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Customer business development: identifying and responding to buyer-implied information preferences

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ABSTRACT

Customer business development (CBD) transforms the selling function from 'pushing products' towards creating value by developing the business customer's business. For key accounts, CBD salespeople align their customer relationship management tasks of planning, selling, and implementing solutions to best integrate customer needs with the seller's strategic account management goals. A vital process mechanism involves the salesperson's observations of their business buyer's tendencies to favor solutions steeped in information characterized here as either market-centered or cost-centered. Findings show that CBD salespeople use signals from buyer commitments to identify and adapt selling behaviors (relationship-forging tasks) to achieve relational and financial objectives. To align with market-centered preferences, CBD salespeople share information about the buyer's market and propose plans for market development. In contrast, to align with cost-centered preferences, CBD salespeople focus on coordinating interfirm activities. While cost-centered adaptations yield expected positive financial returns, interestingly, market-centered adaptations negatively impact on the seller's financial returns.

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1. Introduction: selling in customer business development contexts

Business-to-business (B2B) key account contexts vary and research can benefit from better refinement and understanding. Of particular interest, attention to key account management practices in business-to-business-to-consumer (B2B2C) channels, a substantial multibillion-dollar global supply chain, is of sufficient economic size, complexity, and uniqueness to warrant scholarly attention. For example, within the B2B2C channels, instead of focusing on distributive outcomes and arms' length exchange processes, salespeople use technology to leverage information by developing, tailoring, and proposing solutions specific to key account needs. Advances in sales technology helps salespeople to better access, analyze, and communicate information on shared interests, often concerning the key account's customers (Hunter & Perreault, 2007). This B2B2C context represents an outstanding domain for research and it is analytically-intense, technology-dependent, and an incubator for understanding the concerns encapsulated in the contemporary practices of category management (Gooner, Morgan, & Perreault, 2011).

Customer business development (CBD) refers to one-to-one relationship marketing programs conducted between suppliers (marketers) and their distributors or resellers (Parvatiyar & Sheth, 2000). Here, CBD refers to the sellers' efforts to manage key account relationships towards creating relational value through the attainment of buyer and seller

objectives made possible through the effective and efficient development of the key account's business. In these contexts, salespeople tailor solutions by forecasting outcomes that would satisfactorily meet the objectives of the both the seller and the key account, such as those made possible through market outcomes like pie-expansion.

While the B2B literature recognizes such potential from returns afforded by pie-expansion (Jap, 1999), very little attention has been devoted to the corresponding shift in the sales role – one that contrasts starkly with the layman's view (and some scholarly views) of the B2B salesperson as one who simply 'pushes products' (e.g. goods, services, and so on). In contemporary relational contexts, CBD salespeople represent the suppliers' interests with strategically important customer accounts, which are vital to the seller's long-term viability. Generally, this domain of account management is often referred to as strategic account management (Bradford et al., 2012).

The burgeoning strategic account management (SAM) literature builds upon vital contributions to account management and practice, including, among others, key accounts (Homburg, Workman, & Jensen, 2002; Pardo, 1997; Workman, Homburg, & Jensen, 2003), global accounts (Yip & Bink, 2007), strategic accounts (Napolitano, 1997), and national accounts (Dishman & Nitse, 1998; Shapiro & Moriarty, 1984). The SAM approach considers the breadth of B2B selling contexts, including buyer-seller exchanges associated within consumer-packaged goods (CPG) channels – which arguably, is the largest and most economically significant supply chain in the world. In the CPG industry, while marketing scholars continue to trumpet the importance of brand management for its longstanding role within the industry, research on B2B2C selling

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is rather sparse. Moreover, market forces including networked competition (Achrol, 1997) now place greater emphasis on firm boundaries, and by extension, upon the agents (salespeople and buying agents) who personify, lead, and manage the vital outputs associated with transformations occurring through such inter-organizational boundaries.

While this research does not cover all key aspects of CBD selling that warrant attention, it advances a better understanding of relevant sales processes. In particular, it is concerned with how effectively different types of information garner commitment from buyers. The theoretical tenants are threefold. First, CBD salespeople adapt their CRM sales processes to better plan, sell, and implement solutions that integrate account needs with SAM objectives. Second, the salesperson's observations and resulting perceptions of how effective different stimuli (market and cost information) were in gaining buyer responses drives underlying sales process adaptations. Third, the salesperson, in turn, uses buyer-implied preferences to tailor activities in order to improve performance outcomes (e.g. business relationships and economic value).

Findings indicate that tailoring CBD activities to the buyer's expressed information needs yields better odds of achieving the customer's objectives. To tailor activities to a buyer's need for market information, CBD salespeople plan for ways to develop their customers' business and share market information. It is worth noting that this *market-driving* path is a key intent of adopting a 'customer business development' organization. On the other hand, to tailor activities to a buyer's need for cost-driven information, salespeople coordinate interfirm activities. While this contrasting *cost-driven path* yields expected positive returns, surprisingly, this study finds that a salesperson's coordination of interfirm activities can influence the seller's attainment of financial objectives adversely.

This study proposes and tests a hypothetical model that salespeople use buyer-implied preferences for market or cost information as signals of the business customer's strategic intent (*revenue-expansion or cost-reduction*) as stimuli to set suitable behavioral tasks that influence key aspects of sales performance. The model advances theory on how CBD salespeople adapt behaviors to accomplish desirable outcomes from strategic buyer-seller partnerships.

The study contributes to sales research by proposing specific smart-selling behaviors, relationship-forging tasks that are suitable to building business relationships or improving financial returns to sellers. It builds on extant theory on smart selling, by proposing new relationship-forging tasks (*market-driven sales planning and coordinating interfirm activities*). It contributes to sales management and practice by outlining ways through which salespeople can use a customer's preference for different types of information as a means for tailoring CRM tasks in B2B selling contexts.

The next section develops the context and underlying logic for the proposed model. Then, a discussion of research methods (including an elaboration on the context, sample, and analytical approaches employed) follows. After reporting results, the paper discusses both theoretical and managerial implications as well as outlining the limitations of this study.

2. Competitive advantage in the CBD context

A CBD sales force often seeks first to understand its buyers. Customer procurement processes are driven, in part, by key characteristics of the organizational buying contexts, including extensiveness of choice set, purchase importance, and buyer power (Hunter, Bunn, & Perreault, 2006). Salespeople are knowledge workers (Sheth & Sobel, 2002) who must plan, sell, and implement solutions that are customized to various buying contexts (Fang, Palmatier, & Evans, 2004; Park & Holloway, 2003; Spiro & Weitz, 1990; Verbeke, Dietz, & Verwaal, 2011; Weitz, Sujan, & Sujan, 1986). Building sophisticated buyer-seller relationships (Cannon & Homburg, 2001; Cannon & Perreault, 1999), CBD salespeople resolve ambiguities associated and perform activities that help the supplier convert its resources to competitive advantage.

An important source of potential competitive advantage rests in a seller's outside-in processes which sense and link the firm to its business customers (Day, 1994). In partnering roles (Weitz & Bradford, 1999), salespeople embed themselves as an integral component of both buying and selling organizations (Bradford et al., 2010). Salespeople conduct relationship-forging tasks (Hunter & Perreault, 2007) as the primary customer-linking capability, but also manage a customer relationship (Hunter & Perreault, 2007), which requires sharing market knowledge, a market sensing capability. These B2B relationship-building tasks may require salespeople to coordinate interfirm activities.

The CBD organization represents, coordinates, and manages the seller's relationships with its business customers (e.g. retail chains or mass merchandisers). As channel resellers have become more powerful (Ganesan et al., 2009), manufacturers need agents who are skilled in assessing and understanding a customer's strategic priorities. In these SAM roles (Bradford et al., 2012), CBD salespeople develop solutions to integrate the account's priorities with the seller's relational and financial objectives. Often, such tailoring of solutions often requires coordinating activities across firms and involves interorganizational linkages that cut across functional specialists (e.g. brand managers, financial experts, accountants, and operations/logistics specialists).

Business customers may be reluctant to share information concerning their fundamental strategic orientations explicitly with sellers for various reasons, including, for example, concerns about the information getting back to their competitors. Nonetheless, a buyer's orientations influences the salesperson conduct of CBD processes and integration of sales technology tools (Hunter & Perreault, 2007). Salespeople, adapt their behaviors using both tacit and explicit knowledge to sense ways to achieve CBD objectives. An understanding of the types of information yielding commitments from business buyers can drive these adaptations. Such insights help salespeople determine a buyer's strategic orientation (e.g. *revenue-expansion or cost-reduction*) and, in turn, influence their conduct of suitable CBD behaviors.

The stimulus proposition of social exchange theory provides a basis for reasoning within this CBD context. It suggests that one continues to perform activities in a social exchange based on earlier responses to similar stimuli that produced desirable outcomes (Homans, 1961). The desirable outcomes of business relationships are to "work together in ways that add value or reduce cost in the exchange between the firms" (Anderson, 1995: 348). In a CBD context, more effective, longer-term business relationships yield value to both buyers and sellers. Thus, repeated and consistent stimuli from purchasing agents evoke behaviors from salespeople that establish response patterns, which become sales processes conforming to subsequent stimuli with the intent of realizing desirable CRM outcomes. One linchpin for this vital sharing of market knowledge is that salespeople assess their customer's strategic orientation and, in turn, perform tasks tailored to proposing solutions intended to yield interfirm objectives.

3. Theory and hypotheses

Fig. 1 summarizes these ideas further and develops them within the context of a more complete set of hypothesized relationships.

4. Contextual background

Fig. 1 depicts a behavioral process model that shows how salespeople do different tasks based upon their perceptions of their buyer's strategic orientation. The model proposes that a purchasing agent's commitment to different types of information signal a strategic orientation, which influences the salesperson's conduct of key CBD selling behaviors, referred to relationship-forging tasks. These relationship-forging tasks are contemporary smart selling behaviors which Hunter and Perreault (2007) define as "activities that an individual in an organization performs to help build relationships with external constituents." This research proposes two new relationship-forging tasks:

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