



# Which types of multi-stage marketing increase direct customers' willingness-to-pay? Evidence from a scenario-based experiment in a B2B setting



Ingmar Geiger <sup>a,\*</sup>, Florian Dost <sup>b</sup>, Alejandro Schönhoff <sup>c</sup>, Michael Kleinaltenkamp <sup>a</sup>

<sup>a</sup> Freie Universität Berlin, Marketing Department, Arnimallee 11, 14195 Berlin, Germany

<sup>b</sup> European University Viadrina, Postfach 1786, 15207 Frankfurt (Oder), Germany

<sup>c</sup> Henkel AG & Co. KGaA, Henkelstraße 67, 40589 Düsseldorf, Germany

## ARTICLE INFO

### Article history:

Received 21 February 2014

Received in revised form 9 October 2014

Accepted 18 October 2014

Available online 7 March 2015

### Keywords:

Multi-stage marketing

Willingness-to-pay

Value perception

Limit conjoint analysis

Multi-level modeling

## ABSTRACT

The present study investigates empirically which types of multi-stage marketing by a business-to-business supplier affect its direct customers' willingness-to-pay. We conceptually develop comprehensive and selective multi-stage marketing as well as multi-stage awareness as distinct types of this concept. Their properties lead to differentiated hypotheses concerning their effects on direct customers' relationship value perceptions and perceived price importance which in turn influence willingness-to-pay. The paper also demonstrates how the direct customers' power position toward their own customers affects the effectiveness of a supplier's multi-stage marketing endeavors. We conduct a scenario-based, experimental study among 103 knowledgeable purchasing managers in customer companies to the adhesives industry, measuring willingness-to-pay, perceived relationship value, and price importance with a limit conjoint analysis. Multi-level modeling is used to test our hypotheses. The results show that comprehensive multi-stage marketing significantly increases purchasing agents' willingness-to-pay, mostly through their relationship value perception, and especially when the customer company is in a less powerful position toward its own customers. For managers, our study highlights the benefits of comprehensive multi-stage marketing over the other multi-stage marketing types.

© 2015 Elsevier Inc. All rights reserved.

## 1. Introduction

Creating and sustaining demand for its products and services is a constant challenge for every supplier in times of growing global competition and shifting supply chain constellations. Most business-to-business (B2B) companies sell their offerings to customers who, in turn, incorporate it in their respective offering and sell it on to their customers (Green, Whitten, & Inman, 2012). Hence, those companies experience derived demand from actors further downstream in the value chain (e.g., Bishop, Graham, & Jones, 1984). This has prompted many market-oriented B2B firms not only to target their marketing activities at their direct customers but also to focus on so-called downstream or indirect customers (Hillebrand & Biemans, 2011). Kleinaltenkamp, Rudolph, and Classen (2012) call this phenomenon multi-stage marketing (MSM). They define it as all “[marketing- and] sales-related measures which are aimed at the subsequent market stages (‘customers of the customer’) which follow one or several primary customers in order to influence the buying behavior of these primary customers”

(p. 141). For example, a producer of a newly developed textile fiber may consult a clothes producer about how using garments made from this fiber can reduce downtimes in its production and thereby cut costs. If the clothes producer is responsive to this type of application consulting it will demand more garment made from the new fiber and thus create a demand pull on the stage of the B2B supplier. MSM measures may also come as “push” measures, e.g., when a manufacturer company helps its distributing partners (its direct customers) to sell its products to the distributor's customers by providing promotional material or training (Kleinaltenkamp et al., 2012; Wuyts, Stremersch, Van den Bulte, & Franses, 2004). By facilitating the onward sale of its products through the distributor, the manufacturer can ideally also sell more to the distributor.

Many successful companies, e.g., in the automation business, have been employing MSM for a longer while, and recently some papers in the academic field have conceptually focused on MSM (e.g., Hillebrand & Biemans, 2011; Vedel, Geersbro, & Ritter, 2012). The cornerstone of MSM is an extended understanding of market orientation (Kohli & Jaworski, 1990). It considers the entire value chain and encompasses “the generation, organization-wide dissemination, and responsiveness to intelligence about downstream customers” (Hillebrand & Biemans, 2011, p. 73). In MSM, indirect customers are integrated into the supplier's marketing considerations and activities (Vedel et al., 2012) in

\* Corresponding author. Tel.: +49 30 838 52651; fax: +49 30 838 4 52651.

E-mail addresses: [ingmar.geiger@fu-berlin.de](mailto:ingmar.geiger@fu-berlin.de) (I. Geiger), [dost@europa-uni.de](mailto:dost@europa-uni.de) (F. Dost), [alejandroschoenhoff@henkel.com](mailto:alejandroschoenhoff@henkel.com) (A. Schönhoff), [michael.kleinaltenkamp@fu-berlin.de](mailto:michael.kleinaltenkamp@fu-berlin.de) (M. Kleinaltenkamp).

order to positively influence those respective market-stages (Hillebrand & Biemans, 2011) and ultimately generate additional or support existing demand on the stage of the B2B supplier (Kleinaltenkamp et al., 2012).

Despite the application of MSM in practice, the academic literature on the topic is still in its fledgling stages. Several aspects of MSM are covered by writings in the business network and supply chain management literature, namely the general importance of indirect relationships (e.g., Blankenburg Holm, Eriksson, & Johanson, 1999; Wuyts et al., 2004) and the need for coordination across multiple stages of a supply chain (e.g., Gundlach, Bolumole, Eltantawy, & Frankel, 2006). The marketing literature—when concerned with indirect customers—mostly focuses on specific facets of MSM. Ingredient (co-)branding, i.e., building a brand for an important ingredient or module in a final product and making it visible on the final product, is a prime example of approaching indirect customers (Desai & Keller, 2002; Erevelles, Stevenson, Srinivasan, & Fukawa, 2008; Kotler & Pfoertsch, 2007). It may be the best known facet of MSM, including such mutually beneficial brand combinations like Intel and Dell, GE and Boeing, or Bayer's Makrolon and Data Track, a compact disk manufacturer (Erevelles et al., 2008). Another example is a pull strategy under which a supplier approaches indirect customers to encourage demand from direct customers (e.g., Paliwoda & Bonaccorsi, 1993). However, as evidence from channel management suggests, such a pull strategy may well come at the expense of the direct customer (Dwyer & Tanner, 2009, p. 416). Thus, a uniform view of the effects of MSM seems questionable. What is lacking in the literature to date is (a) an overarching conceptual and empirically supported MSM framework that subsumes different but structurally similar MSM facets and also distinguishes conceptually different types of MSM, (b) an explanatory model of its assumed consequences, and (c) a test of supporting or inhibiting boundary conditions for its effectiveness (Kleinaltenkamp et al., 2012).

In this paper, we conceptualize three distinct types of MSM (comprehensive MSM, selective MSM, and multi-stage awareness), implemented by B2B suppliers, and test how those fare regarding the supplier's direct customers' willingness-to-pay (WTP; e.g., Jedidi & Jagpal, 2009), compared to a situation with no MSM. WTP appears to be a suitable dependent variable because it indicates well whether demand by the direct customers can be stabilized or increased. First, we thus theoretically and empirically contribute to a more fine-grained understanding of MSM and its effects on direct customers. Second, we also examine whether a change in purchasing managers' WTP compared to a control condition with no MSM is based on changes in their relationship value perception or in their perception of price importance; we thus provide a mechanism for the anticipated effects. Third and finally, we take a look at the direct customer's power position toward its own customers as a meaningful moderator of the MSM–WTP relationship.

The remainder of the paper is structured as follows: In Section 2 we conceptualize our MSM types and discuss MSM applicability conditions and applications. Developing testable hypotheses, we then link the different MSM types to WTP, relationship value and perceived price importance, and finally consider the direct customer's power position in the supply chain as a meaningful moderator of the MSM–WTP link. Section 3 describes our empirical study, which is analyzed in Section 4. We discuss our results and link it to extant literature, provide managerial implications, discuss the limitations of the study and offer avenues for future research (Section 5).

## 2. Theory and hypotheses

### 2.1. Multi-stage marketing types

For a B2B supplier, the ultimate goal of MSM is to foster (extra) demand by direct customers by integrating subsequent market stages into its MSM considerations. This can be done in two ways: Similar to Ajzen (1991) and to Kohli and Jaworski (1990) we distinguish supplier awareness (cognition: knowledge, attitudes) and activities (behavior)

toward the direct and indirect customers. By awareness we mean the supplier's quest for a profound knowledge and understanding of the (direct or indirect) customer's needs and wants (Vedel et al., 2012). Activities build on awareness and represent the goal-oriented behavior by the supplier toward a direct or indirect customer with the aim to create extra value for the target of the behavior or make latent value better visible. Note, however, that while awareness toward the direct and indirect customers is a precondition for MSM activities, it does not represent an automatism: A supplier may be well aware of the needs and wants of, e.g., the direct customer, but still act against them under a certain type of MSM. Depending on the degree of awareness and activities toward the direct and indirect customers, different MSM types can be distinguished. In line with the approach by Vedel et al. (2012), we limit our conceptual analysis and development to the simplest constellation of downstream actors in a supply chain: one B2B supplier, one direct, and one indirect customer.

With regard to those we can now distinguish three generic MSM types based on where in the value chain the supplier increases its awareness or engages in supplementary activities (see Fig. 1): activities toward the direct and indirect customers (*comprehensive MSM*), awareness for the direct customer but supplementary activities toward the indirect customer only (*selective MSM*), or awareness toward the indirect customer and activities toward the direct customer only (*multi-stage awareness*, Vedel et al., 2012). As we will later explain, we expect different reactions of the direct customer depending on the MSM type applied, e.g., in terms of WTP.

*Comprehensive MSM* builds upon the supplier's heightened awareness for both the direct and the indirect customers' needs and wants. It targets direct and indirect customers' market stages with activities simultaneously. The intention is to increase value perceptions by firms at every market stage (Kleinaltenkamp et al., 2012), ultimately leading to a pull effect on the stage of the B2B supplier. Comprehensive MSM actively aims at realizing synergies among the involved supply chain partners along the core offering, the sourcing process, and the different supply chain members' operations (Ulaga & Eggert, 2006). "This is particularly so given the growing emphasis on customers creating value *with* the firms, as opposed to the firm creating value *for* customers" (O'Cass & Ngo, 2012, p. 127). In a comprehensive MSM approach, all companies involved work together voluntarily because they receive some kind of additional benefit compared to a situation with no MSM. In the aircraft industry, a supplier of seats (e.g., Recaro) may approach both an original equipment manufacturer (OEM; e.g., Airbus) and airlines (e.g., Lufthansa) with the suggestion to use their slim seat models in the planes to be ordered from the OEM. For the airline, slimmer seats mean less weight and hence less fuel consumption and/or the possibility to fit an additional row of seats in a cabin without a loss of leg room for passengers and thus extra revenue possibilities. For the OEM, such a move by the seat supplier would make its planes more attractive to customer airlines.

In contrast, *selective MSM* targets direct customers' subsequent market stages with its activities to create value but does not involve MSM activities toward the direct customers. However, the supplier has to be well aware of the direct customer's situation in order for such an approach to be successful. Selective MSM aims at creating a pull effect from the indirect customer to the direct customer and then from the supplier, not necessarily, but potentially against the will of the direct customer. By influencing indirect customers—i.e., by incentivizing indirect customers to demand direct customers to use the supplier's components instead of the competitor's—the supplier might even destroy value for direct customers. Direct customers' sourcing processes and their operations might suffer from decreasing flexibility or purchase price disadvantages compared to competing suppliers. As an example of selective MSM, a supplier of automation technology (e.g., Bosch-Rexroth) may persuade big bottling companies (e.g., SABMiller) to ask their factory equipment supplier (e.g., Krones) to only use (the faster, but more expensive) controls by that supplier if it wanted to still

متن کامل مقاله

دریافت فوری ←

**ISI**Articles

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