

# Customer Concentration and Firm R&D

**Xinming He**

Durham University

**Shan Zhao**

121 Baidi Road, Nankai District 300071 China Email:

**Baichao Ma**

School of Economics and Management

Cite as:

He Xinming, Zhao Shan, Ma Baichao (2024), Customer Concentration and Firm R&D.  
*Proceedings of the European Marketing Academy, 53rd, (117730)*

Paper from the 53rd Annual EMAC Conference, Bucharest, Romania, May 28-31, 2024



# Customer Concentration and Firm R&D

## **Abstract**

Building on resource dependence theory (RDT) and attention-based view (ABV), this research examines the impact of customer concentration (CC) on a firm's R&D investment and its conditional factors. We argue that a firm that heavily relies on a limited number of major customers will have a lower level of R&D investment due to its customers' greater bargaining power. Moreover, financial constraints and management myopia, representing the inability and unwillingness mechanisms, will exacerbate the negative effects on the firm. Using proprietary data from Chinese A-share listed firms spanning 2008-2017 (16,276 firm-year observations), the findings confirm that (1) the degree of CC is negatively associated with a firm's R&D investment, and that (2) the adverse impact intensifies with higher financial constraints and greater myopic management.

**Subject Areas:** *Business-to-Business Marketing*

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