

Emerging Research Opportunities for Doctoral Students in B-to-B Marketing

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ABSTRACT. Marketing is a contextual discipline. Therefore, as its context changes, it creates new research opportunities for doctoral students. I have identified six major contextual trends relevant to B-to-B marketing. They are: Internet revolution; inorganic growth through mergers and acquisitions; breakup of vertical integration; rise of emerging economies; privatization of public enterprises; and globalization of markets. Numerous potential areas of research are identified in this paper. However, it also suggests that the traditional survey research of key informants and its analysis using LISREL to test hypotheses anchored to behavioral and managerial theories will be inadequate for the emerging research opportunities. The doctoral students are encouraged to study more macro theories in economics, sociology, and political science. In addition, they are encouraged to use archival studies, simulation, Internet based experimental research, and virtual bazaars as new research methodologies. doi:10.1300/J033v14n01_02 [Article copies available for a fee from The Haworth Document Delivery Service: 1-800-HAWORTH. E-mail address: <docdelivery@haworthpress.com> Website: <<http://www.HaworthPress.com>> © 2007 by The Haworth Press, Inc. All rights reserved.]

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INTRODUCTION

Marketing, like most social sciences, is a contextual discipline (Zinkhan and Hirschheim 1992; Sheth and Sisodia 1999; Vargo and Lusch 2004). Therefore, as the context of marketing changes, it creates new research opportunities for doctoral students and future scholars.

In this paper, I will identify the following six major contextual trends relevant to Business-to-Business (B-to-B) marketing, and suggest a host of new research opportunities: (1) Internet revolution; (2) inorganic growth through mergers and acquisitions; (3) breakup of vertical integration; (4) rise of emerging economies such as China and India; (5) privatization of public enterprises; and (6) globalization of markets.

MAKING OF MARKETING SCHOLAR

Over forty years, I have observed how young scholars in B-to-B marketing become icons of marketing. Their research and thinking become a “must” reading in doctoral seminars.

In almost all cases, the making of a scholar and becoming an icon consists of three ingredients: Pioneer altogether new area of research; go in-depth by publishing several papers preferably in the same top journal; and not only publish, but also publicize research by active participation in academic conferences and associations.

By identifying six new trends in B-to-B marketing, I hope the current doctoral students will carve out their own identity¹ and become future icons of B-to-B marketing.

INTERNET REVOLUTION

The impact of the Internet has been more pervasive on B-to-B marketing than any other domain of marketing. It has fundamentally altered both the procurement as well as the sales function. For example, both Dell Computers and Cisco Systems claim that their customers from around the world and from multiple locations initiate most of their customer orders online. It will be very interesting to study how this “reverse marketing” will influence the traditional “territorial” sales organization and traditional selling tactics of prospecting, initiating, and closing the sale. If selling takes place without the sales force, how should we compensate the sales organization? Indeed, should the senior vice president of sales and

marketing become a business development officer and if so, what skills does she or he need to learn in this new role?

A second area is the impact of Web-based online product catalogs. The Internet is a very rich, multimedia channel and has global reach. Furthermore, it is not just a communication medium; it is also a transaction medium. In short, it is capable of informing, interacting, and transacting with customers and markets. It would be fascinating to understand the impact of online catalogs, (with their capability in real time to provide price, delivery, inventory, and other marketing information), on the traditional sales function.

A third area, already researched to some extent, is the emergence of reverse auctions and B-to-B bazaars. Just as e-Bay has fundamentally altered matchmaking of buyers and sellers in consumer markets, I believe emergence of B-to-B bazaars has the potential to dramatically alter traditional industrial marketing practices. Would it not be nice to organize a “virtual” B-to-B bazaar on the Internet to simulate real business just as we do with “paper” portfolio of stocks and bonds to study the stock market behavior?

Finally, while CRM (Customer Relationship Management) and one-to-one marketing have become routine in consumer services, we need to study B-to-B CRM especially between distributors and dealers, and between distributors and manufacturers. Companies such as Ingram Micro, W.W. Grainger, and Graybar have CRM platforms with data analytics. Indeed, even in consumer markets, for example, Procter & Gamble and Wal-Mart have B-to-B CRM and supply-chain analytics for better coordination and communication using the scanner data.

In summary, Internet has changed the context of B-to-B marketing and is fundamentally altering the buyer-seller relationship. It would be interesting to examine the role of transaction cost theory in the context of the Internet Revolution.

INORGANIC GROWTH THROUGH MERGERS AND ACQUISITIONS

Worldwide mergers and acquisitions in 2005 crossed the trillion-dollar mark in valuation. A significant number of these mergers and acquisitions were in the B-to-B markets such as oil, chemicals, steel, and cement. Most recently, consolidation of the Baby Bells telephone companies in the US and resulting customer industry concentration, has forced many suppliers such as Lucent Technologies and Scientific

Atlanta to merger with other suppliers to maintain symmetry of power with their customers.

This restructuring of industries especially at the mature stage and on a global basis provides enormous opportunities for research in B-to-B marketing. I will highlight a few as follows:

1. How does the integration of two merged companies influence key account management with respect to processes, culture, and compensation as well as relationship with customers and suppliers? For example, if the Lucent and Alcatel “merger of equals” takes place, will it result in a hybrid account-management system because of cultural differences between a French and an American Company?
2. What is the impact of a merger or acquisition on corporate brands? While in packaged goods industries, it is common to retain product brands after the merger or acquisition, is this also the desirable outcome in B-to-B marketing in view of the fact that product and company brand names are often the same? Do we have a theory of brand synergy, for example? Do B-to-B companies unwittingly destroy brand equity of an acquired company because it is a corporate brand? Should the strategy be an umbrella group brand and separate entity brands? General Electric believes in a single global brand after an acquisition. Is this a good practice both financially and strategically?
3. Another area of relevance is post-merger relationship with suppliers of marketing services such as advertising, market research, and IT services. Once again, a good theory of outsourcing of marketing services may be very insightful in B-to-B marketing.

BREAKUP OF VERTICAL INTEGRATION

Vertical integration became a foundation of organization structure in the industrial age. Icon companies such as General Motors and IBM were organized around vertical integration. It was strategically desirable and financially justified to engage in all activities internally from engineering to manufacturing to sales and service.

However, as margins began to collapse at each value chain, it became desirable and necessary to outsource some functions such as manufacturing. The concept of virtual integration in place of vertical integration (where ownership is divorced from operations) became increasingly

prevalent. Vertically integrated incumbent companies were unable to compete against the new entrants such as Cisco Systems or Dell Computers in their respective industries. This breakup of vertical integration and consequent rise of a network company provide some very interesting areas of research in B-to-B marketing.

First, should the company outsource its sales force especially for non-key accounts to achieve better productivity and reduce organizational overheads? In other words, is it possible to do selling without the sales force? Can a company afford to have customer relations management through contractors, for example?

Second, one consequence of reorganization and use of six sigma, for example at General Electric, is downsizing. Its consequence is expansion of span of control. This often results in enlarging the sales territory or sales branches with more customers for every account executive. This phenomenon also occurs in customer contact and customer care organization. Do we know its impact on customer satisfaction and customer loyalty? Is it possible to shift activities to customers in a B-to-B environment and if so, what is its cost/benefit ratio?

Third, often companies in reorganization and restructuring end up having many marketing functions and people work out of virtual offices or at home. Since sales people prefer to have autonomy and no direct supervision, it would be interesting to test whether virtual sales force or work-at-home sales force performs better than facilities-based sales force. While there is some research on employee productivity and employee morale in a telecommuting environment, there are no empirical studies on work-at-home sales force.

EMERGING ECONOMIES

According to the Goldman Sachs Bric Report (Wilson and Purushothaman 2003), it is forecasted that large emerging economies collectively will surpass advanced countries in economic growth in the next fifty years. The four nations, namely Brazil, Russia, India, and China will lead the pack probably in reverse order. China is already emerging as a super economic power and one of the largest markets for industrial materials, parts and components, as well as machinery and tools. For example, China is today the largest steel and cement consumer in the world. It is also the largest market for mobile phones and second largest market in beer consumption. Similar statistics are also emerging out of

India. As emerging economies become the markets of tomorrow, they create numerous opportunities for research in B-to-B marketing.

First, what are the effects of cross-cultural differences in B-to-B marketing? While impact of cultural differences in consumer markets is a familiar area of research, a similar focus in B-to-B marketing is equally useful and interesting. We do have a large number of studies on cross-cultural issues with the use of theories and frameworks of Hofstede and Theodore Hall. However, we have very limited research on cross-cultural issues in B-to-B marketing with respect to selling, negotiations, business development, and marketing communication. A recent focus on Chinese way of doing business based on Guangxi or relationship-based buying and selling is a good start but lacking in a good theory. For example, is the Guangxi principle unique to Chinese culture or is it universal among all ethnic or trading communities of the world?

Second, the focus of emerging economies is more on affordability and accessibility. Products or services designed and developed for advanced countries are simply not affordable in emerging markets. Most of the industries are dominated by family-owned small-to-medium enterprises (SME) relative to advanced countries. Once again, can our knowledge with respect to B-to-B marketing largely anchored to large enterprises be generalizable to this new reality?

Finally, what will be the impact of disruptive innovations from emerging markets on the incumbents? For example, Brazil leads the world in sugarcane-based ethanol fuel. It was a direct consequence of the energy crisis of the seventies. Similarly, to accommodate affordability, the GSM Forum has mandated mobile handset manufacturers to market them in India and China at retail price of \$30 to \$45. This has resulted in breakthrough innovation of low-cost functional and highly affordable mobile phones.

Finally, out of nowhere, India has become a global leader in generic prescription drugs and Indian companies such as Cipla, Dr. Reddy's, and Ranbaxy are familiar names in B-to-B pharma and health care markets. I believe a programmatic research on this reverse influence from emerging to established markets with respect to technology, sales, and marketing will be fascinating.

PRIVATIZATION OF PUBLIC ENTERPRISES

With the collapse of communism and concurrent rise of market-driven policies, there has been a worldwide movement, encouraged by both IMF

and Worldbank, to privatize state-owned enterprises especially in infrastructure industries such as airports, airlines, telecommunications, postal service, electric utilities, and large-scale public works projects. Out of nowhere, these state enterprises are becoming global enterprises; for example, Gazprom from Russia, ONGC from India or Hue Wei Corporation in information and communications technology from China.

Two areas of potential research opportunities emerge from this context. First, public private sector partnerships (PPP) are creating a unique blend of market-oriented practices but with public-sector mandate for corporate social responsibility (CSR). As suggested by Peter Drucker more than a decade ago, it would be desirable to study their influence on traditional for-profit corporations.

A second area of research opportunity is about building processes and professional talent in sales and marketing in privatized state enterprises. As state-owned monopoly enterprises, they were not encouraged to be customer centric. Will they emerge as better marketers or will their DNA drive them? In my opinion, the transformation of privatized public enterprises in their sales and marketing culture is an excellent area of future research in B-to-B marketing.

GLOBALIZATION OF MARKETS

While the last century was driven by ideology (Vietnam War, Korean War and Cold War) and nationalism, this century is more likely to be driven by markets and globalization. This is especially true for B-to-B markets even more so than consumer markets. With the rise of China and India as major economic superpowers, access to industrial resources will become strategic for the emerging nations just as it was for Japan and Korea in the last century and for Great Britain in the eighteenth century. We are already witnessing this for oil, industrial metals such as copper, aluminum, and steel, and for industrial raw materials such as iron ore and coal. It is also true of agricultural resources and technical human capital (talent) resources.

Similarly, just as the multinational corporations from most advanced countries are racing to invest in China and India, there is an equal rush by domestic enterprises from emerging nations to become global enterprises mostly through inorganic growth.

This is creating a number of exciting new research opportunities in B-to-B marketing. Here are a few examples. First, how will the geopolitical

alignment between nations and regional blocs reshape the B-to-B market landscape? My most recent book, *Tectonic Shift*, with Rajendra Sisodia (Sheth and Sisodia 2006), has attempted to analyze this.

Second, and at a more micro level, with the globalization of markets, there will be dramatic shift from key account management to global account management. In fact, large global enterprises such as General Electric are demanding global account management and global supply-chain management from their strategic suppliers. It is important to analyze the consequence of pricing rationalization on the supplier firm and its profitability if its cost structure for supply is significantly different in different parts of the world.

Third, and a very interesting area of research, is the fusion of B-to-B marketing practices, processes, and people as markets become more global. This is more than the earlier debates and discussions about how the multinational firms should operate on a global basis with respect to global versus local orientation or its hybrid glocal orientation. In my view, fusion implies loss of national identity and instead acquiring global identity of a company's processes, practices, and people. While the marketing programs may have local flavors with respect to commercial terms, negotiations, as well as marketing collaterals (e.g., brochures, catalogs), it implies a way of doing business globally. I find this to be the hottest area of interest among enterprises both from advanced and emerging markets.

CHALLENGES AHEAD

In conclusion, I have identified numerous new, and I believe exciting, emerging research opportunities for doctoral students because of six external contextual drivers of change. However, I believe it will be challenging to future scholars to exploit these research opportunities for two key reasons. First, B-to-B marketing has been heavily skewed in its research toward understanding decision-making processes, buyer-seller interaction, sales-force management, and new product innovation (Reid and Plank 2000). Most of the extant research is anchored to surveys of key informants in organizations and mostly based on behavioral and managerial theories. In my opinion, both the prevalent theories as well as research methods are inappropriate for the emerging areas of research.

A typical empirically based research paper in B-to-B marketing consists of using LISREL as analytic tool on survey research data collected,

based on hypotheses anchored to behavioral or managerial theories. For the current doctoral students in the field, it will require overtly searching for alternative methodologies and theories such as archival research, simulation, Internet-based experimental designs as well as learning macro theories of economics, development, sociology, and political science.

Simultaneously, to revitalize the discipline of B-to-B marketing, it will require consciously recruiting doctoral students from non-traditional disciplines such as macroeconomics, development, sociology, and finance as well as natural, biological, and physical sciences. Finally, I believe it will require existing doctoral programs in B-to-B marketing to revise the curriculum and courses so that the new contexts are exposed to students and new theories as well as research methods are incorporated in the curriculum.

CONCLUSION

B-to-B marketing is a vast and growing field in marketing. Its importance in managerial practice is rising with the emergence of the Internet; inorganic growth through mergers and acquisitions; the rise of emerging economies; privatization of public enterprises; breakup of vertical integration; and globalization of markets. If we do not grab the research opportunities generated by these business trends, other disciplines of business will do it, just as what has happened to marketing strategy and customer relationship management.

NOTE

1. Course work during doctoral study helps set the stage for the having ability to do this. A master checklist of courses for *outside areas* might include *Social Theory* = Organizational behavior, social networks and organizations, small group theory, industrial/organizational psychology, social psychology; *Strategic Theory* = Resources-based views and transaction cost economics; *Economic Theory* = Game theory and microeconomic theory; *Methods* = Quantitative-survey design, scale development and testing; qualitative-in-depth interviewing, focus groups, case research, and experimental design; *Statistics/Quantitative analysis* = Regression, ANOVA / MANOVA, categorical data, econometrics, and LISRE. While it may not be feasible to take all these courses while in residence, a critical mass of theory and tools proficiency must be sought—a foundation is gained by navigating a cohesive course of study basically of one's own choosing. *Source*: Lichtenhal (2005).

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