Organizational Buying Behavior in an Interdependent World

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Abstract

The emergence of the field of organizational buying behavior in the mid-1960's with the publication of Industrial Buying and Creative Marketing (1967) set the stage for a new paradigm of thinking about how business was conducted in markets other than those serving ultimate consumers. Whether it is “industrial marketing” or “business-to-business marketing” (B-to-B), organizational buying behavior remains the core differentiating characteristic of this domain of marketing. This paper explores the impact of several dynamic factors that have influenced how organizations relate to one another in a rapidly increasing interdependence, which in turn can impact organizational buying behavior. The paper also raises the question of whether or not the major conceptual models of organizational buying behavior in an interdependent world are still relevant to guide research and managerial thinking, in this dynamic business environment.

The paper is structured to explore three questions related to organizational interdependencies:

1. What are the factors and trends driving the emergence of organizational interdependencies?
2. Will the major conceptual models of organizational buying behavior that have developed over the past half century be applicable in a world of interdependent organizations?
3. What are the implications of organizational interdependencies on the research and practice of organizational buying behavior?

Consideration of the factors and trends driving organizational interdependencies revealed five critical drivers in the relationships among organizations that can impact their purchasing behavior: Accelerating Globalization, Flattening Networks of Organizations, Disrupting Value Chains, Intensifying Government Involvement, and Continuously Fragmenting Customer Needs. These five interlinked drivers of interdependency and their underlying technological advances can alter the relationships within and among organizations that buy products and services to remain competitive in their markets. Viewed in the context of a customer driven marketing strategy, these forces affect three levels of strategy development: (1) evolving customer needs, (2) the resulting product/service/solution offerings to meet these needs, and (3) the organization competencies and processes required to develop and implement the offerings to meet needs.

The five drivers of interdependency among organizations do not necessarily operate independently in their impact on how organizations buy. They can interact with each other and become even more potent in their impact on organizational buying behavior. For example, accelerating globalization may influence the emergence of additional networks that further disrupt traditional value chain relationships, thereby changing how organizations purchase products and services. Increased government involvement in business operations in one country may increase costs of doing business and therefore drive firms to seek low cost sources in emerging markets in other countries. This can reduce employment opportunities in one country and increase them in another, further accelerating the pace of globalization.

The second major question in the paper is what impact these drivers of interdependencies have had on the core conceptual models of organizational buying behavior. Consider the three enduring conceptual models developed in the Industrial Buying and Creative Marketing and Organizational Buying Behavior books: the organizational buying process, the buying center, and the buying situation. A review of these core models of organizational buying behavior, as originally conceptualized, shows they are still valid and not likely to change with the increasingly intense drivers of interdependency among organizations. What will change however is the way in which buyers and sellers interact under conditions of interdependency. For example, increased interdependencies can lead to increased opportunities for collaboration as well as conflict between buying and selling organizations, thereby changing aspects of the buying process. In addition, the importance of communication processes between and among organizations will increase as the role of trust becomes an important criterion for a successful buying relationship.

The third question in the paper explored consequences and implications of these interdependencies on organizational buying behavior for practice and research. The following are considered in the paper: the need to increase understanding of network influences on organizational buying behavior, the need to increase understanding of the role of trust and value among organizational participants, the need to improve understanding of how to manage organizational buying in networked environments, the need to increase understanding of customer needs in the value network, and the need to increase understanding of the impact of emerging new business models on organizational buying behavior.

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In many ways, these needs deriving from increased organizational interdependencies are an extension of the conceptual tradition in organizational buying behavior. In 1977, Nicosia and Wind suggested a focus on inter-organizational over intra-organizational perspectives, a trend that has received considerable momentum since the 1990’s. Likewise for managers to survive in an increasingly interdependent world, they will need to better understand the complexities of how organizations relate to one another. The transition from an inter-organizational to an interdependent perspective has begun, and must continue so as to develop an improved understanding of these important relationships.

A shift to such an interdependent network perspective may require many academicians and practitioners to fundamentally challenge and change the mental models underlying their business and organizational buying behavior models. The focus can no longer be only on the dyadic relations of the buying organization and the selling organization but should involve all the related members of the network, including the network of customers, developers, and other suppliers and intermediaries.

Consider for example the numerous partner networks initiated by SAP which involves over 9000 companies and over a million participants. This evolving, complex, and uncertain reality of interdependencies and dynamic networks requires reconsideration of how purchase decisions are made; as a result they should be the focus of the next phase of research and theory building among academics and practitioners. The hope is that such research will take place, not in the isolation of the ivory tower, nor in the confines of the business world, but rather, by increased collaboration of academics and practitioners.

In conclusion, the consideration of increased interdependence among organizations revealed the continued relevance of the fundamental models of organizational buying behavior. However to increase the value of these models in an interdependent world, academics and practitioners should improve their understanding of (1) network influences, (2) how to better manage these influences, (3) the role of trust and value among organizational participants, (4) the evolution of customer needs in the value network, and (5) the impact of emerging new business models on organizational buying behavior. To accomplish this, greater collaboration between industry and academia is needed to advance our understanding of organizational buying behavior in an interdependent world.

**Keywords:** Organizational buying behavior, Globalization, Flattening networks, Value chains, Government involvement

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I. Introduction

The ways in which organizations relate to one another is changing dramatically in the 21st Century. Organizations can no longer count on traditional patterns of behavior that enable pre-dictable flows of information, relationships, and commercial transactions. This paper proposes that changes in the business environment have transformed conventional patterns of organizational relationships to the point that many firms have become interconnected and progressively more dependent on one another. The ways in which organizations buy products and services are being influenced by new forms of collaboration and cooperation between and among firms that are often part of a network of organizations brought together to be more competitive and create value for customers. These interdependencies can create complexities and uncertainties that challenge how organizations purchase products, services, and solutions to provide competitive offerings for their customers.

Consider the case of Apple, Inc. in their development of the iPhone (Laugesen and Yuan 2010). The phone was announced in January 2007 and launched in June 2007. By December 2009, some 42 million iPhones were sold. In July 2008, Apple launched its App Store, which offered to iPhone users a variety of software applications for the iPhones. Thousands of independent third-party software providers developed the iPhone software applications for market-ing these products through Apple’s App Store. Consumers could then purchase and download the applications of their choice from the App Store. Apple retained 30% of the purchase price, and developers kept the remaining 70%. In its first six months Apple reported its share of App Store revenues at $45 million, thereby indicating a substantial creation of value for itself and its developer network.

In effect, Apple sold to developers the rights to offer applications to its customers through its App Store platform. The purchase agreement is highly controlled, since Apple must approve each App that is offered in its store. Of course on the one side this provided tremendous opportunities for developers, to create and offer applications to meet iPhone consumers’ needs. It should be evident that the developers are highly dependent on Apple for their success, and in turn, Apple’s continued success with the iPhone (and subsequently the iPad) is dependent on the relationship it has with its developers. Because the basic iPhone can essentially be duplicated by competitors, Apple’s advantage is in its business model and the App Store platform supported by its interdependent relationships with its vendors. The outcome of the process is the creation of considerable value, not only for Apple and its developers, but also for business and consumer users of the phones.

On the other hand, interdependencies between and among buyers and sellers can have less than desirable outcomes for some suppliers. Staying with the Apple example, consider its relationship with Adobe Systems, Inc., a much publicized case that emerged in 2010 involving the video software used in Apple’s products (Kane and Worthen, 2010). Essentially Apple banned the use of Adobe’s Flash video software on its iPhones, iPads, and iPads. CEO Steve Jobs even took the unusual step of writing a white paper that harshly criticized the quality and value of Adobe’s product, which is the most popular video format on the Internet.

The timing of Apple’s actions coincided with Adobe’s launch of a new set of Flash application tools, which Adobe expected to sell among Apple’s numerous application developers. Because Apple used a different video software format in its products (HTML 5), potential customers of Adobe’s new product became concerned. Some 11,000 people (from the media and technology industries) signed on to a Facebook page called "I'm with Adobe". Clearly the inter-dependencies among buyers and sellers created considerable uncertainty for Adobe and its potential customers about which application tools to purchase and invest in to support the development of new applications. More directly for Adobe, the firm may be locked out of a network of developers that will only utilize Apple’s format requirements. One can only imagine the cloud- ed circumstances that Adobe’s sales and marketing teams encountered as they offered their products and services to potential buying organizations.

The high profile of a company such as Apple, Inc. provides a vivid example of the emerging interdependencies among buyers and sellers. Such interdependencies are not limited to electronics firms, but occur across a spectrum of industries including chemical, health care, financial, manufacturing, energy, and transportation. While these interdependencies develop as part of new business models to create customer value more rapidly and effectively, they can also change the dynamics of how organizations buy products and services, as well as how organizations interact with each other. This paper is structured to explore three questions related to these interdependencies:

1. What are the factors and trends driving the emergence of organizational interdependencies? This first section of the paper considers five critical factors that we hypothesize will continue the momentum toward organizational interdependencies.
2. Will the major conceptual models of organizational buying behavior that have developed over the past half century be applicable in a world of interdependent organizations? The second section of the paper considers the primary models of organizational buying behavior and concludes that they are applicable, but require a new understanding of how interdependencies influence the behavior of participants.

3. What are the implications of organizational interdependencies on the research and practice of organizational buying behavior? The discussion concludes that academics and practitioners must better understand how these interdependencies influence organizational buying behavior to better optimize buyer-seller interactions and outcomes.

II. Drivers of Organizational Interdependencies

This section identifies five critical drivers of interdependencies in the relationships among organizations, and which can impact their purchasing behavior. The increasing velocity of these factors can create uncertainties for firms as they seek new strategies and business models to more effectively compete. In some cases what were once competitive relationships become cooperative, and in other cases cooperative relationships become competitive. What is clear is that a deeper understanding of the drivers of these interdependencies is required to better understand how organizations purchase products and services.

Figure 1 summarizes five drivers of interdependency. They include accelerating globalization, flattening networks of organizations, disruptive value chains, intensified government involvement, and continuously fragmenting customer needs. Hypotheses include the proposal that the ebb and flow of these drivers create conditions within and across industries that lead to greater interdependencies which can at times destabilize organizations and their behavior as customers and competitors in complex and confounded ways. This outcome is in part due to the increasing main effect of these drivers as well as their potential for interaction. An in-depth discussion of each driver is not possible here, but illustrations of their impact on organizational buying behavior can be demonstrated with selected examples.

2.1. Accelerating Globalization

 Whereas globalization can have many meanings and interpretations, globalization is an ongoing process of civilization driven by a host of factors including but not limited to commerce, demographics, technology, natural resources, culture, social interaction, and politics. Although a large share of commercial transactions is still conducted locally, it is a diminishing share as buyers and sellers attempt to capitalize on opportunities available across borders. Although it is a process that can ebb and flow at different rates, more recently, it has accelerated because of the increased efficiency, effectiveness, and simultaneity of the underlying forces of change. Consider the following examples:

The demographic mix of country populations can increase or decrease migration flows of people, capital, and other resources across borders. The growth of China as an economic power owes a considerable part of its success to its large and youthful population, which provided inexpensive labor resulting in low cost manufacturing. The same can be said for large countries such as India, Brazil, Russia, but also smaller ones such as Vietnam, Poland, or Romania. Alternatively, firms in countries that lack low cost labor move their manufacturing to other countries while attracting and investing in knowledge resources to enhance innovation and new product development in their own country. Few can argue against the tremendous impact the composition of global labor forces have had on how organizations buy products and services.

The increased power, performance, and accessibility of information and communications technologies, enables purchasing agents to request bids or attend auctions anywhere and anytime around the world. Likewise, any seller from anywhere in the world at anytime can offer goods and services to potential customers. A major outcome of this has been a far-reaching price transparency that has put pressure on organizational purchasing worldwide. Low-priced competitors can emerge in unexpected ways and create imbalances among organizations which alter traditional patterns of purchase.

The global access of natural resources such as oil, water, and various minerals certainly impacts the ways in which organizations interact and purchase products and services. Global access is not just availability but also price. For example, the speed at which information flows about a global political crisis in Nigeria can impact the world price for crude oil on almost an hourly basis and consequently impact
the purchase of oil contracts for transportation, manufacturing, and other industries - which in turn has a cascading effect on other manufacturers in the supply chain.

While globalization seems an inevitable and growing trend, countries still resist it and seek some form of nationalization. The tumultuous nature of the European Union is a regional experiment in globalization. Local politics sometimes overpower global relationships, establishing a tension that can destabilize economies and the organizations that work within them. For example, the national debt of one European country (e.g., Greece) can impact the financial system in ways that influence the exchange rates of the common currency (the Euro), and thereby alters the global competitiveness of firms within these countries, as well as firms operating out-side these countries. Fluctuating exchange rates play havoc with organizational buying patterns as the costs of goods increases or decreases and new suppliers are sought.

The overall impact of the volatility of these and other global factors is increasing the in-terdependency in the relationships among organizations. In a study of 1416 international executives by McKinsey and Company (2010), 63 percent expected increased volatility in the global economy. The most important trend identified to cope with this was capturing the opportunities offered by potential growth in emerging markets. According to the McKinsey findings, to do so requires retooling existing business models, reconfiguring companies’ price/value equations, and managing the risks involved in these countries. These actions further the search for new global partners that will revise business models, thereby creating new dependencies among organizations seeking to create and capture value in global markets.

2.2. Flattening Networks of Organizations

A network is a set of nodes (e.g., organizations or its participants within them) and the connections between them (interactions, transactions). As Kleindorfer and Wind (2009) note, these interlinked structures involve the flow of information, human resources, capital, material, and risks. As these networks have materialized globally, the flows between and among them have increased dramatically. They result in what Thomas Friedman (2005) terms a flat world. Friedman (2005) describes ten “flatteners” and three convergence factors that he believes levels the global playing field for organizations and results in a move from vertical to horizontal networked forms of integration and innovation, thereby requiring new business models. Fung, Fung, and Wind (2007) consider the implications of flat networks and illustrate the importance and value of network orchestration. In a network world, organizations that do not understand that competition is “network against network” and the importance of working in a network run the risk of not understanding their relationships with potential partner organizations. These potential partners may join with other networks and abandon a working relation-ship with an organization that fails to integrate, thereby putting it at risk to capture value in its markets. Organizations can therefore become locked-in or locked-out of networks, with considerable impact on their purchasing and marketing functions.

While providing metrics to quantify the flattening process is difficult, the volume of global mergers and acquisitions (a more direct type of interdependency) provides one indicator of the impact of growing networks on organizational buying behavior. Figure 2 shows the quarterly number of mergers and acquisition deals worldwide. On average, some 5,908 deals are made each quarter, with a standard deviation of 1,179. Aside from the large number and volatility of such deals, each one represents a potential major disruption in business-to-business purchasing relationships for the firms involved as their proc-
Acquisitive organizations often buy firms that were once competitors, thereby destabilizing traditional customer relationships. Consider the numerous acquisitions by Amazon.com from 1998 to 2009 presented in Figure 3. In one notable case, the acquisition of LexCycle by Amazon in 2009 duplicated Amazon’s own existing competencies. To improve Amazon’s existing competency in this area is one obvious interpretation for such a purchase, but the purchase could also be to preempt a competitor from purchasing LexCycle. At one level, such a defensive maneuver is strategically opportunistic, but at another level the organizational buying behavior of LexCycle and its supplier base will inevitably be altered due to the redundancy of its capabilities within Amazon.

A growing number of academic researchers note the emergence of networks and their impact on organizational relationships. Achrol and Kotler (1999) recognize the influence of an Internet-based network economy on marketing practices as well as on organizational buying processes. Kleindorfer and Wind (2009) provide an extensive discussion in their book on the impact of networks on traditional organizational processes from both problematic and opportunistic perspectives. Networks can promote the rapid contagion and other risks, such as terrorism, financial crisis, and health problems. On the other hand they can also promote the development of communities of enterprise that support economic and firm development. In both cases, it is clear that networks are by definition interdependencies that can have a tremendous impact on organizations and how they acquire and use products and services.

### 2.3. Disrupting Value Chains

Value chains operate in the context of networked organizations. A value chain defines a distinctive set of business units that organize commercial relationships to provide value from basic resources that are subsequently produced into goods and services to meet the needs of business-to-business customers and ultimately consumers. Typically, each participant in the chain acquires goods and services and enhances their worth or value to its customers, who are willing to pay a price for the benefits. Traditionally, this flow of value results in a stable set of relationships among buyers and sellers as they seek to meet the needs of their ultimate customers.

However in recent years, pressures from globalization and emerging network relationships have begun to alter these traditional relationships. In some cases, organizations bypass traditional value partners and either remove them from business entirely or reduce their role in the value chain. For example, consider the case of a chemical firm that processed helium and delivered it to manufacturers of magnetic resonance imaging devices (MRIs), who in turn supplied it to their hospital customers. The helium is required to cool the large magnets in the MRI. After studying the value chain all the way to hospitals and their patients, the managers in the chemical firm learned that it was possible to take the helium directly to hospitals, bypassing the MRI manufacturers. This change resulted in a substantial increase in the market share for the chemical firm because it could more directly meet the needs and problems of hospitals in handling helium. Whereas hospitals initially purchased helium from MRI manufacturers, they had to revise their purchasing processes to accommodate this new supplier. In this case, the chemical manufacturer turned out to be a better partner for hospitals and the MRI manufacturer could better focus on its competencies, which did not necessarily include responsive delivery of helium.

Consider also the case in which manufacturers of new gas-line dispensers, who market to independent gasoline station owners, rely on distribution partners to sell their products. Imagine their reaction when they learned that their distributors were buying used gasoline pump dispensers and refurbishing them, in some cases only at a cosmetic level, and then reselling them for less than half the price of new pumps. Even more surprisingly, the manufacturers learned that in some cases distributors were even paid to remove the used dispensers, thereby profiting twice from the transactions. For these gasoline dispenser manufacturers, their valued distribution partners became competitors, while retaining their status as customers of their new dispensers! Because these distribution partners were quite effective in serving their customer needs, the dispenser manufacturers were still quite dependent on them, recognizing both the cooperative and competitive nature of the relationship. Inevitably, firms that are looking for a strategic advantage in their respective value chains are increasingly disrupting ongoing purchasing relationships.

### 2.4. Intensifying Government Involvement

Generally, the role of government is to protect its citizens. Increasing involvement of federal, state, and local governments in establishing public policy initiatives to protect citizens have complicated life in many industries in the United States and in many countries. For example, in 2010, the U.S. government passed major legislation that influenced both the financial and the medical industries. While it will take years to implement much of the legislation, steps have already begun in reshaping the landscape of organizations and their relationships with each other.

Consider the case of Medicare, which is a federal health-insurance program for the elderly in the United States. Traditionally Medicare has reimbursed or paid doctors and hospitals separately. However a case study at a five-hospital system in San Antonio, Texas (Kamp 2010) reveals how the new legislation may impact organizational buying behavior. In this situation, rather than pay separately, Medicare combined payments to doctors and hospitals, while allowing both to share any benefits from hospital savings. In effect, the government encouraged the development of a new collaboration within an organization to reshape the buying center. This motivation resulted in hospital savings of some $2 million in one year. As reported, the savings occurred at the expense of suppliers. For
example, in this case hospital administrators in consultation with surgeons eliminated two of the five suppliers of orthopedic products from the bidding process. Clearly government impact on the buying process in the health care industry has become more aggressive, and will continue to do so.

The United States is not alone in this regard. In the United Kingdom, Germany, and other European countries, similar efforts to reduce health care costs are having an impact on manufacturers of medical equipment and services. In Venezuela, by 2007 all major oil companies were nationalized by the government. Chemical, pharmaceutical, air travel, and other industries must now, more than ever, deal with government-based tenders and bidding procedures around the world that seek the best purchase price for their constituents.

The global/local interplay of the various governmental actors in the world economic and political system is changing. Governments want to serve their local citizens economically and efficiently, which motivates their involvement in legislation that alters the purchasing processes of industries. These outcomes most often put downward pressure on prices, thereby motivating an international search for low cost suppliers beyond national borders. In effect, these government-mental actions designed to benefit citizen consumers become a key source of instability in the economic relationships among organizations. This often produces a search for new low cost partners, thereby impacting how organizations buy and sell their products and services.

2.5. Continuously Fragmenting Customer Needs

At one time, business-to-business market segmentation was not routinely practiced (Wind and Cardozo 1974). Such segmentation continues gaining much wider acceptance as a methodology to improve marketing decisions, although business-to-business organizations continue to struggle with its implementation (Clarke 2009). Part of the reason for this is the increasingly fragmented nature of customer needs, beginning with ultimate consumers and working back through value chains. This fragmentation of needs has put considerable pressure on firms to re-visit not only manufacturing processes, but to establish new working relationships among firms in their respective industries.

Consider the case of plate glass manufacturers who must not only sense the needs of their own direct customers, but also those of downstream consumers. Demands for glass windows in homes go well beyond basic architectural and visual needs. Concerns for energy costs among a segment of consumers have given rise to window designs that provide thermal insulation. Other consumer segments are concerned with windows for health reasons (dust flows), aesthetics (customized window designs to provide distinctiveness to new homes), noise (sound proofing), or visual acuity (automatic tinting). The requirements of different segments have increased a variety of manufacturing and operating costs among manufacturers of glass, as well as among window manufacturers, distributors, and down to local contractors and installers. The outcome is that these organizations need to work more cooperatively to better serve consumer needs; those that do not or cannot cooperate may lose their relationship to others and those that do cooperate can solidify their relationship by modifying their own behaviors to better serve increasingly segmented markets.

Coping with these multiple segments and the resulting varieties of products can have implications for organizational buying behavior. For example, to gain a competitive advantage, upstream manufacturers increasingly need to bypass their direct customers and conduct value-based market research on their customers’ customers, thereby risking mistrust of their direct customers in the value chain. Manufacturers also face the growing trend among consumers who increasingly vocalize their needs for customized products and services and press retailers and manufacturers to meet their demands. This reverse flow of information power from consumers portends major implications for how marketing is conducted in a world of empowered consumers (Wind 2008). In effect, as needs become more highly fragmented, the basic tenets of mass production are violated and firms must seek new business models to survive. These new business models often involve new partners that might replace traditional ones, or working more closely with existing partners to better serve downstream consumer needs.

These five interlinked drivers of interdependency and their underlying technological advances can alter the relationships within and among organizations that buy products and services to remain competitive in their markets. Viewing in the context of customer driven marketing strategy, as Figure 4 outlines, these forces affect all 3 circles.
III. Interdependencies and Organizational Buying Behavior

Prior to the mid-1960’s, the field of industrial marketing emphasized the practical aspects of how organizations bought and sold to each other (Alexander, Cross, and Cunningham, 1967). Research was often descriptive and focused largely on purchasing agents and the factors that influenced them. This emphasis shifted dramatically in the mid-1960’s with the publication of Industrial Buying and Creative Marketing (IBCM) by Robinson, Faris, and Wind (1967). This book introduced several innovative conceptualizations and propositions including the view that purchasing occurs among “buying centers” in relatively systematic phases (“buyphases”), which could vary according to the buying situation (new task, modified rebuy, and straight rebuy).

Motivated by the influence of the IBCM book, several scholars began exploring industrial marketing more deeply in terms of how organizations purchased products and services. This exploration culminated in the book Organizational Buying Behavior (Webster and Wind, 1972), which set the stage for a flowering of conceptualizations and research on how organizations buy products and services. The “Webster-Wind” model of organizational buying behavior emerged as an original and comprehensive view of how organizations could be conceptualized to purchase goods and services. The authors of the model proposed four cascading components: the influence of the environment, followed by the influence of the organization, the influence of the buying center, and ultimately on the decision-making of individual participants in the buying process. A roadmap and lexicon to more deeply understand and probe the complexity of organizational buying was laid out for scholars and practitioners to follow and build upon. Because the model was, as the authors stated, a general one, it paved the way for refinements.

A year later, in 1973, the Sheth (1973) model of organizational buying was published. In his model, Sheth identified three primary aspects of organizational buyer behavior: (1) the individual psychology of those involved in organizational buying decisions, (2) the conditions leading to joint decisions among these individuals, and (3) the process of joint decision making with conflict and its resolution among decision makers. As Johnston and Lewin (1996) emphasize, while the models have their similarities and a few differences, taken together these three models laid the conceptual foundation for the study of organizational buying behavior.

In addition to providing a foundation, these early models spawned several research streams. Reid and Plank (2000) reviewed the literature on business-to-business marketing over the 20 year period of 1978 and 1997. They found that of 2194 academic articles published on business-to-business marketing, some 411 (almost 20%) focused on articles involving organizational buying behavior (Reid and Plank 2000).

LaPlaca and Katrichis (2009) also reveal the impact of these original models on the entire field of business-to-business marketing. In 1972, the year in which the Webster-Wind model of organizational buying behavior appeared, Industrial Marketing Management also launched as the first specialized journal devoted primarily to business-to-business topics. Since then, six more journals specializing in business-to-business marketing emerged. These new journals accounted for a dramatic increase in the number of articles published on business-to-business marketing in the 34 years after 1972, compared to the 36 years prior.

LaPlaca and Katrichis (2009) also report that of 17,853 articles published in 24 marketing journals between 1936 and 2006, only 1204 (6.7%) covered topics relating to business-to-business or industrial marketing. Of these articles published on business-to-business topics, the largest proportion (13.6%) was on organizational buying behavior, followed by sales management topics (13.5%). These trends are consistent with Reid and Plank (2000). More recently, however, LaPlaca and Katrichis (2009) note a decline in research on organizational buying behavior and sales management after 1996, with relatively more articles published on the topics of networks and marketing relationships.

The main point of these trends is that while the early publications of Industrial Buying and Creative Marketing and Organizational Buying Behavior have fueled the development of a significant amount of conceptualization and research, the overall emphasis on business-to-business marketing topics is still relatively small given the large portion of such transactions in the world economy. In addition, the focus of research since 1996 has been away from classical organizational buying behavior toward networks and relationships. Not surprisingly, the comprehensive review by Johnston and Lewin (1996) highlighted the importance of interfirm relationships in their review, indicating a need to consider more systematically the factors that occurred outside the organization as well as those inside.

Relevant research since the early 1990’s bears witness to a slow but steady transformation of the field of organizational buying behavior from one of an internal organizational focus to one of a more external network focus. Although, the Webster-Wind model calls for a better understanding of the influence of the environment on organizations, these comprehensive re-search reviews indicate that research and conceptualizations have been lacking in this area. Thomas and Wind (1985) suggest a greater emphasis on factors influencing organizations, including increased technology, regulation, and globalization. They recognize the potential impact on both buying and selling organizations.

This transition from internal to external runs through Wilson’s (1994) paper, in which she articulated the changes
occuring in the business environment brought about by increased global competitiveness. Buyers could no longer be myopic about purchasing requirements at the best price, but instead had to consider their relative cost and quality positions in their markets. This brought about greater communication and cooperation among buyers and sellers to achieve mutual goals in a cost/quality-intensive environment. Sellers had to work with customers to reduce overall system costs and customers had to respond to remain competitive in their markets. The purchasing agent and the buying center could not be studied in isolation of external forces.

Wilson (1996) then proposed that environmental forces could be included in a more comprehensive “systems” approach, as suggested by Senge (1990). She demonstrated how this approach might work using examples from the literature. The main point of her paper is that by the mid-1990’s organizational buying behavior needed new models and approaches that either built upon earlier models, or replaced them altogether with new interpretations. One new interpretation with consequenses for organizational buying behavior is found in “network orchestration,” as developed by Fung, Fung and Wind (2007). This conceptualization recognizes that the proposed drivers of interdependence strongly influence the formation of networks, which in turn need to be orchestrated to gain a competitive advantage.

The major question is what impact these drivers of interdependencies have had on the core conceptual models of organizational buying behavior. Consider the three enduring conceptual models developed in the Industrial Buying and Creative Marketing and Organizational Buying Behavior books the organizational buying process, the buying center, and the buying situation, which is illustrated in Figure 5.

![Fig. 5. The buygrid model](image)

### 3.1. Organizational Buying Processes

Almost all models of the process of organizational buying begin with customer needs, followed by some form of search activities, identification and evaluation of options, and ultimately purchase and usage. As we have discussed, the nature of customer needs throughout the value chain are subject to increasing fragmentation, even to the point where customers make specific requests to meet their needs. Understanding the evolving needs of different markets is therefore of even greater concern now than in the past. The importance of information search is also relevant as organizations must be sensitive to a variety of new communication technologies and search engines, which facilitate the generation of information about options anywhere in the world.

The impact of the changes in the business environment puts pressure on organizations for reconfiguring the market, services, and product offerings and its price, which can alter the number of firms that might be considered as well as the nature of the evaluation process. For example, in the financial world, as General Motors prepared its initial offering to go public in 2010 (after its bankruptcy), investment banking firms competing for the deal were faced with pitching for the business in the face of extraordinarily low fees imposed by the U.S. government as a part owner of the company. Furthermore increased opportunities for consolidated procurement among organizations that have merged or are partnering in networks may alter the evaluation aspect of the process, but the function of evaluation must still be undertaken to implement a purchase. In effect, the net impact of increased interdependencies among organization does not change the major functions within the buying process.

While the buying process may remain intact, in some cases it may be considerably lengthened as firms search for opportunities in a broader network and in other cases it may be shortened because of existing relationships in a network of vendors that the procurement department has orchestrated. One can also hypothesize that in some cases the buying process will become more complex as customers get more involved in the process or as customer needs become more fragmented; and in other cases the process may be simplified because the network of customers and suppliers is highly orchestrated. The organizational buying process is robust, but the impact of the drivers of interdependency must be carefully understood because the players involved may be changing according to their needs and the pressures from the drivers.

### 3.2. Buying Center

The concept of the buying center also remains intact as a central model of organizational buying behavior in this period of emerging interdependencies. Those involved in buying can be somewhat different, but clearly there will be gatekeepers monitoring information flows, influencers who will have critical information input to the process, decision-makers, and buyers who execute the purchase. What is likely to be different is the composition and scope of the buying center. For example, it can be hypothesized that in situations where organizational net-
works are involved, buying centers may be larger and extend outside the firm to partner organizations. Also, the availability of additional influencers (experts, etc.) in the network who have specific knowledge about the purchase in questions can change the composition of the buying center, and possibly the outcome. In addition, one might hypothesize that the communication processes among those involved in the buying center may be more extensive as new tele-communication and collaboration technologies opportunities emerge.

3.3. Buying Situation

There is no reason to believe that the three categories of buying situations will vary from the original model. New tasks, modified rebuys, and straight rebuys still capture all buying situations. One can however hypothesize that the number and frequency of specific situations may vary depending on the impact of various drivers. For example, increased government involvement for industry-based tenders can result in more new task situations, than modified or straight rebuys. Alternatively, organizations involved in networks that have stabilized may find fewer new task buying situations - buying organizations that are “locked-in” to a network of suppliers may be involved primarily in straight rebuys or occasional modified rebuys.

To summarize, the core models of organizational buying behavior, as originally conceptualized, are still valid and not likely to change with the increasingly intense drivers of interdependency among organizations. What will change however is the way in which buyers and sellers interact under conditions of interdependency. The ways in which relationships develop, including the potential for collaboration, for conflict, for the role of trust, and for communication processes between and among organizations will vary from situation to situation.

IV. Implications for Organizational Buying Behavior

The five drivers of interdependency among organizations do not necessarily operate in-dependently. As shown in Figure 1 they can interact and become even more potent in their impact on organizational buying behavior. For example, accelerating globalization may influence the emergence of additional networks that further disrupt traditional value chain relationships, thereby changing how organizations purchase products and services. Increased government involvement in business operations in one country may increase costs of doing business and there-fore drive firms to seek low cost sources in emerging markets in other countries. This can reduce employment opportunities in one country and increase them in another, further accelerating the pace of globalization. In this section we briefly consider selected consequences and implications of these sources of instability on organizational buying behavior for practice and research.

4.1. Increase Understanding of Network Influences on Organizational Buying Behavior

In this paper, we have only touched on the potential influence of networks on organizational buying behavior. Going forward it will be essential to better understand the deeper complexity of relationships in networks and their impact on specific firms and business practices. We need to consider the impact on the composition of buying centers and on the buying process in terms of complexity and duration of process. For example, in their observational research Gupta and Woodside (2006) examine innovation development and adoption as dynamic linked processes arising from interaction among networked firms. They describe important feedback insights that explain why firms get locked-in or out of networks. This area of research will continue to develop as evidenced by the Number 3, 2010 issue of Industrial Marketing Management, which focused on managing in business networks (Henneberg, Naudé, and Mouzas 2010).

4.2. Increase Understanding of the Role of Trust and Value among Organizational Participants

If there has been one major consequence of the explosion of networked relationships in volatile environments, it has been the potential erosion of trust among participants and the associated consequences as they seek value (Ryu, Lim, and Hong 2009). A better conceptual understanding how organizations interact is needed to develop testable hypotheses about the factors that can lead firms to better capitalize on value in their relationships. Palmatier, Dant, and Grewal (2007) demonstrate the kind of model-comparison research and consolidation necessary to improve our understanding of these kinds of relationships. For example they found that man-agers might increase performance by shifting resources from “relationship building” to specific investments targeted toward improving the relationship’s ability to create value, which can be moderated according to the levels of uncertainty in the market.

Improve Understanding of How to Manage Organizational Buying in Networked Environments: Wind (2008) outlines three critical steps to better manage in a networked world. These include (1) balancing a focus on the company with a focus on the network, because competition is increasingly moving from firm-to-firm to network-to-network, (2) balancing control, associated with vertically integrated systems, with empowerment, associated with networks, which is necessary to create networks that are more flexible and can be reconfigured quickly for better response, and (3) balancing specialization, the tendency for organizations to build silos, with integration, the need to bridge silos to respond more flexibly to external networked opportunities. Each of these “balancing acts” changes the dynamic of how organizations will acquire goods and services. For example, in developing new products, marketing, R&D, product development, and purchasing within a firm must
be highly integrated in order to most effectively make purchases that speed the development process.

4.3. Increase Understanding of Customer Needs in the Value Network

The growing availability of information technology that supports a variety of social media and means of communication presents significant opportunities for customers to further empower their impact on in the value chain and throughout an entire value network. This potential for fragmentation of customer needs must be better understood so that new segments can be more readily identified and product and service responses more effectively coordinated to meet them. The implication for organizational buying behavior is that these segments dynamically influence the value chain of business-to-business suppliers that must often be orchestrated to better meet these needs. Those organizations that can comprehend these needs more readily in the value network can more efficiently and effectively capitalize on them before competitors do. Urban and Hauser (2004) provide an excellent example of how “listening in” to find and explore new combinations of customer needs from online conversations leads to high value new products.

4.4. Increasing understanding of the impact of emerging new business models on organizational buying behavior

The increased complexity, uncertainty, and organizational interdependencies have had major impact on business models and practices. A recent IBM Global study among 1541 CEOs suggests three key strategies to capitalize on complexity: (a) embody creative leadership with deeper business model changes, (b) reinvent customer relationships by co-creating products and services with customers and integrating customers into core processes and (c) build operating dexterity to change the way they work, access resources, and enter markets around the world. These strategies as well as the many other new business models are built on challenging one’s mental models (Wind and Crook, 2005) and capitalizing on new innovation (Nambisan and Sawhney, 2007). “Pull” strategies (Hagel III, Brown, and Davison, 2010) and other innovative business and revenue models, have all major impact on the buying behavior of the organizations involved. Yet, to better understand the changing nature of organizational buying behavior, one should still start by asking the fundamental questions of what is the nature of the buying process, who are the members of the buying center and how do the buying process, buying center, and decisions change by the buying situations.

V. Conclusion

The complexity, uncertainty, and impact of the various sources of interdependency among organizations impact all aspects of the customer/organizational buying driven marketing strategy. These interdependencies have now become so intense that firms must seek sustainable competitive advantage through new business models and value creation activities. As a consequence new organizational relationships have emerged often resulting in networks of buying and selling and other interdependencies that have implications for organizational buying behavior.

However, these interdependencies among organizations have not changed the basic conceptual models of organizational buying behavior. Rather, the models remain conceptually sound, and are still valuable tools for managers and researchers to conceptualize the increased complexity among relationships brought about by interdependencies. The focus on inter-organizational perspectives suggested by Nicosia & Wind in 1977 and Figure 6 illustrates, has received momentum since the 1990’s from the more traditional intra-organizational perspective to one that is more inter-organizational. Likewise for managers to survive in an interdependent world, they will need to better understand the complexities of how organizations relate to one another. The transition from an inter-organizational to an interdependent perspective has begun and must continue to develop to improve our understanding of these important relationships.

![Fig. 6. The Nicosia-Wind model of inter-organizational perspectives on organizational buying behavior](image-url)
building and practical models and experiments undertaken by practitioners. The hope is that such research will take place, not in the isolation of the ivory tower, nor in the confines of the business world, but rather, by increased collaboration of academics and practitioners. This collaboration will lead to creative experiments and advance our understanding of organizational buying.

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