As those of us in the US Northeast cheer on Spring and wish a good-riddance to one of the nastiest winters in memory, we welcome you to the first issue of the ISBM Academic Newsletter for 2014.

The feature this month, from Raj Grewal and Fred Wiersema representing the ISBM Leadership Board, provides an update on the second of the three new academic priority areas of the ISBM, B2B Buying Behavior. Raj and Fred report on a foundational workshop that has identified a set of issues and related problems that will establish ISBM Research Priorities in this domain in the coming years. Watch for formal calls for related research proposals in future issues of the newsletter.

Gary Lilien provides some initial thoughts on the third of the three ISBM academic priority areas—B2B Customer Analytics. As Lilien points out, B2B Customer Analytics cuts across the other two academic priority areas (see Vol 6, Issue 2 of the Newsletter for a discussion on the first academic priority area, Marketing’s Role in B2B Innovation). Watch for further discussion and developments in B2B Customer Analytics in forthcoming newsletters.

We report on the recipients of the 2013 ISBM Dissertation support awards to two worthy recipients: Aditya Gupta of Penn State and Jameson Watts of the University of Arizona. Congratulations on the excellent work!

Ralph Oliva’s From the Membership column reflects on issues and insights from the most recent Members’ meeting in February in Orlando on The B2B Customer Experience. Academics should find the issues and insights Ralph summarizes provocative and might note the close link with the new ISBM academic priority on B2B Buying Behavior.

Raj Grewal provides an update on current and upcoming IPSS offerings. Some great stuff is going on and there are more good things to come.

The newsletter also contains reminders and updates on the 2014 B2B PhD Camp and the 2014 B2B Academic conference, both of which will be held in San Francisco at the end of July. Please plan to join us there!

Do enjoy the newsletter and keep in close touch!
B2B Leadership Board Update:
B2B Buying Behavior: Emerging Themes for Research and Practice

To follow up on the previous ISBM Research Newsletter’s call to action on B2B buying behavior,¹ the ISBM hosted a formative mini-conference on this priority topic in Orlando, FL in February. This small, invitational meeting addressed four themes, and brought up a number of research questions that warrant further inquiry.

Theme 1: Centralization of B2B Buying

*Discussion Leaders:* Robert Lusch and Lisa K. Scheer

Supply chains are getting more complicated, which, along with many global quality, governance and compliance imperatives may create an impetus for B2B firms to centralize their purchasing function to mitigate rising purchasing and transaction costs. So far, no clear picture exists of how these dynamics affect buying processes and what the implications are for sellers and suppliers.

Several research questions emerged, including:

- Under what conditions are and could purchasing’s challenges be handled more effectively with a decentralized rather than with a centralized approach?
- Is outsourcing of particular purchasing functions a viable alternative or complement to centralized buying?
- What are the downsides of centralized purchasing and group decision making in various contexts? Are firms that move towards (de)centralized purchasing performing better, and if so, on what dimensions?
- What influences and implications could the internet have on B2B buying behaviors and the ability of virtual purchasing groups to collaborate, and how could that impact centralization?
- How can research on group psychology and network interactions – not just dyads – better address group decision making (especially in centralized buying)?

Theme 2: Increasing Sophistication of Sellers

*Discussion Leader:* Robert E. Spekman

Suppliers’ shift from selling products and services toward providing more complete solutions including a value-creating usage experience requires a more intimate knowledge of customer businesses, and the consideration of collaborative buyer-seller connections.

Several research questions emerged, including:

- How could such a shift affect (and be affected by) evolving buying behaviors? What factors require consideration in developing a more granular typology of buying situations?
- With solutions changing the nature of offerings from products to a wide range of related flow of services and activities—sometimes including performance-based contracting and buyers ‘renting’ rather than purchasing various inputs)—what organizational capabilities are required beyond marketing and sales?
- What is the role of marketing versus sales in understanding buyer behaviors and alternative customer selection models: is there a joint marketing/sales role here?
- Are there indirect ways to infer what customers value? For example, unobtrusive observation; tracking of buyers’ use of internet/other resources and communications, etc.

Theme 3: Advances in Technology

*Discussion Leaders:* Murali Mantrala and Aric Rindfleisch

Advances in information and production technology are changing the manner in which firms buy and sell products; examples include the use of electronic markets,

¹ http://isbm.smeal.psu.edu/research/newsletter/research-newsletter

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B2B Leadership Board Update:

B2B Buying Behavior: Emerging Themes for Research and Practice (cont.)

the globalization of the R&D function, and emergence of distributed manufacturing due to technologies such as 3D printing.

Several research questions emerged, including:

- “Old” buying behavior models such as Buy-Grid may be outdated. Where and how could we update existing models to get them aligned with new realities?
- Is the nature of negotiations changing under these new technological conditions?
- “The internet changes everything”, but are these changes consequential in terms of performance?
- How will these information and communication technology trends affect selling costs?
- Are buyers’ new R&D/production technologies making them more aware than sellers of implications for their firms and the new requirements that are emerging?
- If the role of the salesforce as information provider is diminishing, what is the new role of sales?
- Can industrial/B2B firms learn from parallel developments in other areas (e.g., the evolution of media firms)?
- Much innovation in local markets stems from local and not multi-national suppliers (with often a focus on developing lower priced offerings). What are the implications for effective management of innovation and new product development?
- Issues such as ethics, corruption, and ‘under the table transaction costs’ are important. How can such issues be researched and integrated into a coherent global strategy.
- Do local firms have greater legitimacy in local markets than global firms? If so, how best can non-local firms acquire legitimacy?
- How are buying models different when selling to governments, often the biggest buyers in emerging markets and also, often door-openers to subsequent selling to other entities?
- Can we learn from non-standard (outlier) buying (and selling) models in these various markets?

What’s next?

Our mini-conference generated a number of questions for further consideration. It was also apparent that B2B Customer Analytics is expected to play a prominent role in addressing issues that were raised (see Lilien’s article elsewhere in this newsletter), an issue we will be exploring further in future newsletters.

In the meantime, the discussions leaders and other workshop participants are developing an article that lays out a research agenda around these four themes. The ISBM plans to fund research in these domains, so stay tuned.

Please feel free to contact us with your comments and suggestions.

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Readers and those connected with the ISBM have noted that, following Fred Wiersema’s B2B agenda, the ISBM has sharpened its research and practice focus onto three main areas or pillars:

1. Marketing’s Role in B2B Innovation (see Newsletter Vol 6, Issue 22—with Abbie Griffin, as Program Director)
2. B2B Buying (see article by Raj Grewal and Fred Wiersema in this issue—with Raj as Program Director)
3. B2B Customer Analytics (with Hari Sridhar as Program Director)

We are well along with defining and refining our focus and developing research priorities in the first two areas. The third area is a bit more nebulous—and requires an answer to the question: “What is so special about B2B Customer Analytics?” After all, there is considerable work going on in Customer Analytics in general; most readers are likely aware of Wharton’s Customer Analytics Initiative for one example.

Here are some initial thoughts on B2B vs B2C, drawing from Chapter 1, p. 3, of our B2B Handbook:

B2B marketers typically focus on far fewer and more varied customers, using more complex and more technically oriented sales processes than appear in consumer marketers. The complexity (multiple stakeholders – financial analysts, purchasing agents, engineers, manufacturing managers, lawyers and others – all of whom proceed through an intricate, multi-stage decision-making process) has led to a field of study specific to B2B marketing called ‘organizational buying behavior’. The presence of a few powerful customers, which often account for a heavily skewed percentage of sales (for example, a telecom firm may count ExxonMobil and General Electric among its business customers but also serve hundreds of thousands of small to medium-sized enterprises), means that many common and powerful statistical tools, data mining methods and other research tools popular in the B2C domain are either inappropriate or must be adapted to the B2B domain. In addition, many B2C transactions still occur through common channels (for example, consumer packaged goods in retail stores, so retailers can host and capture data about the competitive consumer marketing landscape), but transactions in the B2B realm, especially larger ones, tend to be private, direct sales that often involve extensive negotiations or that occur through downstream distribution channels. Thus, data about the nature of the customer and the terms of the transaction are far from transparent.

In both B2B and B2C marketing advances in customer data collection (Big Data), data concatenation (e.g., merging transaction data, CRM data, sentiment analysis, web log data and others) and data analysis abilities provide opportunities to improve:

Acquisition of New Customers (identifying and converting high potential prospects into customers)

Cross-Selling (identifying what complementary products and services should be offered to a customer at the time of sale)

Upselling (increasing the share of customer requirements a firm provides a customer after acquisition)

Retention (identifying potentially valuable customers that are at risk of attrition)

Use of advanced customer analytics provides support for a profitable, cost effective program of Segmentation (how do customers/prospects differ?), Targeting (which customers should be contacted in what ways, with what programs, when?), Resource Allocation (how marketing resources—marketing communication spending and selling effort—should be allocated to customers and customer groups), and Pricing decisions (for standard and customer-specific solutions).

The critical differences between B2B and B2C Customer Analytics from the discussion above include:

- a far more heterogeneous customer base on the B2B side,
- fewer but higher revenue transactions in B2B,
- B2B buying, with multiple decision makers in a networked buy,
- far more central role of personal selling in B2B,
- far longer purchase cycles in B2B,
- more complex, heterogeneous channel arrangements, with associated customer data challenges, and
- the more global nature both on the supply and demand side of B2B markets.

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2. http://isbm.smeal.psu.edu/research/newsletter/research-newsletter
3. www.wharton.upenn.edu/wcai/
4. http://isbm.smeal.psu.edu/research/b2b-handbook

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2013 ISBM Doctoral Support Awards Competition Winners Announced

The Institute for the Study of Business Markets (ISBM) is pleased to announce the winning entries in its 2013 Dissertation Support Award Competition, selected from a total of forty-two entries. Each are named ISBM Business Marketing Doctoral Fellows:

**Aditya Gupta** of The Pennsylvania State University  
*Key Account Profitability in Business Markets: Seller Intrafirm Network and Buyer-Seller Interfirm Network*  
Ph.D. Advisors: Professors Rajdeep Grewal and Gary L. Lilien

**Jameson Watts** of the University of Arizona  
*Alliance Signals: An Information Theory of Strategic Partnership in Technology-Intensive Industries*  
Ph.D. Advisor: Professor Robert F. Lusch

Dissertation competition entries are judged on the rigor of the proposed work and the relevance of that work to B-to-B marketing practice. Each winner will each receive grants of $7500 to support their research.

This ISBM award has supported outstanding B-to-B dissertation work since its inception in 1991. For information about the competition see [http://isbm.smeal.psu.edu/research/research-funding-pages/doctoral-awards-competition](http://isbm.smeal.psu.edu/research/research-funding-pages/doctoral-awards-competition).

Congratulations to all!

B2B Customer Analytics: The Third Pillar (cont.)

Additionally, advances in technology (e.g., Internet penetration, social media) likely differentially impact B2B and B2C Customer Analytics opportunities and challenges.

B2B Customer Analytics, Pillar 3, is a bit different from Pillars 1 and 2 in that Pillar 3 can be viewed as a means to address challenges posed by Pillars 1 and 2 as well as others. Indeed, B2B Customer Analytics (Pillar 3) could be used to develop deeper insights into B2B Buying Behavior (Pillar 2) that result in improvements in B2B Innovation (Pillar 1).

In the coming months and in future issues of this Newsletter, you will read more about this key initiative, more likely from Hari than from me.

In the meantime we urge you to send your research ideas and perspectives about B2B Customer Analytics either to me at GLilien@psu.edu or to Hari at sus55@psu.edu. We are particularly interested in research ideas that also support Pillars 1 and 2 above.

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**IPSS Update**

We have two popular courses under way this Spring semester: Gerry Tellis is teaching Innovation Strategy and Stefan Wyuts is teaching Social Networks. I want to thank both these scholars on behalf of the Ph.D student community for spending their valuable time on what is truly a service to the discipline.

I am pleased to announce the two courses we will be offering this coming Fall semester: Mike Ahearne will teach a course on Sales Management and Sundar Bharadwaj will return to teach the course on Marketing Strategy. Look for details for these two courses over the summer. Details will be posted to our website.

Please bring these two seminars to the attention of your promising B2B Ph.D. students. Students should register online at [http://isbm.smeal.psu.edu/researcher/ipss.html](http://isbm.smeal.psu.edu/researcher/ipss.html). Additionally if you have any other feedback or suggestions, please do not hesitate to contact me.

Raj Grewal  
Director - IPSS  
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From the Membership:

The B2B Customer Experience: The Last and Only Real Differentiator?

Key thoughts and insights from the ISBM Winter Meeting

A critical focus on managing the customer experience has historically been considered part of the business-to-consumer marketing practice. Thought leaders such as Lou Carbone, author of Clued In, has invented tools, frameworks and approaches for identifying pain points, and sending clues to convince consumers how much the firm values them. Such approaches have proved to build loyalty and stronger relationships in the B2C marketing space.

The ISBM Winter Meeting, February 19-20 in Orlando, FL, examined the customer experience in the B2B domain, and how that experience can be a powerful differentiator in the normally left-brained world of business markets.

Lou and one of his clients – Bill Becker, worldwide brand manager for John Deere – set the stage. Lou argued that we constantly create rational excuses for the emotional decisions we make, and he outlined a framework for thinking through customer experience management.

Bill Becker discussed how Deere has implemented that approach, showing that as valuable as Deere’s products are to a farmer’s business, it is the total experience that farmers have with Deere throughout their lives that is key to the value Deere delivers. He noted that radical changes in the business environment are leading to more open firm boundaries, meaning that we must assume that everyone inside the firm can be in free conversation with everyone inside the customer’s firm. Although this assumption brings loss of control, Bill framed it as an opportunity for Deere.

Bill described how he created a team of brand ambassadors to teach all Deere employees what the firm wants the Deere brand to mean and what the customer experience to be like – no matter who is mediating the experience.

This presentation and others highlighted the need for research on the role of the customer experience in B2B, and what the dimensions of experience quality, and the ROI on initiatives like Deere’s brand ambassadors.

Paul Adair, Director of Strategic Pricing for PolyOne, addressed how his team mobilizes detailed pricing data beyond “average price received” to continually tune their pricing strategies. PolyOne builds playbooks for customer segments to enable their salesforce to create different experiences at different levels of cost-to-serve for each segment, demonstrating that the management of pricing can be a positive part of the customer experience.

Brian Sharp of Sealed Air/Diversey shared a B2B segmentation and an innovative approach to putting it to work. He described a simple four-part segmentation, and for each segment came up with terms the salesforce could easily implement in terms of a segment appropriate customer total experience—including a pricing approach. The customer experience for customers who are “Strategic Partners”, they developed an offering and total experience package named “Open Bar” for “Trusted Partner” customers – “Cash Bar,” for “Easy Switchers” – “Vending Machine.” He showed how the firm developed detailed playbooks on creating an experience for each segment - pre-negotiation, during negotiation, and after negotiation – with guideposts along the way.

Brenna Larson and Brian Larabee of Rogers Corporation discussed how Rogers uses customer advisory panels to both gather customer insight as well as create positive customer experiences. They shared details discovered through years of experimentation. For example, their process involves exactly 8 partner customers and 8 Rogers people, careful rules involving the spirit of partnership, open sharing and dialog, confidentiality, and focus on issues pertinent to all attending panel members. Rogers considers these panels key experiences that enable greater success in new offering development, earlier identification of problems and opportunities with a measureable impact on profitability.

Duane Dickson and Omar Hoda from Deloitte outlined how they manage the customer experience at various parts of the “engagement life cycle” to inform offering design. Quoting a client CFO: “Customer experience is French for cost,” Hoda countered by illustrating how managing experience well can pay dividends in more successful, products, services, and lower cost to serve.

TJ Andre of the Nanumett Group sketched a “brand process delivery chain,” and how gaps develop as you move from goals to promises to behaviors to measures to business outcomes. He outlined a process of ongoing validation, measurement, and management to help build powerful experiences – based on a focus on the customers’ customer.

Reza Soudagar of SAP described cases in the mobilization of data to identify, optimize and create points of experience that build differential value. He cited work with the Mexican cement continued on page 7
From the Membership:
The B2B Customer Experience: The Last and Only Real Differentiator? (cont.)

company, CEMEX, in mobilizing data to create experiences that are very different from just “delivering cement.” Through innovative use of information technology and management of the total experience, CEMEX has moved to take the leading share of their category in many U.S. markets over the past decade.

Linda Piontek and Lynn Yanyo from Brand Integrity shared an approach to mobilizing employees every day to create superior customer experiences. Their process (outlined in Gregg Lederman’s book, Engaged,) begins by defining core values and detailing the ideal brand experience, then implementing a careful mix: 1% training, and 99% reminding. A key element of their approach is what they term “strategic recognition:” thanking employees who deliver a good experience in ways that teach others how to do it. The Brand Integrity approach demonstrates a strong correlation between employee engagement and bottom-line impact.

The presentations and interactions at the meeting underlined many ways the customer experience can be managed, how pricing can be a positive part of that experience, how managing an excellent experience for your customers can be a real differentiator – and need not drain margin. The total experience customers have with a firm are the result of many touch points and because of today’s new media, the number of touch points is greatly expanded – not just in the hands of a few sales or customer service personnel. Virtually every employee can be an important source of touch point. Some touch points a firm own” and can try to manage. Today, however, many touch points are no longer owned by the firm, they’re coming from other customers, competition, gurus on the internet, etc.

A testable research hypothesis emerging from the meeting is that the firm that understands and manages those touch points better than competitors will earn one of few sustainable advantages for B2B firms looking forward. I encourage academic readers to consider taking up this and other questions around the B2B customer experience as part of their research agendas.

To view a webinar on this topic, see http://peachnewmedia.informz.net/z/cjUucD9taT0zMTk4MzczJnA9MSZ1PTc-5MjA5NTYyNSZsaT0xNzk4MzU4OA/index.html.

San Francisco State University to Host
2014 ISBM B2B Academic Conference, July 30-31

Mark your calendars and register!
San Francisco State University will be hosting the 2014 ISBM B2B Academic Conference in San Francisco, July 30-31 (immediately preceding the Summer AMA Educators’ Conference). The venue is the Downtown Center, San Francisco State University, College of Business, 835 Market Street. The conference will kick-off Wednesday, July 30th at noon and continue until 5:00PM on Thursday, July 31st, ending with a cocktail reception.

The Conference will be preceded by the 2014 B2B PhD Camp (see notice elsewhere in this newsletter).

The objective of the conference, as always, is to develop new ideas and new ways to address the pressing issues at the interface of the B-to-B academic communities; generate new research approaches and ideas; and to provide a forum for interaction amongst the world’s leading B-to-B researchers.

This conference will highlight the ISBM’s new strategic focus on research in three domains:
1. B2B Innovation to Enhance Business Growth
2. B2B Buying Behavior
3. B2B Marketing Analytics


If you have any questions or suggestions for the conference, please feel free to contact either of us.

We hope to see you there!
Raj Grewal, rgrewal@psu.edu
Gary L. Lilien, GLLilien@psu.edu
Conference Co-Chairs
ISBM Ph.D. Student Camp for Research in B-to-B Markets to be held July 2014

Reminder! The 6th ISBM Ph.D. Student Camp for Research in Business-to-Business Markets will be held July 29-30 at San Francisco State University’s College of Business Downtown Center, 835 Market Street, San Francisco, CA. The ISBM Business-to-Business Markets Academic Conference, which also will be held at the Downtown Center, begins immediately after the Camp and continues through July 31. The AMA's Summer Marketing Educators Conference begins August 1 nearby in San Francisco.

The Camp is designed for students who have completed at least one year of doctoral work and have an interest in B-to-B marketing and management. There are no geographic restrictions; students in marketing, strategy, management, innovation and R&D management, information systems, business logistics, supply chain management and other fields will find the camp beneficial.

The purpose of the Camp is to enable students to interact with prominent faculty and promising young scholars. Students will learn about research opportunities in B-to-B marketing, strategy, and management; sources of data, funding and research guidance; and strategies for developing promising research projects that can generate quality research articles in top academic journals. Students have the opportunity to have their research ideas constructively critiqued by experienced scholars.

Doctoral students participating in the camp also can take part in two optional workshops. Immediately before the Camp, Professor Ajay Kohli is offering a Workshop on Theory Construction (July 28-29) which is designed to help students understand the nature of a theory, the theory construction process, and the skills needed to build interesting and impactful new marketing theory. Immediately after the ISBM Conference, Professor Gary Lilien is conducting a Communications Workshop (August 1) in which he will share insights about writing attractive, impactful academic articles and making compelling academic presentations at seminars, conferences and job talks.

There is a small fee to attend; most meals will be provided. See http://phdcamp14.isbm.org for details. Attendees and their schools will be responsible for travel and lodging costs. The camp is jointly sponsored by the Institute for the Study of Business Markets (ISBM) at Penn State and San Francisco State University, with support from the Marketing Science Institute (MSI).

Other useful information can also be found at the Facebook group: ISBM PhD Camp & Conference. If you have questions, please contact Lisa Scheer (Scheer@missouri.edu) or Abbie Griffin (abby.griffin@business.utah.edu).

In 2012, 37 students from 12 countries attended the B-to-B Camp, interacting with 25 faculty. We hope students and faculty from all over the globe will attend this event in 2014.

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We would love to hear from you. If you wish to comment on any of the articles (or have thoughts for future articles), please pass them on. Your suggestions will make the newsletter better and more responsive to your needs. Please email your correspondence to:

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