

The Impact of Online, Peer-to-Peer Professional Reviews on B2B Buying Behavior

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WHERE B2B MANAGERS MEET AND LEARN

James A. Narus, Ph.D.
and Michelle D. Steward, Ph.D.
With special guests Andy Kohm and Rich Blank

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On the Agenda



- B2B Decision-Making and Models
- What Impacts B2B Decision-Making?
- B2B Reviews—Internal and External
- Customer Engagement
- Field Experiment—Hypotheses and Results
- Implications
- Insights from Our Special Guests
 - Andy Kohm, Co-founder and CEO of VendOp
 - Rich Blank, Pre-Sales Solutions Specialist at Jive Software

How Do You Find a Great Restaurant in Buckhead?



Ask Wes!



Search Yelp*

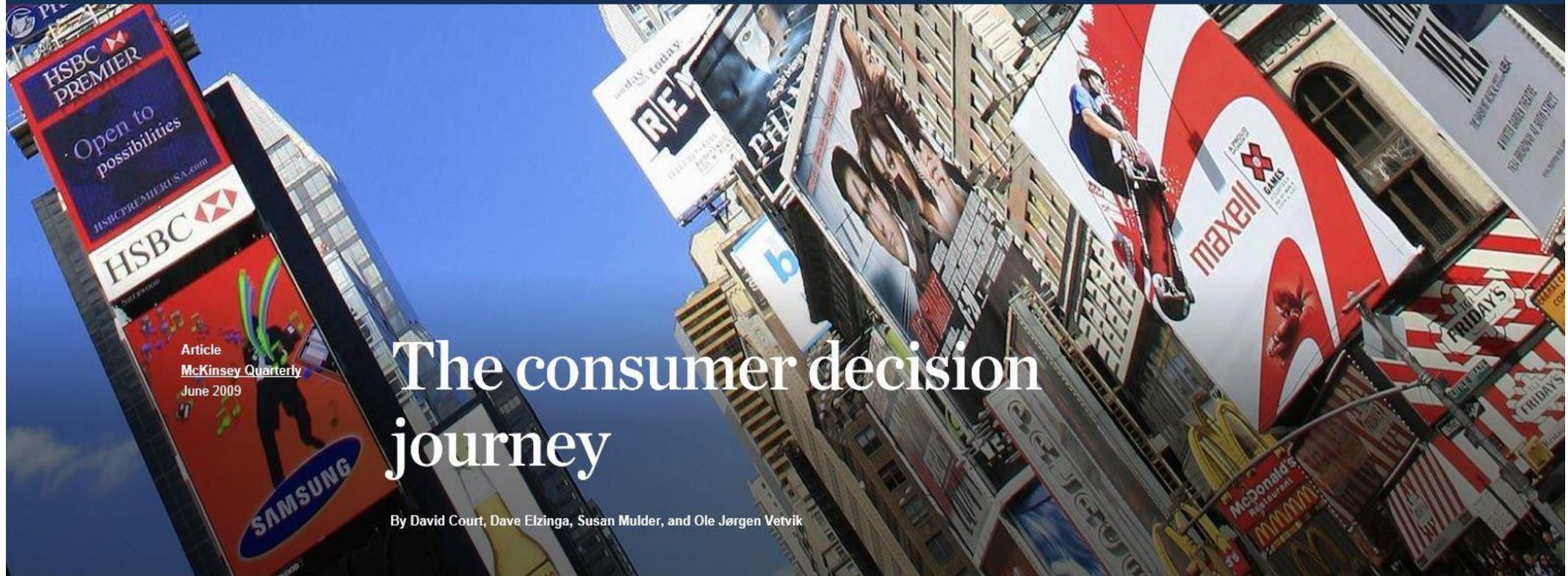
How Do You Find a 3-Way Stainless Steel Ball Valve?



VendOp

Where do you go to learn and share solutions to problems your company faces?





Article
McKinsey Quarterly
June 2009

The consumer decision journey

By David Court, Dave Elzinga, Susan Mulder, and Ole Jørgen Vetvik



Consumers are moving outside the marketing funnel by changing the way they research and buy products. Here's how marketers should respond to the new customer journey.

Most Cited Academic Marketing Buying Process Models

Robinson, Faris, with Wind (1967)

Webster & Wind (1972)

Sheth (1973)

Cyert, Simon, & Trow (1956)

Webster (1965)

Johnston & Lewin (1996)

Bunn (1993)

Dempsey (1978)

Vyas & Woodside (1984)

Håkansson & Wootz (1975)

Organizational Buying Behavior: Toward an Integrative Framework

Wesley J. Johnston
GEORGIA STATE UNIVERSITY

Jeffrey E. Lewin
GEORGIA STATE UNIVERSITY

This article analyzes and summarizes the 25 years of research on organizational buying behavior that followed the seminal works of Robinson, Faris, and Wind (1967), Webster and Wind (1972), and Sheth (1973). Based on a review of 165 articles, the authors present an integrated model of organizational buying behavior that both combines the propositions of the original three works and incorporates several new constructs that have emerged over the past 25 years. In addition, the authors identify some of the important findings associated with the past research in organizational buying behavior. Each article citation in the Reference Appendix includes a list of the organizational buying behavior constructs examined within the article. J BUS RES 1996; 35:1-15.

In order to succeed in business-to-business markets, selling firms must possess an understanding of customer firms' buying behavior. However, such an understanding may be difficult to achieve, because organizational buying behavior is often a multiphase, multiperson, multidepartmental, and multiobjective process. This dynamic and intricate process frequently presents sellers with a complex set of issues and situational factors that directly or indirectly influence buying firm behavior.

In the late 1960s, interest in studying and understanding the organizational buying process began to increase dramatically. In 1967, Robinson, Faris, and Wind published their seminal book *Industrial Buying and Creative Marketing*, which included a model of "the industrial buying process" and the "buygrid framework." A few years later (1972) Webster and Wind presented their "general model for understanding organizational buying behavior" and in 1973 Sheth published his "model of industrial buyer behavior." Together, these three works laid the conceptual foundation for the study of organizational buying

behavior. Over the past 25 years, hundreds of conceptual and empirical articles have been published that either extend or test (part or all) of the models proposed by these authors.

However, with very few exceptions (Bonoma, Zaltman, and Johnston, 1977; Moriarty and Galper, 1978; Ward and Webster, 1991), little has been done to organize and summarize the findings and knowledge gained from all this research. Our purpose is to examine and integrate the stream of research on organizational buying behavior that has emerged from these three early works. Our search is limited to articles that have been published in the following marketing journals: *Journal of Marketing*, *Journal of Marketing Research*, *Journal of Business Research*, *Industrial Marketing Management*, *Journal of Business & Industrial Marketing*, and *Journal of Business-to-Business Marketing*. Based on the results of our examination, we present an integrated model of organizational buying behavior that combines the constructs and variables included in the three original models. In addition, we discuss four new constructs that have emerged as important antecedents or consequences of organizational buying behavior.

Our discussion is divided into five parts. First, we briefly summarize and compare the original three models in order to form a composite model. Second, based on our analysis we extend the original models by adding four additional constructs. Third, we analyze the stream of research that conceptually and empirically scrutinized the original models. We then offer our view of what has been learned about organizational buying behavior over the past 25 years. Finally, we suggest some directions for future research.

Organizational Buying: The Three Original Models

Central to the models proposed by Robinson, Faris, and Wind; Webster and Wind; and Sheth is the concept that organizational buying behavior is a process. Within their "buygrid frame-

Address correspondence to: Wesley J. Johnston, Department of Marketing, Georgia State University, Atlanta, GA 30303.

Figure 1
The Buy-Grid Model

Robinson,
Faris, with
Wind (1967)

BUY PHASES	BUY CLASSES		
	New Task	Modified Rebuy	Straight Rebuy
1. Anticipation or Recognition of a Problem (need) and a General Solution			
2. Determination of Characteristics and Quantity of Needed Item			
3. Description of Characteristics and Quantity of Need Item			
4. Search for Qualification of Potential Sources			
5. Acquisition and Analysis of Proposals			
6. Evaluation of Proposals and Selection of Supplier(s)			
7. Selection of an Order Routine			
8. Performance Feedback and Evaluation			

Forces Impacting B2B Buying Processes



Technology



Millennials

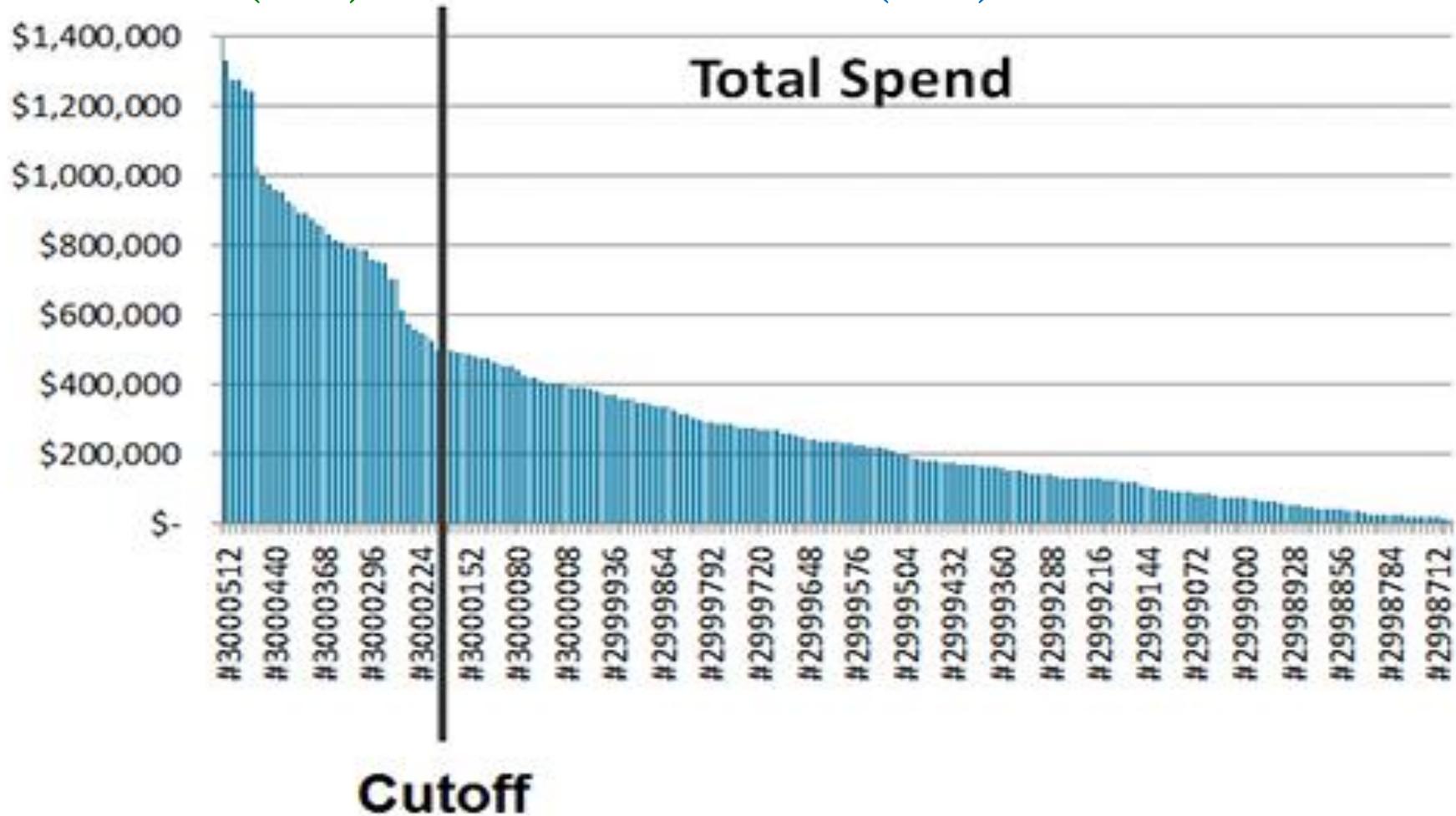


**Purchasing Employment
Growth**

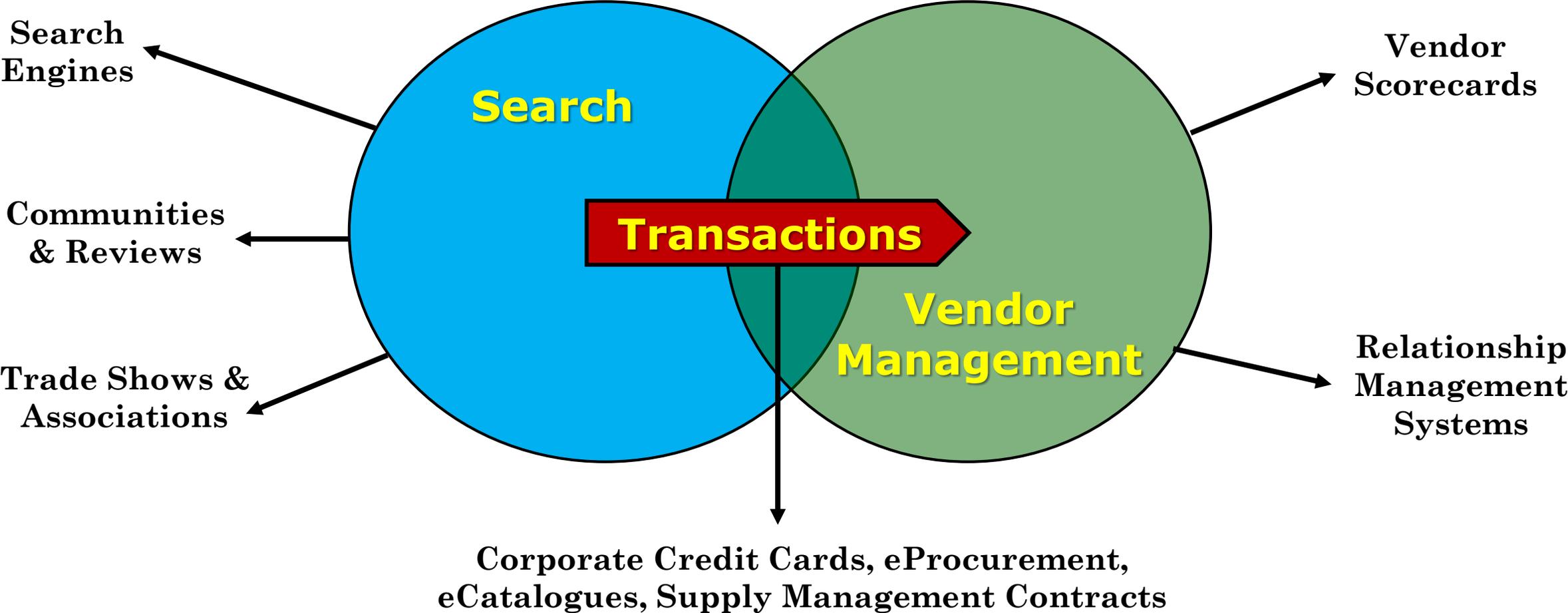
Spend Analysis Pareto Chart

Strategic
Purchases
(20%)

Non-Strategic
Purchases
(80%)



The Purchaser's Toolbox



Sharing Customer Experiences

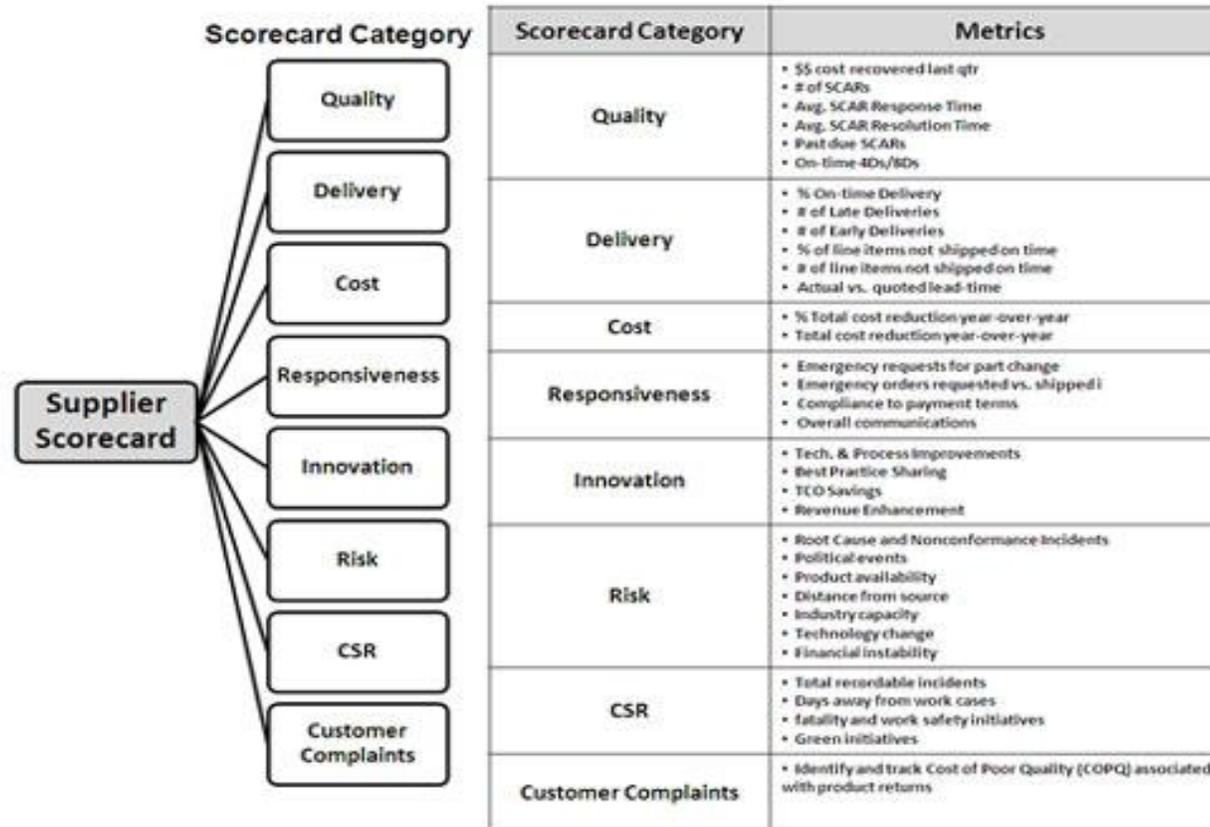
- **eWOM** (electronic word-of-mouth) is “any positive or negative statement made by potential, actual, or former customers about a product or company, which is made available to a multitude of people and institutions via the Internet (Hennig-Thurau and Gianfranco 2003).
- **eSentiment** (electronic sentiment) is eWOM that appears on social media and tends to have high emotional content (Hamburg, Ehm, and Artz 2015)
- **User Generated Content** (UGC) are customer posts that appear on Websites or more traditional media (Tan, Fang, & Wang 2014).
- **Online Customer Reviews** (OCRs) are reflections on past customer experiences that are posted in a more structured and standardized format on independent, third-party sponsored customer review sites. Reviews can be either quantitative (i.e., ratings) or qualitative (i.e., comments) or both. (Kostyra, Reiner, Natter, & Klapper 2016).

External OCR Posting Sites

- **Online Customer Community** (OCC) is, “an aggregation of individuals or business partners who interact based on a shared interest, where the interaction is at least partially supported or mediated by technology and guided by certain protocols and norms” (Porter and Donthu 2008).
 - **forums** are discussion clusters organized around topics,
 - **groups** are discussion sites with other content such as blogs, ideas, videos, and wikis
 - **communities** are all-encompassing sites including discussions, ratings and reviews, training, support, ideation, and knowledge data bases.
- **Online Peer-to-Peer Professional Problem-Solving Communities** or **Customer-to-Customer Know-How Exchanges** are populated by professionals interested in learning and sharing information and solving problems that they commonly face (Ordovás de Almeida, Dholakia, Hernandez, and Mazzon 2014).
- **Online Professional Communities** (OPCs) will be used in our research for the purpose of simplicity.

Internal OCR Posting Sites

- **Vendor Scorecards** summarize the experiences of all internal managers who “touch” a given supplier and its offerings. Postings cover a variety of company-specific issues including: price, quality, lead times, flexibility, service delivery, cost-of-use, and improvement ideas, among others.



The Consequence of OCR Postings

Construct

Customer Engagement is the extent of positive affect and bonding created by meaningful interactions between a customer firm and supplier firm over time that drive the customer's interest in, purchase and repeat purchase of, and loyalty to a supplier's products and services.

Indicators

We use two *affective* components

- the purchasing manager's attitude toward the supplier and its offering
- his/her purchase intention toward the offering

We use two *behavioral* components

- the purchasing manager's willingness to learn more about the brand
- the likelihood he/she will share his/her experiences concerning the supplier with peers

Theory



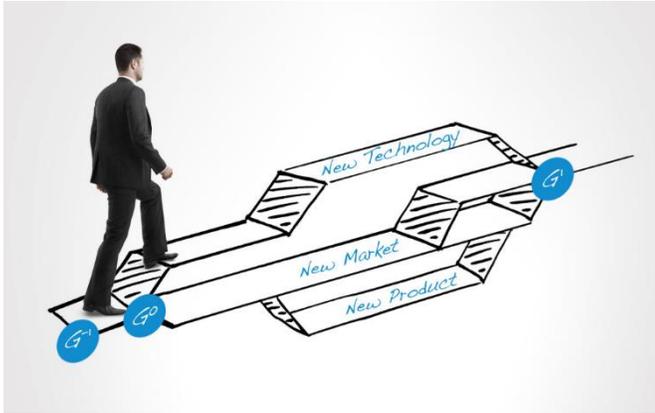
Regulatory focus theory (Higgins 1997)

- Two systems with different motivations, activated by situation
 - promotion focused—concentrate on aspiration and on not missing out on any possible gains
 - prevention focused—emphasis on avoiding possible mistakes

Prospect Theory (Kahneman and Tversky 1979)

- Highlights sensitivity to negative information

Focus of the Experiment



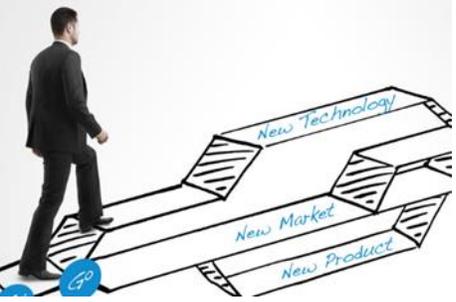
Stage



Source



Valence



Key Hypotheses Stage and Source



H1: When **generating** a list of alternative suppliers of a solution, purchasing managers will be more engaged with a supplier's solution after reading online reviews for that solution that come from an **external** source rather than from an internal source.

H2: However, when **recommending** a supplier's solution for purchase to management, purchasing managers will be more engaged with a supplier's solution after reading online reviews for that solution that come from an **internal** source rather than from an external source.



Key Hypotheses

Source and Valence



H3: When reviews are **positive**, purchasing managers will be more engaged with a supplier's solution after reading reviews from **internal** sources rather than from external sources.

H4: However, when the reviews are **negative**, purchasing managers will be more engaged with a supplier's solution after reading reviews from **external** sources rather than from internal sources.

Overview of Methodology Field Experiment

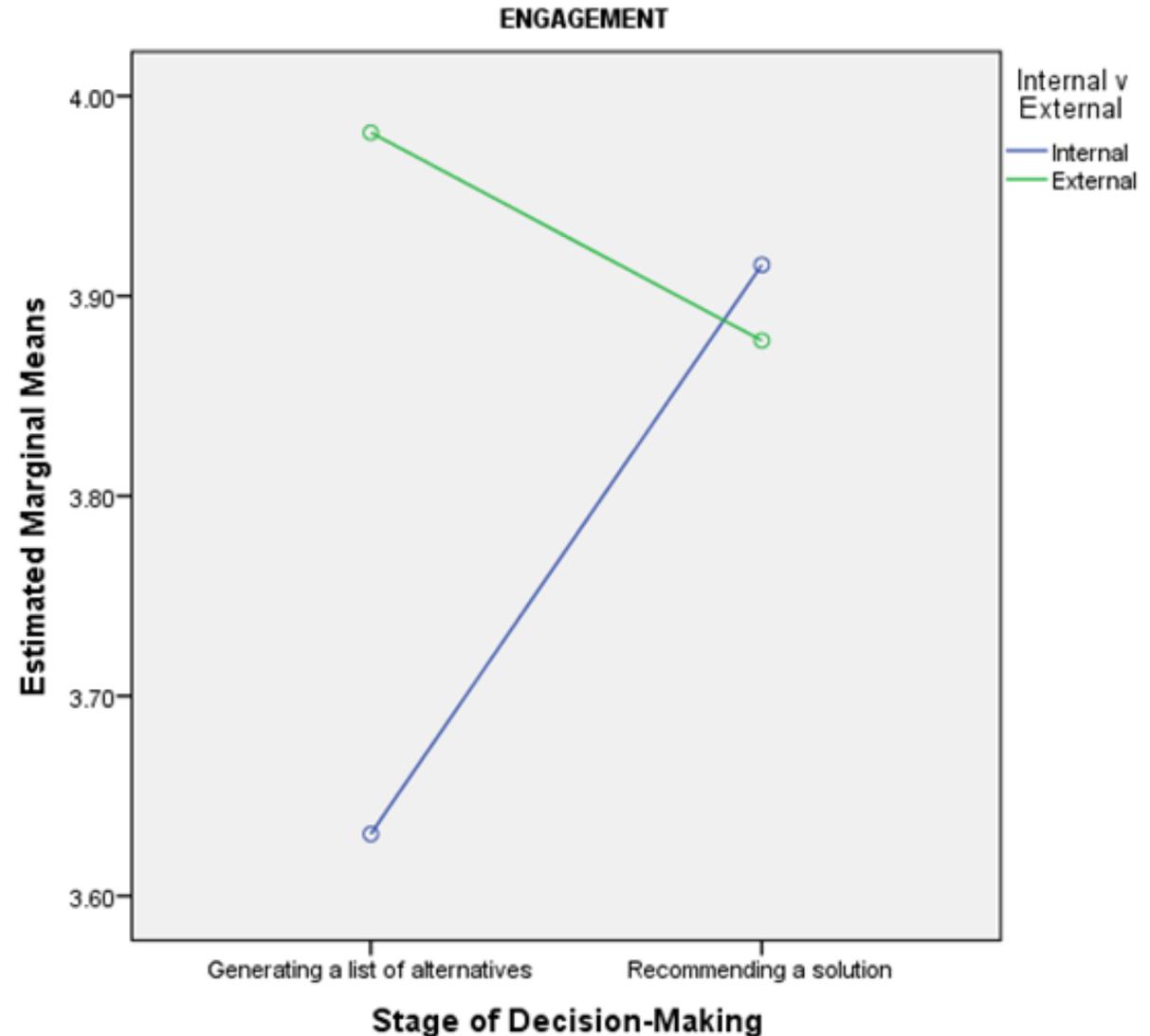


- **Pretested** scenarios with purchasing professionals
- **Main study**—Institute for Supply Management (**ISM**) members
- **265** respondents across industries
(25% response rate; incentives)
- Read **1 of 8** scenarios at random
(“important purchase,” “new integration software,” “several suppliers,” “has purchased large-scale software platforms before.”)
- **Manipulation checks** to confirm Stage, Source and Valence
- Focal outcome: **Engagement**
(Likelihood to Learn More, Attitude about Supplier, Intention to Purchase, WOM)

Findings: *Stage and Source*

When *searching for alternative solutions*, **EXTERNAL REVIEWS** prompt greater Engagement with suppliers.

Significant interaction ($F(1,256) = 3.60, p = .05$). When generating a list of alternative suppliers, reviews from external sources ($M = 3.98$) created a **higher** level of engagement than internal sources ($M = 3.63, t = 3.92, p < .05$). **Hypothesis 1 supported.**



Findings: *Stage and Source*

However, when *selecting a solution*,
EXTERNAL and INTERNAL REVIEWS
prompt **equal** engagement with suppliers.



When recommending a supplier's solution to management, reviews from internal and external sources produced the **same** levels of engagement ($M_{\text{internal}} = 3.92$, $M_{\text{external}} = 3.88$). **Hypothesis 2 was *not* supported.**

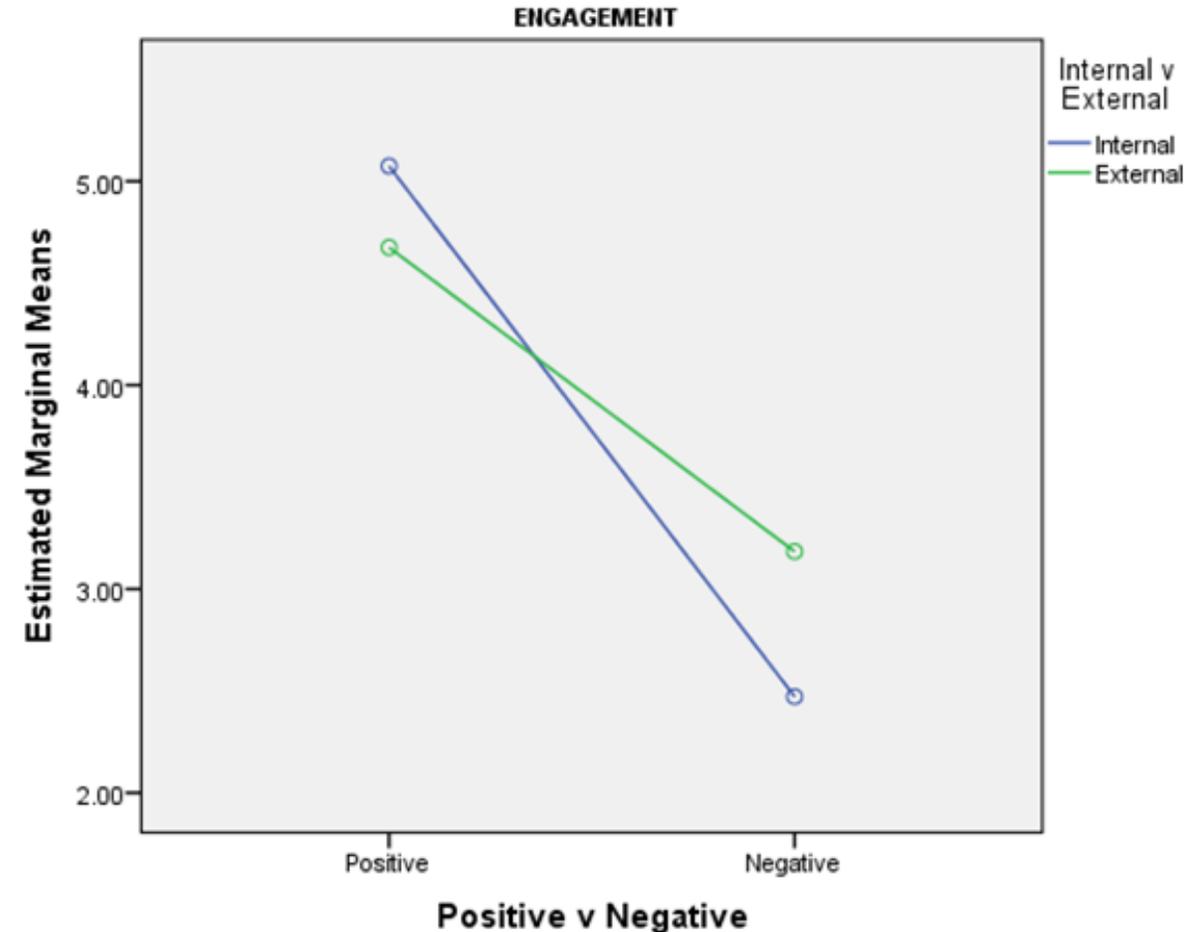
Findings: *Source and Valence*

*Positive, INTERNAL
REVIEWS*

have a greater impact on
the purchase decision.



Vendor Scorecard Results



Significant interaction between valence and source ($F(1,256) = 29.39, p < .001$). **Hypotheses 3-4 supported.** When the review was **positive**, **internal** sources ($M = 5.08$) stimulated greater engagement than external ($M = 4.68, t = 3.94, p < .05$).

Findings: *Source and Valence*

Negative, **INTERNAL REVIEWS**
will “squelch” a supplier’s chances.



Vendor Scorecard Results

Findings: *Source and Valence*

Negative, **EXTERNAL REVIEWS** will “freeze” a purchase decision and prompt the purchasing manager to learn more about the supplier.



When the review was negative, the results were reverse, with **external** sources ($M = 3.18$) creating greater engagement than internal sources ($M = 2.47$, $t = 3.92$, $p < .05$).

Implications

- External sources of experience help to guide the process because of the high-stakes for the purchasing professional to find the best-fitting solutions
- Negative reviews are part of reality, and can have value in the decision-making process
- Suppliers have to focus on more than just “referenceable” customers



What's next?

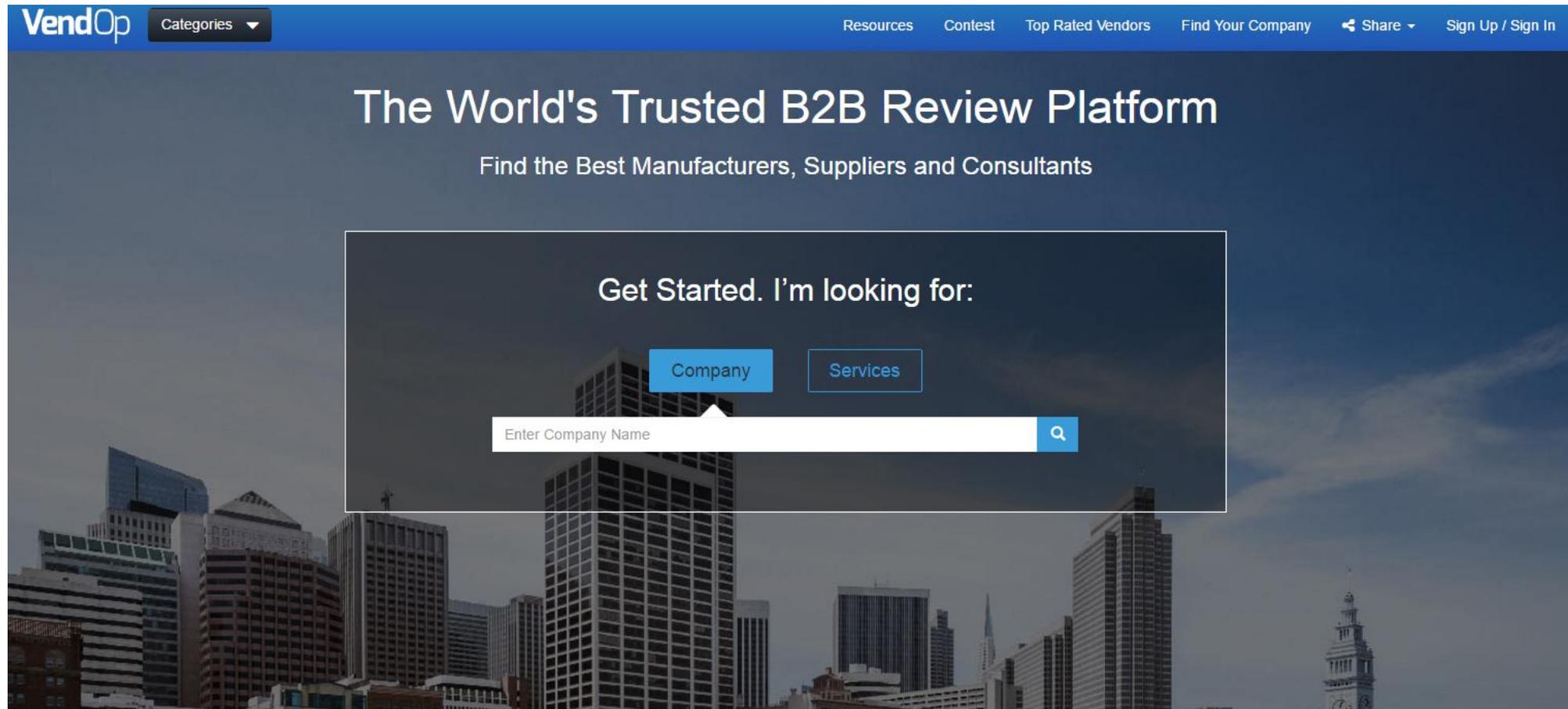
How will Engagement differ when a negative review comes from very similar versus very different external source?



Our Special Guest

Andy Kohm, CEO of VendOp

andy@vendop.com



The screenshot shows the VendOp website homepage. The top navigation bar is blue and contains the VendOp logo, a 'Categories' dropdown menu, and links for 'Resources', 'Contest', 'Top Rated Vendors', 'Find Your Company', 'Share', and 'Sign Up / Sign In'. The main content area has a dark blue background with a city skyline. The headline reads 'The World's Trusted B2B Review Platform' with the subtext 'Find the Best Manufacturers, Suppliers and Consultants'. A central white box contains the text 'Get Started. I'm looking for:' followed by two buttons: 'Company' and 'Services'. Below these is a search input field with the placeholder text 'Enter Company Name' and a search icon.

Our Special Guest Rich Blank, Pre-Sales Solutions Specialist JIVE Software

rich.blank@jivesoftware.com



The screenshot shows the JIVE Software website homepage. At the top, there is a navigation bar with links for JIVESOFTWARE.COM, COMMUNITY, DEVELOPERS, JIVEWORLD, EN, CONTACT, TRY JIVE, GET A DEMO, and CUSTOMER LOGIN. Below this is a secondary navigation bar with the JIVE logo and links for Products, Solutions, Our Customers, Resources, Services & Support, About Us, Blog, and Search. The main content area features a large background image of a modern office interior with a person working at a desk. A purple banner in the center contains the text "Jive is a Mosh Pit of Ideas" and "Employee Engagement at GoDaddy". Below the banner are two buttons: "WATCH THE VIDEO >" and "TRY JIVE TODAY >". At the bottom, there are four promotional tiles:

- jiveⁿ**: Experience collaboration without complication. Free 30-day trial.
- Gartner Magic Quadrant 2015**: Jive is a Leader again! Gartner Magic Quadrant 2015.
- jive^x**: Experience the best-in-class customer, brand & partner communities.
- Forrester Wave™ Analyst Report**: Jive's external community platform, Jive-x, is a Leader in The Forrester Wave™.