinated supply chain management

Even greater value may be realized when e-business technologies are extended beyond the procurement process into coordinated supply chain management. E-business applications enable improvements throughout the entire value chain by speeding the exchange of real-time information (Porter, 2001). The Internet’s ability to make information widely available at low cost has been identified as one of the Web’s most significant impacts on commerce (Helper & MacDuffie, 2000; Porter, 2001). This information exchange promises substantial improvements to operational effectiveness, such as more efficient and effective demand management. Supply chain partners can use e-business applications to share production schedules and inventory levels in real time, providing clear visibility of demand. With reduced supply uncertainty, all firms in the supply chain can safely lower inventory levels—and thus costs—without fear of stock-outs (Kalakota & Robinson, 1999; Kalakota & Winston, 1996; Lee, Clark, & Tam, 1999; Strader, Lin, & Shaw, 1999).

2.4. After-sales service

In addition to faster delivery times, improved responsiveness, and the innovative fruits of joint product development, customers can benefit from Web-enabled improvements to after-sales service. Firms like Dell Computer are using the Internet to provide a “cohesive service framework,” which serves as a significant differentiator (Kalakota & Robinson, 1999). Web-based self-service enables customers to update their own shipping and billing profiles, place orders, view order status, and access online support from customer service representatives through e-mail response management and chat (Kalakota, Oliva, & Donath, 1999; Kalakota & Robinson, 1999; Lancioni, Smith, & Oliva, 2000; Lee et al., 1999; Porter, 2001).

2.5. Sales and marketing efficiencies

E-business applications offer tools that can save time in the areas of sales and marketing as well as improve sales force productivity. Web technologies can provide cheaper, faster, and easier access to customers (Brodsky, 2001). Web sites can serve as online sales channels where customers can access brochures, eliminating the time and money spent on distribution by mail and fax; e-mail can be sent any time during the day or night to reduce time-wasting “phone tag” (Brodsky, 2001). Rather than replacing sales personnel, a

متن کامل مقاله

دریافت فوری ←

ISIArticles

مرجع مقالات تخصصی ایران

- ✓ امکان دانلود نسخه تمام متن مقالات انگلیسی
- ✓ امکان دانلود نسخه ترجمه شده مقالات
- ✓ پذیرش سفارش ترجمه تخصصی
- ✓ امکان جستجو در آرشیو جامعی از صدها موضوع و هزاران مقاله
- ✓ امکان دانلود رایگان ۲ صفحه اول هر مقاله
- ✓ امکان پرداخت اینترنتی با کلیه کارت های عضو شتاب
- ✓ دانلود فوری مقاله پس از پرداخت آنلاین
- ✓ پشتیبانی کامل خرید با بهره مندی از سیستم هوشمند رهگیری سفارشات