Tackling the challenges in buying value-added marketing services

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Abstract
The marketing department has traditionally dominated the purchase of marketing services. As a result, purchasing is having a hard time getting a grip on the acquisition of these services. This paper investigates possible approaches for dealing with the challenges in buying marketing services, more specifically value-added marketing services, like advertising. A literature review and two Round Table discussions are used as input for identifying challenges that arise during the acquisition and supply of marketing services. The nature of the challenges is dealt with and the concept of meaningful involvement is used to investigate how the three challenges could be addressed; i.e. what would be meaningful involvement for purchasing in buying marketing services. At the same time, we argue that meaningful involvement of purchasing and marketing will improve the effectiveness of the collaboration between marketing and purchasing, from which the client–agency collaboration will benefit. Based on our review, we propose to tackle the challenges by redistributing roles between marketing and purchasing. We subsequently investigate this idea by means of two case studies. The case studies provide initial support for the applicability of this idea for buying advertising services and demonstrate how they contribute towards tackling the challenges. The paper closes with a discussion of the implications of the findings and suggestions for future research.

Keywords: Buyer-seller interfaces, Marketing Services, Marketing-Purchasing interfaces

Type of paper: Working Paper.

Introduction

Purchasing marketing services has recently been receiving increased attention from both academia and practitioners. Over the last decade, companies have dramatically increased their spend on marketing (McKinsey&Company 2002). At the same time, this McKinsey (2002) report claims that marketing spend has not been managed properly.

While purchasing is making an effort to get a grip on the buying of many business services, the growing spend of marketing services has been left fairly untouched by professional buyers. Marketing services can be quite complex, and the acquisition of these services is therefore often left to the marketing department, which, in turn, allows little or no involvement of purchasing (West 1997).

Regarding the current economic era, which is characterized by slower economic growth, it is now important that organizations start to manage their marketing spend. Purchasing can obviously make a contribution here (McKinsey&Company 2002; West 1997). Professional sourcing and relationship management practices have demonstrated their benefit for the acquisition of other business services throughout the last few decades. Purchasing professionals have been involved in other services to add value in terms of analytical skills, supply knowledge, contracting and negotiating skills and (sourcing) process control. We build our discussion in this paper on the premise that the potential benefits of purchasing involvement is also beneficial for the spend category of marketing services: *challenges* in buying marketing services can be tackled with purchasing knowledge and skills

Purchasing professionals are very willing to get involved in marketing spend, expecting that professional purchasing practices can generate savings and a higher sourcing effectiveness for the growing volume of marketing spend. Marketers, however, are somewhat more reluctant to this involvement. Realizing a higher purchasing involvement in buying marketing services is therefore not without problems; rather, it is accompanied by certain challenges. A recent investigation among 120 purchasing directors of the largest European companies in various lines of business demonstrated that 60% of purchasing managers feel that marketing is suspicious of the purchasing department (Ariba 2005). This investigation also showed that 40% of European purchasing managers do not have insight into marketing spend. These results indicate that the interface between marketing and purchasing within the buying company has developed only limitedly specifically for marketing spend.

Regarding marketing services, multiple departments are involved in the interface between the buying organization and the service provider (Jennings and Plank 1995). Literature in the area of Organizational Buying Behavior (OBB) has advocated the use of cross-functional teams as a way to increase the efficiency and effectiveness of purchasing decision-making (Johnston and Bonoma 1981; Johnston and Lewin 1996). Thus, when it comes to buying marketing, not only the interface between purchasing and marketing internally is important, but also the interface between the buying center of the client and the agency. For this paper, the buying center is limited to the marketing and the purchasing discipline (which may or may not be represented by multiple people).

In this paper, we will investigate the involvement of marketing and purchasing in buying marketing services. We focus specifically on the effect a particular distribution of roles might has on the interface between marketing and purchasing in the buying organization, and subsequently argue that the functionality of the internal interface is a main determinant of the external interface.
We are interested in the following research questions:
1. What challenges arise when it comes to buying value-added marketing services?
2. How does purchasing involvement contribute towards tackling these challenges?
The first question is dealt with in the following section in which marketing services and the challenges involved are described using literature and the input from two round table discussions. We limit ourselves to value-added marketing services.
Then, the concept of meaningful involvement (Schiele 2005; Stuart 1991) is used to develop ideas on what the contribution of marketing and purchasing could be when it comes to buying marketing services, more specifically in relation to dealing with the challenges.
In order to describe meaningful involvement in this context, we draw upon Webster and Wind (1972), who have identified different purchasing roles within the buying center. We investigate how these roles could be distributed amongst the members of the buying center in relation as a way of tackling the challenges associated with buying marketing services. The higher the extent to which challenges are tackled, the more meaningful the involvement of the functions. To our knowledge, the distribution of the roles in the buying center for marketing services has not previously been researched.

We subsequently present the results of two case studies and analyze these in the light of our ideas on meaningful involvement. We end with conclusions and some ideas for future research.

Buying value-added marketing services

In this section the specifics of buying value-added marketing services are dealt with and the challenges associated with these services are discussed. Input for the discussion comes from two round table discussions with marketers, buyers and marketing service providers. The first one was held in the UK with eight participants being marketers, purchasers or representatives from advertising agencies (Supply Management 2004). The second one, at which the authors of this paper were present, was held in The Netherlands (Reunis and Van der Valk 2005) with the same kind of representatives (seven). Both events were organized with the support of Ariba[1]. Participants were invited by Ariba in collaboration and consultation with Delft University of Technology; in order to distill generic issues from the discussion, the objective was to have diversity in the types of companies/ industries represented, while at the same time striving for a more or less equal distribution of the three perspectives involved. First, a distinction is made between commodity and value-added marketing services using general theory of buying services. We then continue our discussion only for value-added marketing services and bring forward three main challenges in buying these types of services.

Commodity and Value-added Marketing Services
Marketing spend concerns a wide variety of products and services, like for example media, advertising, premiums, promotions, customer loyalty, Point-Of-Sales (POS) data, et cetera. While some of these services can quite easily be described (for example: POS can be described in terms of throughput (Axelsson and Wynstra 2002), i.e. feeding back sales data to suppliers), other can be more difficult. For instance, it is more difficult to describe what kind of service should be provided by an advertising agency. Although buying companies are often able to specify what kind of contribution should result from the service provided, it is hard to assess whether the solution proposed by the advertising agency will have the desired effect: "One only learns about the quality of the service after the service has been provided". Other issues that can be very complex in the case of marketing services are supplier selection (comparison and decision-making) and the pricing of the service. We will return to these issues later.

The difference between these two examples, POS and advertising services, can be described in terms of various service classifications. Axelsson and Wynstra (2002) discuss several of these classifications, like standardized/ non-standardized services, simple versus complex services, creative versus non-creative services. When these three dimensions are used to described the two examples, we find that the service of the advertising agency is non or hardly standardized, can be quite complex and definitely requires creativity, whereas the POS data can include a standardized process, is simple with regard to the activities that have to be carried out and requires only limited creativity.
Another option could be to distinguish between routine and professional services (Axelsson and Wynstra 2002), also referred to sometimes as relieving and enabling services (Normann and Ramirez 1993). Again, routine services are relatively low in complexity, are relatively simple, are standardized (as a result of which the same service can be provided to multiple customers), can be described quite well and can be measured quite objectively. Professional services on the other hand are characterized by a high-knowledge content; often, they are very important for the customer's business (Axelsson and Wynstra 2002). Professional service delivery is largely customized for any situation. Development takes place in customer-projects through learning with and from each other, by creating new and using existing knowledge and methods. The supplier's capability is one of the most important determinants of success; people are the most important resources. Therefore, it is important that there is a certain chemistry between individual members of the buying and supplying organization. Through reference customers, buying companies can assess a supplier's skills and capabilities. Other labels for these types of services could be commodity services versus value-added services. We use this classification and terminology in this paper.

In practice, purchasing is often involved in setting up optimizing the contracts for commodity services, like print brokers. For value-added services, however, the involvement is much more limited. For instance, purchasing is generally hardly involved in dealings with agencies. This is supported by the

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[1] Ariba provides domain expertise services, operational services, and technology solutions that help companies to improve the effectiveness of their spend management.

following comment made by one of the participants at a recently held Round Table meeting in the Netherlands on the topic of Marketing Spend (Box 1):

Box 1 Tangibles versus intangibles

"Creativity has to be safeguarded as one of the key marketing assets, but this does not mean that purchasing could not be more professional. In order to have this discussion, we should divide marketing spend in things that can and things that cannot be commoditized. The tangibles, like point-of-sales, promotions and printing and also media are segments that can be taken care of by purchasing. Marketers are okay with this since this opens up more space for marketing issues."

Director Supply Management Europe of a food multinational during the Dutch Round Table on Marketing Spend (Reunis and Van der Valk 2005)

During the other Round Table meeting on Marketing Spend, in the United Kingdom in 2004, a similar discussion was held and a suggestion was made to separate the 'creative part' from the 'production part' of marketing services. Media is one of the examples of marketing services that can be split into these two parts (Supply Management 2004). When purchasing concentrates on the production part, marketing would be able to spend more of their time and resources on the creative part and "move the game on into adding value to brands".

In this paper, we argue that there is a larger potential for the involvement of purchasing in the area of value-added marketing services. According to West (1997), the potential for purchasing to add value is much larger in the case of professional services. The study conducted by Ariba (2005) showed that 90% of purchasing managers feel that substantial savings could be achieved by collaborating more closely with the marketing department. At the same time, they also see barriers to a more extensive involvement of purchasing in buying value-added marketing services, like for example quantifying the creative process and managing supplier performance. This will be expanded on in the next section. When in the rest of this paper we refer to marketing services, we mean value-added marketing services.

Challenges with buying value-added marketing services

Services are generally described in terms of the following characteristics: intangibility, inseparability, heterogeneity and perishability (Grönroos 2004; Zeithaml and Bitner 1996). Axelsson and Wynstra (2002) claim that these characteristics affect the purchasing process for services in the sense that some elements become more important, more difficult or just different in comparison with the purchasing process for goods: this concerns identification of the content of the service, capacity and demand management, quality definition and assurance, recovery, pricing issues, personnel and physical environment. We use their overview as a frame of reference and suffice with discussing the challenges that were highlighted in the round table discussions: 1) identifying the content of the service; 2) evaluating the quality of the services; and 3) pricing the service. We simultaneously discuss what kind of conflicts arise as a result between the client and the service provider and/ or marketing and purchasing.

Challenge 1: Identifying the content of the service

When buying marketing services, it is difficult to specify in advance of the purchase the content of the service. Advertising services are often specified in terms of their contribution to the buying company's objectives (output specification; (Axelsson and Wynstra 2002)). This however does not say anything about the advertising agency's activities.

This results in several problems. Firstly, a high level of perceived risk is involved with this kind of purchase, since it is in advance of the purchase difficult to determine whether the activities of the agency will have the desired effect. Furthermore, these kinds of services often have a high financial impact. Buyers try to compensate for this risk by seeking support from peers or positive word-of-mouth (West 1997). West (1997) relates this to Zeithaml's (1981) continuum of product evaluation ranging from "easy" to "difficult", which he modifies into a paradigm for industrial use containing the following types of products: 1) easy to evaluate products; 2) intermediate to evaluate products; and 3) difficult to evaluate products. This paradigm is similar to Robinson et al. (1967)'s framework for industrial buying and selling, containing three types of buying situations: 1) the straight rebuy; 2) the modified rebuy; and 3) the new task situation. Marketing services obtained from advertising agencies clearly belong to the last category, displaying project-like characteristics.

Another problem arises with regard to transparency: the buying organization is not able to determine how many hours actually go into the development of the idea. Many buying companies therefore

demand monthly overviews of the hours put into an assignment. Still, this can hardly be objectively verified: an idea for which 30 hours are charged may very well have come about after three hours of brainstorming. If the advertising agency promises to do the job for 30 hours, but need to charge 10 hours extra because the assignment turned out to be more complex than expected, the buying company feels equally unhappy (Box 2).

Box 2 Transparency in buying marketing services

"Advertising agencies are cowboys that operate in a market where messing with the customer is still accepted." …"The lack of transparency in the advertising market is enormous. This would never occur in any other market. Therefore, experience is very important here, since it is the only thing you can count on to assess the soundness of things."

Purchasing Manager of an international bank, case study interview.

These difficulties are caused by the fact that marketing services concern a creative process. In order to be able to understand this process, purchasing needs to have specialized knowledge of a specific supplier market. As the marketing manager of a producer of fermented milk drinks[2] phrased it: "Purchasers should have knowledge about the media market. In our company, this is not the case and that's why purchasing is not involved in media buying. Marketing reviews the costs and benchmarks these externally. Marketing eventually decides on the expenditures." Furthermore, marketers feel that purchasing is too cost-oriented, as a result of which the creative process is jeopardized: "When only price is regarded, creativity might be excluded".

The advertising agencies[3] agreed with the remark on creativity: "It is dangerous to commoditize creativity". Moreover, specifying and measuring creative processes is hazardous: "The level of creativity is hard to pitch. A track record can provide some indication, but creativity only emerges in the execution of the assignment and in the relationship. Furthermore, there is a risk that purchasing want to measure at too detailed a level, for example by steering on the number of words in a press release. That is like determining the quality of a restaurant based on the number of French fries on your plate!"

On the other hand, the idea of the purchaser is that more could be done with the often large spend in the area of marketing if a professional sourcing trajectory would be set up. As the Global Sourcing Manager Europe of a research-based pharmaceutical company[4] put it: "Purchasing can help to make better choices with regard to utilizing the budget." The Director Supply Management Europe of a food company[5] added: "The strategic sourcing process can be applied to marketing. Purchasing is in charge of and monitors the application of the process and the methodology, while marketing takes care of the content, more specifically of the criteria for selecting and measuring the performance of suppliers. This way, purchasing skills are used as a tool to help improve the performance of marketing. The creative process is not endangered, but the entire process is regarded in a better way, all with the aim of obtaining the largest value from the best fitting supplier."

Challenge 2: Evaluating the quality of the service
Another issue arising with the purchase of marketing services is to define and to evaluate the quality of the agency's activities. As was mentioned earlier, quality can only be assessed after the service has been provided. In order to reduce uncertainty with regard to quality, reference customers are important here, but also the name of the advertising agency ("image is everything").
Quality here comprises many things: most importantly whether the activities result in or contribute to the desired objectives, but certainly also the quality of the collaboration. Due to the high knowledge intensity, the services provided by advertising agencies mostly depend on their personnel. Their quality is the quality of the service purchased. Furthermore, there is a need for a certain fit between the buyer's and the supplier' employees. The lack of such a fit can complicate the service delivery process enormously, with all the resulting consequences.
According to marketing, purchasing does not understand that there is intrinsic value in relationships (Supply Management 2004). Having a long-term, close relationship results in so-called "freebies". Purchasing on the other hand deems such a relationship to be too cozy, and therefore feels it is time to switch suppliers. Marketing on the other hand does not want to risk performance for 2% of savings

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[2] , [3] , [4] , [5] Participants at the Dutch Round Table meeting on Marketing Spend (Reunis and Van der Valk 2005).

(McKinsey&Company 2002). Marketing services are highly critical, since they have a high impact on customers' perceptions of a brand, company, et cetera. Also, service recovery can hardly be achieved: a campaign that somehow does not achieve the desired effect with customers is a lost effort. A worst-case scenario would be achieving an undesired effect, in which case extra efforts are needed to undo these effects.

With regard to supplier selection, the buying organization cannot determine whether doing business with agency A will actually result in a better campaign than dealing with agency B. Not only is supplier comparison complicated by the fact that quality cannot be grasped, this issue also hinders performance measurement. Objective performance indicators for quality hardly exist, and buying companies have to resort to subjective quality measures like whether the advertising agency is credible.

Challenge 3: Pricing the service
Due to the lack of tangible assets, services are more difficult to quantify in terms of costs. This makes the pricing of services quite complex. In addition to that, it is hard for the customer to assess the value gained from purchasing the service in relation to the cost of acquiring the service.

Usually, purchasers try to arrange good hourly tariffs. However, even though the price per hour often goes down during negotiation rounds, the number of hours usually goes up during the execution of the assignment. A common practice here is that the customer is billed after the assignment has been fulfilled: the bill is checked and as long as it fits the budget, it is approved. By requesting budgets from advertising agencies, the discussion on price can be moved upstream, providing a better negotiation position for the buying company.

> "The complexity when buying a service lies in the units: on what units does one base the payment to a supplier? In the old days, our company calculated a price P times and number of hours Q, without focusing on quality. The pressure on the hour price was increased, as a result of which the suppliers decreased their tariffs, but tried to regain this price difference by putting in more hours. As a result, cost went up. Therefore, Q had to be addressed while maintaining the quality level."
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> *Category Purchaser of a telecom company, case study interview.*

In order to get any insights into the marketing spend, finance and to a lesser extent purchasing departments run audits on the service provided to them. As a result, agencies feel that buying companies try to make everything measurable in any which way possible, after which they can start cutting costs. The cost-focus of procurement is an issue that bothers the marketing department as well.

A framework for analysis

In this section, a framework for analyzing the involvement of marketing and purchasing is developed. We start with a discussion of the external interface, focusing on the exchange between client and provider. According to the Interaction Model (Håkansson 1982), this exchange involves product/ service exchange, financial exchange, information exchange and social exchange. We argue that particularly the latter is important when it comes to buying marketing services, and as such establish the relation between the purchasing-marketing interface and the client-agency interface.

From there on, we shift the discussion to the internal interface and expand on the concept of meaningful involvement (Schiele 2005; Stuart 1991). This concept is the related to the OBB literature in order to establish an analysis framework.

The client-agency interface
For a client to sustain a (long-term) relationship with a provider, the development of close personal bonds between the two parties is required (West and Paliwoda 1996). The concept of bonds between individuals, or actors, has been developed extensively by researchers within the Industrial and Marketing & Purchasing (IMP) Group (Ford 2002; Håkansson and Snehota 1995; Håkansson 1982).

The bonds between the actors involved in buying marketing comprise bonds between the client and the provider, as well as the bonds within the client organization. West (1997) proposes the Interaction Approach for trying to obtain an understanding of the collaborative relationships between client and provider. The interaction approach involves four elements: 1) the interaction process; 2) the participants in the interaction process; 3) the environment in which the interaction process takes place (e.g. market structure, position in the manufacturing channel); and 4) the atmosphere surrounding the

interaction process (e.g. power versus dependence, closeness). A client-agency relationship is characterized by exchange, and as such, requires interaction between both parties. This exchange does not only comprise the exchange of the service as such and the money that is being paid to the agency in return, but also concerns exchange of information and inter-personal relationships. Especially the last element of exchange, sociality, plays an important role in the client-agency relationship, amongst others because it can contribute to risk reduction. According to West (1997), the role of purchasing may be to ensure that the business relationship is not negatively affected by this sociality.

In addition to the sociality between the individuals involved in the client-agency relationship, the relationship as such will form its own atmosphere as a result of the interaction and the characteristics of the parties involved in that interaction (West and Paliwoda 1996). Håkansson (1982) claims that the social exchange between the individuals involved in the interaction will affect the atmosphere in the relationship.

The previous discussion of the bonds between individuals of the buying organization and the agency demonstrate the link between the internal cooperation between various individuals and the client-agency relationship. The effectiveness of the client-agency interface depends on the effectiveness of the marketing-purchasing interface. The effectiveness is defined as the extent to which the three main challenges are tackled and depends on the extent to which purchasing and marketing are meaningfully involved in buying marketing services. This will be further explained in the next section.

The marketing-purchasing interface
We have argued that strong actors bonds should be developed between the client and the agency to tackle challenges in the purchasing of value-added marketing services. In turn, the development of these bonds depends on the bonds in the internal interfaces. Following the analogy within the organization, strong internal bonds also contribute to the effectiveness of the interface between marketing and purchasing. In analyzing the internal interface between purchasing and marketing, the concept of the buying center is useful.

The concept of the buying center originates in the Organizational Buying Behavior (OBB) literature. Organizational buying usually takes place within the context of a formal organization and involves many people in the decision making process with complex interactions between people and between individual and organizational goals (Webster and Wind 1972).

The dominant models have been developed by Robinson et al. (1967), Webster and Wind (1972) and Sheth (1973). Webster and Wind (1972) stress that the process is carried out by individuals, in interaction with other people, in the context of a formal organization. They were the first to explicitly introduce the concept of the buying center, which includes all members of an organization who are involved in the purchase process. Within the buying center, the following roles can be distinguished: 1) user; 2) buyer; 3) influencer; 4) decision maker; and 5) gatekeeper.

West (1997) elaborates on the roles in the buying center when buying advertising agencies, and claims that purchasers generally are not users of the marketing services, but could contribute to the other four roles in the buying center. For example: West (1997) emphasizes technical efficiency as the main issue for purchasers, while effectiveness is the main issue for marketers during supplier selection. Purchasing's role is to evaluate the market and the current agency, to survey other companies' practices and subsequently determine a procurement policy, and to establish selection criteria. When the agencies participating in the bidding are evaluated, purchasing's main contribution is to establish guidelines for the commercial arrangements.

To summarize: purchasers could together with top management and marketing play a role as *buyers* from the contractual perspective. They could *influence* the decision from a commercial viewpoint. They could help *decide* with respect to cost effectiveness. Finally, they could act as *gatekeepers* when increasing their knowledge of the specific field of marketing services.

Not only have various researchers argued that purchasing could add value when buying marketing services, also practitioners advocate more involvement of procurement. The Director Supply Management Europe of the food company that participated in the Dutch round table summarized this as follows: a tension between marketing and purchasing is caused by a lack of mutual understanding and a lack of knowing what we want from one another. When budgets go down, marketing knows where to find purchasing. As long as this is not yet the case, purchasing has to "sell' themselves to marketing. Purchasing has to demonstrate its added value, for the general impression among marketers is that the purchaser has no affinity with the primary process."

Yet, in practice, marketers and purchasers do not seem to understand how they can collaborate in order to deal the agencies more professionally.

Buying marketing services from an advertising agency is a complex task, and is characterized by a high level of perceived risk caused by ambiguity between both the client and the provider. Developing close bonds between the actors involved can mitigate this risk. As we have shown in the previous section, the development of these external bonds relies on the internal interface between marketing and purchasing.

This interface between marketing and purchasing will improve when both parties are meaningfully involved in buying marketing services. Meaningful involvement is defined here as "the timely and useful collaboration of purchasing's knowledge and expertise…in all aspects of the acquisition process, including the decision making process, leading to the best buy decision with the objective of satisfying the immediate needs of the specifier and the long term needs and strategic objectives of the organization as a whole" (Stuart 1991). According to Stuart's definition, involvement is meaningful when purchasing's contribution is timely and useful. In his study, Schiele (2005) regarded involvement to be meaningful when both the business customer and purchasing agreed that the involvement was timely and useful.

However, in order to decouple the assessment of whether involvement is meaningful or not from the ongoing debate between marketing and purchasing, for this paper, we will regard involvement to be meaningful when it results in tackling one or more of the challenges brought forward, either totally, or to a certain extent.

In the next section, the concept of and the roles within the buying center (Webster and Wind 1972) are used to conceptualize meaningful involvement of marketing and purchasing.

Developing approaches to the marketing-purchasing interface

Based on the conducted literature review and on the results of two Round Table discussions, several approaches could be developed for tackling the challenges in buying value-added marketing services.

We use the concept of the buying center and the roles that can be distinguished within the buying center to develop an idea about these approaches. The roles fulfilled by the members of the buying center comprise certain activities. Main premise is that some of these activities can better be carried out by marketing, whereas others could better be carried out by purchasing. In other words: having marketing carry out marketing activities is meaningful, as is having purchasing carry out purchasing activities.

We therefore focus on the distribution of activities and consequently roles across the different members of the buying center, more specifically across marketing and purchasing. First however, 'traditional' roles and activities in value-added marketing purchasing are discussed. We have not tried to be complete in listing the activities that belong to any of the roles; rather, we want to give the reader an idea of the possibilities for attaining meaningful involvement.

The roles in the buying center from Webster and Wind (1972) comprise the following activities and typical distribution across marketing and purchasing for value-added marketing purchasing:
- User. In general, these are the individuals who actually use the product or service. In marketing service there is no direct actual usage in terms of consumption, however, marketing remains responsible for the outcome of the service and its contribution to business objective. In addition, marketers have the expertise to evaluate marketing service and are likely to be closely involved in the actual execution of the service. This role is highly unlikely to change between purchasing and marketers.
- Buyer. This is the role that actually closes a deal and/or places an order. It is often the buyer who performs the negotiation about terms and conditions in a contract. Traditionally, marketing professionals largely perform the 'buyer role' for value-added marketing services. Activities thereby include specifying the need, scheduling the purchasing process, i.e. setting up the pitching process, evaluating the pitches and proposals and initiating negotiations. Purchasing professionals are only included occasionally for drawing up the contract. The role of buyer provides a lot of room for redistributing activities between purchasing and marketers.
- Influencer. These individuals are able to influence the outcome of the purchasing process by providing advice. This can be both a formal and informal role, with official and unsolicited advice. Marketers that are not directly involved in other roles can influence their colleagues in their actions towards buying marketing services, especially when they are seen as an internal expert. External

experts can take on the role of influencer. Activities employed by an influencer can take place in all phases leading up to the actual decision to select and contract a service provider. Purchasing professionals can take on the role of influencer. Depending on their power bases, e.g. formalized, expert or referee power (Farrell and Schroder 1996), they can influence the buying process. Based on the experience shared in the round tables, the actual manifestation of purchasing influence is still limited.

- Decision maker. The role of decision maker has a formal position from which (s)he can decide the selection of the service provider. This is likely to be someone in the business or a managerial position in marketing. The decision maker is often someone with budget responsibility. The role of decision maker is highly unlikely to transfer to a purchaser.
- Gatekeeper. This role controls the flow of information, e.g. from the service provider, towards the other members in the buying center. Depending on the organization, gatekeepers for marketing services can be administrative personnel or people in marketing. Purchasing can conceivably take on a role as gatekeeper and control the process of information gathering and distribution, e.g. supported by electronic tools. In practice, marketers are often process owners.

Only the roles of buyer, influencer and gatekeeper provide room to develop alternative distributions of roles and activities across the purchasing and marketing function. User and decision makers remain marketing professionals (or arguably the business owners). Van Weele (2005) shows the involvement of the various roles across the five decision stages phases in the decision making process: users, influencers and buyers are involved in (nearly) all stages, whereas decision makers and gatekeepers are only involved in a few stages. The involvement of roles in various stages by Van Weele (2005) is used to develop two approaches toward redistributing activities for different roles across purchasing and marketing. The distribution of the activities of the three roles (buyer, influencer, gatekeeper) over two functions or a combination gives fifteen possible 'solutions' of the marketing-purchasing interface. The fifteen approaches towards the marketing-purchasing interface represent a continuum from marketing performing all purchasing activities (which we will refer to as the "purchasing marketer") towards purchasing performing all purchasing activities (referred to as the "marketing purchaser").

The applicability of one of the fifteen approaches, i.e. a certain balance between activities between marketing and purchasing, is likely to depend on the context. It seems reasonable to assume that the characteristics of the organization as well as the characteristics of the service being purchased influence the most suitable constitution of the buying center. For example: small companies are unlikely to have a purchaser dedicated specifically to marketing. Since the expertise of a purchaser in a small organization needs to cover a broad range of areas, the expertise is likely to be less in-depth.

In order to substantiate our idea about different distributions of activities among marketing and purchasing, we present the results of two cases into the marketing-purchasing interface. We investigate how the activities are distributed among marketing and purchasing and analyze to what extent the challenges associated with buying value-added marketing services are resolved. Based on this analysis, we can say something about the level of meaningful involvement.

The marketing-purchasing interface: two cases

The purchase of marketing services was studied empirically by means of two case studies. In a larger study on buying business services, four service purchases were studied at ten companies, adding up to a total of 40 cases. From these cases, the marketing service cases were selected and re-analyzed with the research questions posed in this paper in mind. The marketing services studied in these companies mostly considered both Above-the-Line and Below-the-Line spend[6]. Activities ranged from media buying to the development of promotional campaigns. For the purpose of this paper we decided to focus on the companies in which advertising services were studied and that (roughly) adhere to one of the two extremes on the continuum (the purchasing marketer and the marketing purchaser). This was the case for two companies, the details of which can be found in Table 1.

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[6] Above-the-Line marketing refers to classic marketing such as printed advertisements, media or trade show activities. Below-The-Line Marketing stands for efficient marketing on target groups using leverage effects (i.e. viral marketing). These are not visible to the outside. Examples include promotions, direct marketing, sponsorship and public relations.

Table 1: Case companies

Company description	Type of company	Type of customers	Service	Informants
Telecom company	Service provider	Industrial customers and consumers	Advertising	- Category Manager Marketing & Call Center Services - Category purchaser Marketing & Communication - Category Purchaser advertising/ media/ market research/contents
Oil company	Manufacturer	Industrial customers	Advertising	- Manager Communications Below The Line & Sales Promotions - Contracting & Procurement Consultant

Each of the services was studied by means of two to three in-depth interviews with the purchaser, the contract owner and/ or (internal) users involved. The interviews with the purchaser focused predominantly on the purchasing process. The contract owner and/ or user were deemed to be most knowledgeable on what happened after the purchase.

The interviews were transcribed and sent back to the informants for verification. The two or three interview reports were then developed into thick case descriptions, which again were sent back to the informants involved for verification. The case descriptions were subsequently analyzed with regard to the approaches outlined earlier.

The case descriptions will be outlined in the following section, followed by the analyses. This analysis is threefold, consisting of:

1) an analysis of the marketing-purchasing interface in terms of the roles fulfilled in the buying center and the associated activities;
2) an analysis of the client-agency interface in terms of how the buying company collaborates with the agency; and:
3) an analysis of which of the challenges brought forward earlier are being addressed to what extent and how.

Buying advertising services at an Oil Sales Organization (OSO)
The Dutch sales organization of an international oil company (OSO) is involved in everything that can be found in and around gas stations owned by the oil company. This covers a wide array of products and services, ranging form fuels to convenience products and from payment systems to maintenance for the fuel pumps.

Buying advertising services
In the Netherlands, OSO works with one and the same advertising agency for both Above-the-Line (ATL) and Below-the-Line (BTL) advertising. The contract with the ATL agency has European coverage. For BTL activities, no official contract is in place, but since BTL involves the same supplier as ATL, the price conditions of the ATL contract apply to BTL dealings.

We use the example of a sales promotion at gas stations to illustrate the purchase of a marketing service at OSO. The business line involved with the retail side of the gas stations sells shelf space to a retail supplier (for example: beverages) and comes to certain agreements with regard to a promotion for that product. The business contacts the marketing department, which then prepares a briefing for the agency.

The agency subsequently develops a proposal involving one or more concepts and suggested approaches (scenarios), which have to be approved of by both the marketing manager and the retail manager. A team makes the decision for a certain scenario, since a choice for a certain scenario can hardly be made objectively. When OSO has decided on a certain scenario, the deadlines originally set in the briefing are leading.

From an operational perspective, purchasing has been left fairly uninvolved in this process, unless more commodity-like products (like premiums) are involved or the contracts have to be renegotiated. There is however room to involve purchasing and progress in this area is being made. A recent renewal of the organization has resulted in more "airtime" for purchasing, allowing them to demonstrate their added value and to "sell themselves" to the business.

As a result, the business is increasingly involving purchasing in various projects, specifically to include a direct contribution from the purchasing department, to serve as a sparring partner for the project team members.

The marketing-purchasing interface
Regarding the case description in the previous section, we can derive how the roles are distributed between marketing and purchasing.

1) Buyer. The role of the buyer is performed by marketing, which briefs the agency and approves of the agencies propositions with regard to the assignment.
2) Influencer. Marketing predominantly fulfills the role of influencer, which contributes to the development of a campaign from its own experience.
3) Gatekeeper. Marketing also fulfills the role of gatekeeper, attending meetings with the agency and keeping themselves informed of everything regarding the assignment.

The client-agency interface
Due to the fact that marketing is the only discipline actively involved with purchasing the marketing service and with dealing with the agency, the social bonds between the client and the agency are quite strong. The people involved, both on the buying and the supplying side, come from similar disciplines and probably to a large extent share a similar professional culture.

On the other hand, the position that OSO has with the agency can be considered difficult, since the collaboration has more a relational character than a commercial character. Keeping this commercial focus could be the task of purchasing, by trying to benchmark prices and to objectify client-agency discussions. For example: It is questionable though whether OSO needs the same agency for both ATL and BTL advertising: BTL is much more simple, since 90% here has already been determined (by the ATL agency). BTL thus resembles more execution of certain activities, which could perhaps be done with a cheaper agency.

On the other hand, for these kinds of purchases, price can hardly be used to make decisions about the service provided.

The challenges addressed
1) Content. The challenge of specifying the content of the service is tackled by the marketing discipline, since they can be considered most knowledgeable about the content of the service provided.
2) Quality. The quality of the service can only be really evaluated after the service has been delivered and the campaign has finished, however, marketing is deemed to be able to assess the quality of the service delivered beforehand. The possible contribution of purchasing, in this respect, could be adding objectiveness and rigor to the quality assessment and lessons-learned from and to the purchasing process of other business services.
3) Pricing. The pricing of the service is a more complex issue: as was mentioned before, price agreements are in place, but it is difficult to assess the justness of prices. Although marketing is knowledgeable about the market and its prices, again, the critical attitude of the purchaser might have a positive contribution here.

Overall, we could say that assigning purchasing activities to marketing is reasonably successful, in terms of the client-agency interface, although some opportunities for improvement remain. The opportunities for further tackling of the challenges by including purchasing are hard to assess. Purchasing knowledge and skills can also be largely in place and successfully applied by a marketer. The OSO case can be classified as the "purchasing marketer" scenario, showing close social bonds between the client and the agency and the ability to tackle two out of three challenges (service content and service quality).
We now turn to the second scenario in the next section.

Buying advertising services at a telecom company (TEC)
TEC offers telecommunications services to both consumers and business customers and is the market leader in the major segments of the Dutch telecommunications market. Among their core activities are telephony and data services through a fixed network in the Netherlands, mobile telecommunications services in Germany, the Netherlands and Belgium, and data services in Western Europe.

Buying advertising services
TEC spends the larger part of its marketing/ communication (marcomm) spend at two agencies, one for ATL advertising and one for media. TEC's category purchaser marcomm together with the marketing/ communications department have been involved in bringing these agencies under a contract. At that time, the main selection criterion was price, since TEC's situation at that time required the company to cut costs dramatically.

However, during the contract period, TEC experienced that the optimization potential lied predominantly in the intra-organizational processes. A marcomm excellence project was started by the category purchaser: for this purpose, the marcomm process was studied in-depth with the help of third-party knowledge and knowledge obtained from high-level benchmarks. Main objective was to create a situation in which the marcomm department would mainly focus on the agencies' results and not so much on the process of coming to these results. Furthermore, due to the cost focus, there had been a focus on price; a result was that agencies would reduce their prices, but would try to earn back some of this money by putting in more hours. In the new situation, prices should go down, but quality should remain constant.

This has been done by translating the company strategy into an annual plan, containing objectives and targets, which have subsequently been translated to KPIs. As a result, TEC's problems have become the agencies' problems. Furthermore, the agencies now have to make quotations for every assignment. Marcomm has the expertise to assess whether these quotations are acceptable, resulting in a more objective discussion on the content of the quotation. This has been further complemented by a payment method consisting of a fixed fee (covering on a monthly basis the expenses for meetings, et cetera), a variable fee (project-specific and based on the agencies' proposals) and a performance-based fee (linked to the KPIs). The scorecards containing the KPIs have been developed in collaboration with the marcomm department (purchasing was involved from a facilitating role).

On the whole, purchasing is involved in stakeholder management, managing both the internal (marcomm) and the external stakeholders (agencies). The content of the process lies with marcomm, but purchasing has a facilitating role throughout the process.

The whole project has resulted in a professionalization of the internal organization. There is now an increased focus on results, which results in the marcomm spend having more and more the character of an investment.

The marketing-purchasing interface
Regarding the description above, we see that purchasing is very much involved in buying marcomm.
1) Buyer. The role of the buyer remains with marketing, although purchasing is involved in the process as a facilitator, asking questions and trying to open up the debate.
2) Influencer. Both perform the role of influencer: marcomm from the functional expertise, and purchasing from their process-oriented perspective.
3) Gatekeeper. Purchasing also is the main gatekeeper, attending meetings with the agencies and keeping themselves informed of everything that is going on in the client-agency relationship.

The client-agency interface
Throughout the purchasing process, purchasing acts as a facilitator/ stakeholder manager and is very involved in the acquisition of marcomm. The content remains with marcomm, the process is the main responsibility of purchasing (purchasing takes marketing "by the hand").

As a result, both disciplines are part of the interface towards the agency. Purchasing lays out the agreements and arrangements of the contract, thereby determining the "playing field" for the agency. Since purchasing is not involved with the content of what is bought, the agencies' professionals still deal with other professionals, which share their views and culture. Therefore, the social bonds will be quite strong. However, purchasing's involvement prevents "comfortable" going into "too cozy". Furthermore, purchasing looks after the commercial interests of both TEC and the agencies.

The challenges addressed/ resolved
1) Content. Marcomm is involved in specifying the content of the service from their functional expertise. Purchasing is involved here as well however, to help marcomm focus on the results and not too much on the process of obtaining these results.
2) Quality. The quality of the service has been tackled by letting marcomm assess the quotations of suppliers in advance (purchasing does this from a commercial point-of-view) and by linking the agencies' performance to KPIs. High scores on the KPIs means high quality delivered by the agencies.
3) Pricing. The pricing of the service has been tackled by purchasing through the involvement of third party expertise and by performing external benchmarks. Every assignment is preceded by a quotation, which is assessed in advance of the execution of the assignment both in terms of content and price.

In conclusion, the project carried out at TEC shows that the involvement of purchasing can have beneficial results. Furthermore, keeping a focus on commercial aspects does not necessarily harm the competitive relationship.

Discussion

Table 2 summarizes the results of these two cases in terms of the distribution of roles between marketing and purchasing.

Table 2: Results

		Buyer	Influencer	Gatekeeper
OSO – 'purchasing marketer'	Marketing	X	X	X
	Purchasing			
TEC – 'marketing purchaser'	Marketing	X	X	
	Purchasing	X	X	X

We can see that marketing is dominant in the OSO case, which resembles the purchasing marketing scenario, which was described earlier. The scenario can be considered to be quite successful, since two of the three main challenges are tackled. The involvement of marketing and purchasing can thus be considered to be quite meaningful. However, the results show that the challenge with regard to pricing still remains. OSO substantiates this finding and claims that they are still struggling with some ideas on how to get a better comprehension on the commercial aspects of buying advertising.

The second case shows that purchasing is involved to a large extent. Marketing has a contribution to each of the roles from a content perspective, whereas purchasing takes the lead from a process perspective and manages the commercial aspects of the client-agency relationship. This enables TEC to tackle all three challenges.
This scenario seems to differ to some extent from the scenario we proposed earlier called the marketing purchaser in the sense that the three roles are not assigned solely to the purchaser. However, the idea behind the marketing purchaser scenario is that purchasing takes the lead in the value-added marketing services process, which is the situation in the TEC case. By learning about marketing, purchasing is able to bring in their own expertise and to gradually convince their marketing colleagues of the fact that they do understand what it is about and that they can add value.

This finding is however somewhat contradictory with the study of Lonergan (2005), who concludes from his ethnographic account that "the most appropriate role for procurement in these situations might be *'no role'*" and that "comprehensive commercial training for budget holders and MarComms managers should be considered". However, based on the cases we presented, we find some indications that purchasing actually can contribute to further professionalizing the buying of value-added marketing services. The second case of TEC shows that the purchasing discipline is able to manifest itself in the marketing services acquisition process.

Naturally, the two illustrations of cases do not provide conclusive support for either one of the approaches in tackling the challenges involved in buying value-added marketing services. Different approaches towards the constitution of the buying center, here the distribution of roles across purchasing and marketing, are likely to be successful depending on a variety of organizational and contextual contingencies. On the other hand, the findings of this paper do provide some initial support for including purchasing practices in the buying of value-added marketing services. There might not be a 'right' solution for finding the source of these purchasing practices; however, the buyers and marketers should find a balance in deciding on who performs which role in the buying center. The two scenarios presented in this paper, where either purchasing or marketing is in the lead, have both been substantiated in an illustrative case and both show the propensity to tackle challenges in value-added marketing services.

The key for tackling the challenge might lie in the actual inclusion of professional purchasing practices, rather than an actual purchaser professional. On the other hand, instead of training / coaching marketers in developing professional purchasing skills as Lonergan (2005) suggests, expertise is often readily available in the purchasing department. This advocates assigning purchasing roles to a purchaser. In addition, this approach provides some additional advantages of an outside-in perspective: an outsider could better guard the rigor and objectivity of the overall sourcing process and

identify synergy potential with other spend-categories. In this respect, the value-added marketing services would follow the way in which other business services are traditionally purchased. Marketers will then have to accept 'outsiders' being involved in their spending behavior and purchasers will be able to get a grip on a traditional 'hands-off' spend category.

Conclusion

This paper opens up the discussion on the distribution of roles across purchasing and marketing to tackle the challenges in the buying of value-added marketing services. We have demonstrated three challenges based on the input of two round table discussions, related to 1) content; 2) quality; and 3) pricing of the service. The buying of value-added marketing services puts more strain on the traditional tension between the marketing and purchasing disciplines, since it has both an internal and external component. Based on literature on bonds we have established the relationship between the internal marketing-purchasing interface and the external client-agency interface. We subsequently used organizational buying theory (OBB) to further develop the marketing-purchasing interface as follows: we assumed that different roles are divided among members of the buying center and that the buying center for value-added marketing services can consist of a combination of marketers and purchasers. Linking this to meaningful involvement, we posited that some distributions of activities are more meaningful than others.

A more detailed look at the roles for specific situation of value-added marketing services shows that only three roles can be distributed across marketers and purchasers: buyer, influencer, and gatekeeper. The three different roles and possible performance of these roles either by marketers, purchasers or both yield fifteen different approaches towards the marketing-purchasing interface. The fifteen possibilities represent a continuum where at one end marketing is completely in the lead and at the other end purchasing is completely in the lead. We have coined the approaches respectively as the 'purchasing marketer' and the 'marketing purchaser'.

The findings and discussion of two empirical cases of different marketing-purchasing interfaces show some initial support for involving purchasing to resolve challenges in buying value-added marketing services and for a successful client-agency interface. However, the findings do not provide conclusive support and have a more illustrative nature. The cases demonstrate a possible contribution of professional purchasing practices in the buying of marketing services: e.g. process control, stakeholder management, objective costing and quality assessment. Purchasing involvement could thus be meaningful. However, inclusion of a purchasing professional is not necessarily the 'right' solution to achieve this: marketers can also develop and adopt these typical purchasing skills.

Furthermore, being meaningfully involved is expected to result in increased understanding and higher acceptance from both marketing and purchasing with regard to each other's roles. The internal interface will be improved, which will subsequently have an effect on the external interface, i.e. the collaboration with the agency.

This paper leads to a lot of new questions on the applicability of different distributions of roles across marketing and purchasing in certain contexts and tackling the specific challenges. Getting professional purchasing practices to the spend category of value-added marketing can take place in different ways, with a varying effect on resolving challenges and the effect on the external client-agency interface.

This debate is furthermore equally applicable to the purchase of other professional services, like for example managed IT services or consultancy services.

The objective of this paper was not to 'solve' the issue of purchasing involvement in marketing services, or in any other kind of professional services for that matter, but merely unravel some of the complexity and present a starting point for further discussion and research. The findings of this paper present many leads for future research and a basis for continuous discussion. This paper fits into a larger research project on buying business services (Van der Valk 2005). We hope that the paper has demonstrated some interesting leads and inspired you to join in on the future research and discussion. We welcome your input on this topic at the IMP conference.

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