

The production phase in the buying process as research gap

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Abstract:

Communication is the most important element for a successful completion of the buying process. Salespeople need to be in constant communication with their customers throughout the entire buying journey. However, communication during the phase in which a good is manufactured has rarely been studied. To highlight this issue, this paper will give an overview of the phases and communication tools. Using a single-case study of a mechanical engineering company, this paper shows for the first time which communication tools are used during the production phase of the buying process and identifies reasons why this phase has been neglected in the marketing literature so far.

Keywords: Buying Process, Production Phase, Communication

Track: Business-To-Business Marketing & Supply Chain Management

1. Introduction

Due to the complexity of goods, the amount of investment, the multitude of people involved and the heterogeneity of needs, intensive communication between buyer and seller is essential throughout all phases of the buying process (Mora Cortez & Johnston, 2017).

With the increasing number of new media and an expanding networked and digitalized business environment, customers can contact suppliers of B2B goods in a variety of ways and at different times. This transforms the buying process into a journey with different touchpoints (Mora Cortez & Johnston, 2017; Boyd & Koles, 2019; Steward, Narus, Roehm, and Ritz, 2019). As Müller Csernetzky, Kleiderling, Kowalkowski, Østerlund, West, and Stoll (2020) emphasize, value has to be consistently created at all stages of the customer journey and within all touchpoints. To create value along the whole buying journey, a fundamental understanding of how communication takes place in each phase is required. In the attempt to outline the communication along the purchasing process, it became apparent that little is known about how the communication between customer and seller takes place within the production phase of an industrial good.

Therefore, the aim of this paper is to allocate the various communication tools to the different phases of the buying process and to show which communication tools are used within the production phase. It explains the reasons why this phase has not received any attention in the literature so far and shows why communication in this phase deserves more attention. Therefore, I want to answer the following research questions:

RQ 1: Which communication instruments are used during the buying process?

RQ 2: Why has the production phase been ignored in the purchasing process so far?

RQ 3: Why should the production phase be investigated?

2. Methodology

To provide answers for the research questions, an intensive literature research was conducted. The mentioned communication tools were collected and assigned to the different stages of the buying process. Due to the lack of information in the marketing literature on communication tools during the production phase, a case study approach was used to gain an initial insight (Yin, 2010). In addition, the findings from the literature regarding the communication tools within the other phases could be confirmed.

The subject of the single-case study was a German medium-sized mechanical engineering company that manufactures lasers and bending machines, which is exemplary for the typical “Mittelstand”, which mainly drives the German export success (Mora Cortez & Johnston,

2017). Like other industrial manufacturers, the case study company has adopted a service-centred view (Powers, Sheng, and Li, 2016). With a combination of goods and services, they want to establish themselves as a leading solution provider in the field of sheet metal processing in order to differentiate from their competitors.

To identify the communication tools used during the production phase, the communication between buyer and seller was observed over months.

3. Buying Process

In the marketing literature, different models illustrate the B2B buying process. A widespread and well-known classification of the buying process is the division into the three phases pre-purchase, purchase and post-purchase (see Lemon & Verhoef, 2016; Boyd & Koles, 2019). Webster and Wind (1972) develop a framework with four stages and Cano, Boles, and Bean (2013) propose an eight-stage model. To identify the communication tools along the buying process, the five-stage framework by Backhaus and Günter (1976) is used, because it reflects the phases within the case study manufacturer most appropriately. According to this framework, the buying process consists of Initiation Phase, Presentation Phase, Negotiation Phase, Production Phase and Operating Phase (see Figure 1).

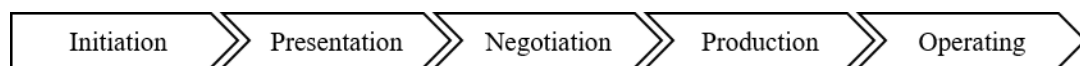


Figure 1. Business-to-Business Buying Process (inspired by Backhaus & Günter, 1976).

The communication tools used within the buying process are increasing due to new media. This variety and multiplicity of media raises the number of customer touchpoints (Lemon & Verhoef, 2016). A touchpoint can be defined as any directional or non-directional moment when a customer and a company encounter each other (Homburg, Jozić, and Kuehl, 2017). To get an overview of all these touchpoints, a short description of the stages of the buying process is given and the communication instruments are assigned.

3.1 Initiation Phase

The first stage of the buying journey begins with the first contact between the customer and the supplier (Mora Cortez & Johnson, 2016). It includes the recognition of a need and the search for a solution and the determination of general characteristics (Bellizzi & Walter,

1980). Therefore, the customer collects information about various providers (Backhaus & Günter, 1976).

To attract the customer's attention, companies use a variety of communication tools, which are trade show, events, face-to-face-communication, phone calls, e-mails, social media¹, websites, branch magazines, sponsoring and recommendations (Banting & Blenkhorn, 1974; Andzulis, Panagopoulos, and Rapp, 2012; Mora Cortez & Johnston, 2017; Boyd & Koles, 2019; Fraccastoro, Gabrielsson, and Pullins, 2021).

3.2 Presentation Phase

In this phase, the customer, accompanied by a salesperson, receives a comprehensive overview of the company's range of products and services. The characteristics of the good are specified (Bellizzi & Walter, 1980). With the complexity of the goods and the need to share knowledge, this phase requires direct communication. Salespeople have to listen very carefully to discover the needs of the customer and to transfer them in good characteristics. The customer is given the opportunity to see the investment in real life and, if desired, can use it to collect first impressions how it works and feels. In the case of trade fairs or other events, this phase can take place at the same time as the initiation phase. If the quotation meets the client's needs, the presentation phase is followed by the negotiation phase.

Communication instruments in this stage are face-to-face communication, live-demonstrations in experience centers, trade shows, events, social media, websites, branch magazines, phone calls, e-mails (Andzulis et al., 2012; Mora Cortez & Johnston, 2017; Fraccastoro et al., 2021).

3.3 Negotiation Phase

In the negotiation phase, different quotations are evaluated and renegotiated within the buying center. At the end of this phase, an order is placed and the deal is closed (Andzulis et al., 2012; Bellizzi & Walter, 1980). For contractual clarification, written communication becomes more important in this stage, which includes e-mails and written contracts, as well as phone calls, face-to-face communication and social media. Furthermore, negotiations can be conducted during trade shows, events and live-demonstrations (Andzulis et al., 2012; Cano et al., 2013).

¹ The term social media includes all internet-based applications where user-generated content can be provided and exchanged, such as YouTube, Instagram, Facebook, Twitter, blogging platforms (Kaplan & Haenlein, 2010).

3.4 Production Phase

After the contract has been closed, the actual value creation begins on the supplier's side. The order is processed by order management, necessary input factors are provided by purchasing and the production of the industrial good according to the customer's requirements starts. Although a concrete start and end point can be defined for this phase, unlike the others, it is not possible to say how long this phase will last. In the company in the case study, the production duration lasts between four and twelve weeks, depending on the type of machine.

Despite intensive literature research, no information could be found which communication instruments are used during this phase. Therefore, only the case study company provides a reference, which mainly uses e-mails and phone calls. Further communication tools were not mentioned at all.

3.5 Operating Phase

In the operating phase the industrial good is commissioned and running, so this stage is the longest and takes year or decades (Witell, Kowalkowski, Perks, Raddats, Schwabe, Benedettini, and Burton, 2020). Suppliers try to support the customer in the best possible way and to ensure the safe operation of the product. In addition, they also try to sell other suitable products or services to the customer. Customers are also asked to evaluate the purchase process and to provide feedback to the supplier so that the latter can learn from their experience (Andzulis et al., 2012).

In last stage of the buying journey, the goal is to stay in contact with the customer. Therefore, a lot of media are used including e-mails, chatbots, face-to-face-communication, phone calls, social media, branch magazines, websites, events, trade shows (Andzulis et al., 2012; Paschen, Wilson, and Ferreira, 2020).

Figure 2 summarizes the results of the communication tools during the buying process. It shows that the least communication takes place in the production phase, which leads to the consideration and the interaction between supplier and customer is correspondingly low.

Now, one might assume that communication is not as important in this phase compared to the others, but this is not the case.

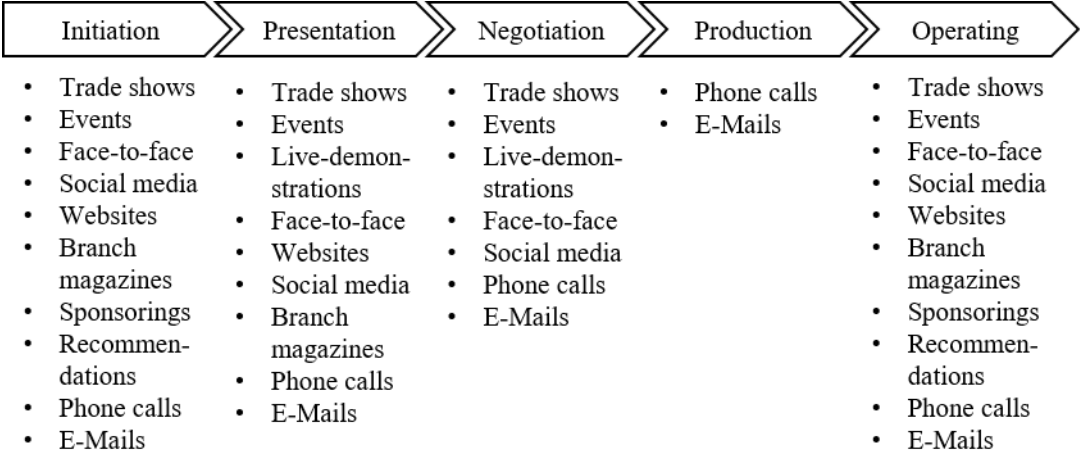


Figure 2. Business-to-Business Buying Process with communication instruments.

4. The Role of Production Phase in the Buying Journey

To become a solution provider, like the company of the case study wants, a deep understanding of how value is created “through the eyes of the customer” (Brady, Davies, and Gann, 2005, p. 362). In order to do this, it is necessary to understand what happens on the customer side during this phase.

The customer has to wait and to prepare the commissioning of the industrial good. The own value chain must be adapted and the users need to be trained. Accordingly, new members participate in the buying journey who were not previously involved in the purchase decision and who also connect with the provider through different touchpoints. For example, the supplier's order management has to coordinate with the customer's staff regarding planning and organization the delivery and commissioning of the industrial good. The new members may have different expectations and levels of knowledge and may not necessarily know the contract details (Pfürtsch & Godefroid, 2013). These uncertainties can lead to long waiting times for an e-mail or callback, which could cause a negative customer experience that makes it difficult to build a trusting customer relationship (Witell et al., 2020). If a lack of communication causes unnecessary burden for the client's employees, the buying center faces the question, if the buying decision was right (Matthyssens & Vandenbempt, 2008; Pfürtsch & Godefroid, 2013). Within industry relationships, irreconcilable conflicts may arise, which can overshadow any positive impressions that have been made (Powers et al., 2016). Therefore, sellers need to minimize the potential for conflict with customers at all stages of the buying process. This includes the production phase, which carries a high risk of conflict.

5. Reasons for ignoring the Production Phase in practice and research

As it turns out, the production phase carries the risk that the deal will fail. Therefore, no company can afford to neglect communication this stage. Hence, it is surprising that the marketing literature still has not looked more deeply into the production phase. However, some reasons for this failure can be found.

1. Interdisciplinarity of the production phase

The production of an industrial good is predominantly considered to be part of supply chain management, which deals with the physical aspects of distribution. However, since the production phase is also a part of the buying process, a one-sided view only from the supply chain perspective is insufficient. The discussion in this paper shows, that this phase also includes marketing issues and emphasizes the need for a combined view (Alvarado & Kotzab, 2001).

2. Terminology blurring

During the literature research, an inconsistent use and mixing of the terms buying process, buying decision process and buying journey, e. g. in (Choffray & Lilien, 1980), was observed. Within the buying process, a series of decisions are made at each stage (Cano et al., 2013). The buying decision process ends with the signing of the contract at the end of the negotiation phase, but the buying process and thus the buying journey continues. The customer keeps gaining experience with the supplier and will decide again and again in the course of the production phase and operating phase whether the expectations are fulfilled and whether the right decision has been made. Accordingly, the production phase is also to be understood as a proper part of the buying process, where touchpoints have to be identified and improved in order to generate value for the customer. However, there are no studies in the marketing literature regarding the communication tools used in this phase and the information needs of customers. Accordingly, there are no approaches to optimizing communication in this phase.

3. Data Collection issues

Like Lilien (2016) stressed out, there is a lack of connection between practice and research. Compared to the Business-to-Customer section, it is more difficult to collect data in

a Business-to-Business environment. In addition, data regarding production and delivery times are sensitive and not every company is willing to share this information.

4. Declining interest of sellers

Closing a deal is one of the primary goals of sales. The salesperson has done the job well and turns attention to other tasks and seeks new customers. Accordingly, the salesperson's further interest in the customer is low during the production phase. The members of production, on the other hand, do not know the customer and concentrate on the production of industrial goods. Because the companies are not aware of the value potential during this phase, there is no clearly defined person responsible for maintaining communication with the customer.

6. Conclusion and Implications

Continuous communication throughout all phases of the buying process, including the production phase, opens up different approaches to create value for the customer. By responding quickly to customer requests, uncertainties and acquisition costs on the customer side can be reduced (Cannon & Homburg, 2001; Matthyssens, Bocconcelli, Pagano, and Quintens, 2016). Reducing the costs of coordination and organization through responsiveness and 24/7 access to information can generate value for the customer (Cannon & Homburg, 2001; Seth, 2019). By saving resources on the customer side, the supplier demonstrates its customer orientation and qualifies itself as a reliable partner who thinks beyond its own value chain and who always has the customer's interests in mind (Brady et al., 2005).

In order to create value during the production phase as well, research is required. First of all, an empirical survey has to be carried out to determine which communication tools are used during this phase. Furthermore, all participants on the customer and supplier side who interact with each other in this phase must be identified. It is necessary to know what the customer expects from the supplier and which information interests exist. Afterwards, a clear communication strategy can be developed to enable a consistent and qualitative exchange between both sides. By intensifying communication, the supplier becomes better acquainted with the customer and gains deeper insights into the customer's value chain. This more intensive knowledge about the customer strengthens the customer relationship and turns it into a unique one.

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