Digitalization and New Buyer Behavior is Changing B2B Relationship Marketing

A case study of the effects on sales and marketing in Company X

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This article is based on a master’s thesis produced at Company X during the fall of 2014 and spring of 2015. The effects of digitalization and changing buyer behavior were observed and analyzed within the theory of relationship marketing. A theoretical framework was constructed for analysis of these effects.

Background and problem definition

Business-to-business sales have traditionally been done through face-to-face interaction. They have relied on established relationships and skills of salesmen.

New technology and media channels have empowered customers to gather more information regarding products and services. Firms have also been able to gather more information about customers.

Today’s economy is a knowledge-based economy. Knowledge exchange is crucial in enabling firms and industries to acquire the knowledge needed to succeed in the economy.

The knowledge economy has opened up new opportunities to build business models around offerings of complex and knowledge-intensive services.

Service dominant logic states that exchanges are made to acquire skills and knowledge rather than consumable goods. Goods are distributors for service provision, whereas the old goods-dominant logic had services as aiding the production and marketing of goods.

The role of the customer is changing from receiver to co-creator and firms have bi-directional relations with customers, instead of unidirectional transactions.

Firms can only make value propositions as opposed to fixed value offers, and the “value of use” determines the end value of the proposition. Lastly, wealth is defined by the assimilation of knowledge and skills, not by possession of tangible resources and goods.

The professional selling normally seen in B2B relationships has, at least in theory, undertaken the same underlying shifts as marketing in general.
Four distinct eras, or paradigm shifts, of professional selling can be seen: transactional selling, tactical selling solution selling and value selling.

**Value selling** emerged as the current sales model with increased buyer centrality and progressive approaches to solving buyer problems.

Gummesson defines marketing as a culture, an organizational function and a set of processes for creating, communicating, and delivering value with customers and for interacting in networks of relationships in ways that benefit the organization, its customers and other stakeholders.

Marketing should be a cultural, collective consciousness of an organization. Customers should be a part of value creation. Suppliers and customers manage relationships, and long-term results must be prioritized.

Firms offering services with a high degree of complexity often require lots of adaption to the customer’s environment, and customer-specific customization. Their offerings towards clients are highly knowledge-intensive, not just in the actual service or solution offered but also in the implementation at the client firm.

These firms are often referred to as knowledge-intensive business service firms, or KIBS firms. Their primary value-added activities are accumulation, creation, or dissemination of knowledge, with the intent of creating customized services or product solutions for the firm’s clients.

KIBS differ from other B2B services in that they require expert knowledge or knowledge-based solutions. The customer or client is involved in creating the solution, and the exchanges of service provider and client tend to be relational rather than transactional.

Competition is increasing and KIBS firms need to find new ways to efficiently identify clients that will generate the most lucrative long-term business. Growth is seen not only in the increasing numbers of KIBS firms but also in the increased performance of their clients.

The increasingly informed customer will lead to an even greater demand for expertise and knowledge of suppliers. Firms need to find new ways to utilize the informed customer as a co-creator by more proficiently analyzing behavior, both online and offline.

An uncertainty lies in to which extent the operational standards of KIBS firms translate to their marketing and sales efforts, or to what degree they are using potential customers to help shape their value propositions. The research question that has been identified is how the relationships seen in knowledge-intensive B2B marketing are affected by the digitalization of society and the change in buyer behavior that is a result of these societal changes.

**Purpose**

The purpose of this thesis was to identify the effects of digitalization and changing buyer behavior on relationships seen across marketing and sales of knowledge-intensive services in a B2B context. This resulted in a recommendation...
for the case company’s future direction of its marketing and sales functions.

**Methodology**

The research approach for this thesis has been a combination of a descriptive and an explorative study.

The work is presented as a case study on Company X. The research was mainly qualitative, with quantitative data used to solidify results from qualitative interviews.

Company X is a provider of IT and business consultancy. The business areas primarily observed were ERP and Cross Commerce. They offer two different sides of the spectrum regarding digital maturation and buyer interaction.

Interviews were conducted with Company X staff, with buyers of Company X services and with external experts on digital marketing.

An extensive literature survey was conducted both before and during research. The latter was made necessary by the fact that new findings would lead to modifications of intended research areas. The methodology was therefore non-fixed.

**Theory**

The proposed theoretical framework consists of three parts.

Gummesson’s *30 relationships of relationship marketing* cover many different areas of marketing interactions. The relationships carry different weight depending on context of application. Overall, the theory has been shown to remain relevant in the new service-dominant marketing landscape.

The *SWOT matrix* was chosen for collection of insights regarding digitalization. The current strengths and weaknesses of the case company were put in relation to new opportunities and threats in the digitalized marketplace.

Zambito’s *buyer persona canvas* was chosen for research into buyer behavior and how to best generate buyer insight. Other theories were observed to create a better understanding of the buyer persona phenomenon, but Zambito’s model offered a satisfactory approach to data collection.

**General conclusions**

B2B marketing will move to H2H, human-to-human, marketing and carry more similarities to B2C marketing. This was supported by both literature and interviews with external experts.

Marketers will need to know their buyers to know who of them are receptive to digital initiatives and who are not. Personalization cannot be achieved solely via online tracking. There has to be
The human nature of digital interaction is important to be able to sell to real humans, and to respect their previous knowledge of market and product.

Marketing and sales should start from the endpoint of the buyer’s previously acquired knowledge. To really know the buyer requires a lot of work and coordination of marketing efforts. The future salesman should be less dependent on a silver tongue, and more dependent on acquired knowledge about his buyer.

The power balance of marketing is a complex equation. It is up to firms to move to a more listening mindset. The most successful company will be able to use the power of customer conversation to strengthen their own value proposition. Fixed value is a thing of the past as stated in S-D Logic.

To succeed in this requires organization-wide buy-in, and a company culture that promotes increased efforts into digitalized buyer interaction. The challenge that can be seen right now is to know the level of initiative depending on buyer maturity.

A buyer that is not yet digitally inclined should probably not be interacted with in digital channels. A buyer that is very digitally inclined may be a good test pilot for initial strategies.

Long-term consistency, as well as the replacement of the old generation with the new should eventually even out digital maturity among buyers.

Recommendations for Company X

Company X should follow through on its strategy to create a unified brand. This is important to increase exposure of the brand as a thought leader in many different areas of IT and business solutions. It is also important because of the fact that they provide services for the products of partners. Their brand must be visible to increase awareness with potential service buyers.

There should be increased hiring of digitally minded employees to complement the strong traditional relationship marketing that is already present at the company.

Buyers need to be interacted with in their preferred channels. The breadth of operations enables the company to initially start more digital initiatives for some business areas. The successful initiatives may be carried over to more traditional buyers in the future.

Digital content presented under a unified brand will help promote cross-sales. The combination of face-to-face interaction with digital content will increase cross-sales.

Company X should leverage their current strengths of long relationships within their major business area, ERP.

Company X should incorporate digital initiatives using the 70/20/10 rule used by Coca-Cola. The idea here is that 70 percent of digital efforts are known and tested initiatives for their entire business. 20 percent is within new or emerging digital trends. The last 10
percent are initiatives that are completely untested.

The different business areas of Company X are far apart when it comes to digital maturation. It would seem logical that the more digitally inclined business areas are the first to try out initiatives within the more untested 30 percent.

This distinction may not necessarily be limited to business areas. It could also be separated by individual buyers or customers. The good relationship base enables this.

Reflections
The authors believe that the provided framework will provide an interesting view of the convergence of B2B relationship marketing with new digital concepts and more information-aware buyers.

The framework should be applicable for Company X as well as other actors in the industry had a similar study been conducted with a different research object. It should also be applicable to B2B in general and to some degree to B2C, given that the theory of relationships is also relevant to B2C.

B2B was seen as heading towards B2H or H2H. It can be expected that the goal of B2C is to move towards H2H as well. The distinction of B2B and B2C will have lessened impact regarding supplier-buyer communication in the future.

Academic contribution
The academic contribution of this thesis is mainly rooted in the goal to provide a theoretical framework that captured every area of the proposed problem definition.

The authors believe that the presented framework provides a good intersection of assessing relational strength in B2B and B2C, the ability to grade strengths and weaknesses as well as opportunities and threats in digitalization, and lastly the level of current buyer insight.

The models are secondary and may be modified, but the choice to observe relationships, digitalization and more in-depth buyer behavior should provide a holistic view for similar studies.

Future studies
The role of predictive analysis in lead generation should be further examined. This may soon be a crucial component to stay alive in digital marketing.

The thirty relationships of relationship marketing have proved to be relevant long after their creation. The question is whether they will remain useful, or of they will become too complex to apply.

The balance of direct observation of buyers versus automated tracking of digital traces is an interesting development to follow.

The best strategy when creating buyer personas must be identified. The data that is most important to be able to impose the right choices on sales and marketing staff will vary depending on many complex factors.