

Winning the Public Buyer: Strategic Drivers of Success in Business-to-Government Markets

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Abstract

Selling to the government is characterized by stringent procedures and restricted communication, making it difficult for suppliers to differentiate themselves in business-to-government markets. This paper examines how innovation intensity and corporate political activities, such as lobbying and political action committee (PAC) contributions, shape firms' success in securing government contracts. Using panel data from 378 healthcare firms (2013-2019) and a Heckman selection model, we uncover an innovation paradox: moderately innovative firms are more likely to win government contracts, while highly innovative firms are disadvantaged. This finding challenges the common view that public procurement stimulates private-sector innovation. We also find that PAC contributions have no effect, and lobbying only benefits firms with moderate innovation. This research offers a new perspective on how firms gain a competitive advantage in the constrained, formalized environment of public procurement.

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