Attractiveness in Business Markets: Conceptualization and Propositions

Chris Ellegaard

Center for Applied Market Science

Copenhagen Business School

Birk Centerpark 40, DK-7400 Herning

Denmark

Tel. +45 9629 6468

Fax. +45 9629 6460

ce.marktg@cbs.dk

Thomas Ritter

Center for Applied Market Science

Copenhagen Business School

Solbjerg Plads 3, DK-2000 Frederiksberg

Denmark

Tel. +45 3815 2121

Fax. +45 3815 2101

ritter@cbs.dk

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Abstract

Despite various mentioning of customer attractiveness in the literature, the concept is not defined and conceptualized. Including arguments from sociology and physics, this paper develops a definition and conceptualization of customer attractiveness. It is pointed out that attractiveness is determined by perceived value creation, perceived relationship characteristics and emotional attachment. Thus, the paper introduces feelings as an element into the business-to-business marketing literature which is an evolving theme in consumer marketing. The usefulness of the concept is discussed and further research questions are developed.

Keywords

Attractiveness, attraction, buyer-supplier relationship, purchasing, value, trust, commitment

Introduction

Many firms find themselves on markets where they have to be attractive actors in order to be chosen by another party, typically customers, suppliers and innovation partners. The need for attractiveness in business markets is indicated in various parts of the literature. For instance, attractiveness seems to form an inherent part of supplier development. Supplier development involves various activities aimed at improving supplier capabilities to meet the buyer's needs (Handfield et al. 2000). Also, suppliers need to be motivated to dedicate resources to such a project. Galt and Dale (1991) highlight that *"a buyer must make it attractive for a supplier to do business with his or her firm*". A related view of attractiveness is offered by the literature on "reverse marketing" (Leenders and Blenkhorn 1988). Reverse marketing sees the purchasers as the active progressive part, driving the relationship to suppliers. The company is marketed to suppliers, with the purpose of developing long-term relationships. Studying the relations between small Danish suppliers and their larger international customer, Christiansen and Maltz (2002) demonstrate the need for becoming an "interesting customer" in order to secure satisfactory performance from these suppliers. Looking to the marketing literature, customer segmentation models emphasizing the attractiveness of customers (Fiocca 1982) or Harris, O'Malley and Patterson's (2003) conceptual study of attraction, which seems to be the only investigation of attraction in the literature on industrial buyer-supplier relations so far. Attraction has also been mentioned in various articles about relationship development (Dwyer, Schuhr & Oh, 1987). However, due to the limited research on attractiveness in business markets, the concepts of attraction and attractiveness are neither well defined, nor conceptualized. This paper addresses these two shortcomings.

To some extent, attractiveness is the other side of market orientation. Market orientation deals with a firm's focus on and interaction with customers, i.e. the approach a firm takes towards its customers and how much learning about customers takes place in the organization. Attractiveness, in contrast, is the power with which customers are pulled towards the firm.

The paper is organized as follows: First, the paper gives an overview of the conceptualization of attractiveness in the literature. Second, a framework of understanding and determining attraction in business markets is developed. This perspective is taken to reflect the increasing trend that firms need to be attractive towards their partners in order to assure access to critical resources.

Defining Attractiveness in Business Markets

Attractiveness basically means to cause interest or pleasure and to pull someone towards you by the qualities you have, especially positive and admirable ones (Cambridge Online Dictionaries). Attractiveness has been a major phenomenon of study in the behavioral fields of social psychology, social exchange and organizational behavior.

In any given relationship (dyad) there are two perspectives: the attractiveness of the customer as perceived by the supplier (we call this customer attractiveness); and the attractiveness of the supplier as perceived by the customer (we call this supplier attractiveness). These two perspectives are theoretically independent from each other. However, individuals who are attracted to other individuals focus on proving themselves attractive to those other individuals (Blau 1964, Homans 1961, Tedeschi and Lindskold 1976, Thibaut and Kelley 1966) – as such, the two kind of attractions may be highly correlated with each other. This also indicates that attractiveness can be managed, i.e. an actor is able to manipulate his attractiveness towards another actor.

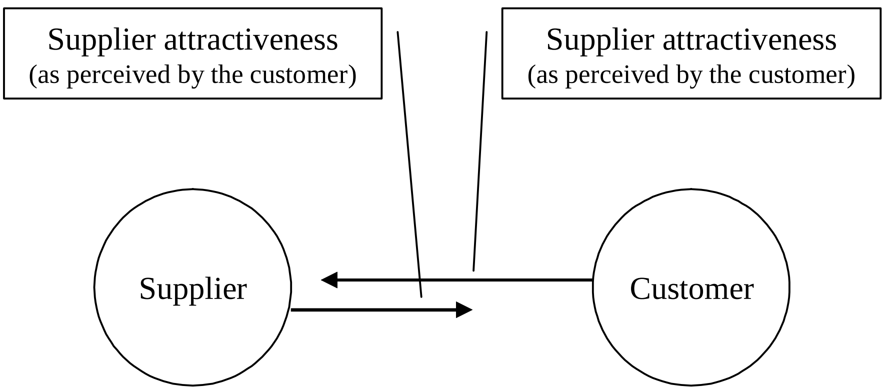

FIGURE 1: Attractiveness in a supplier-buyer relationship

We define attraction as a mutual construct which describes the strength of the mutual interest of the two actors in each other. As such, it is determined by the lower of the two levels of attractiveness. This understanding is similar to physics where attracted objects move towards each other. Attractiveness is defined by one sides attachment towards the other. It is therewith a construct “in the eye of the beholder” meaning that customer attractiveness is determined by a supplier.

Dimensions of Attractiveness in Business Markets

The perceived attractiveness of one actor by another actor is determined by three main areas: value creation, interaction process, and emotions.

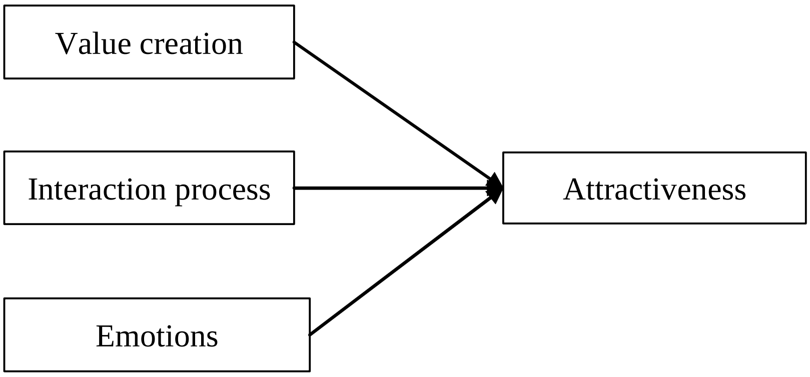

FIGURE 2: Dimensions of attractiveness

Value creation

The first one is the potential value created for an actor by another actor. Walter et al. (2001) developed the concept of value functions – referring to the functions by which the buying company contributes to the supplier's value creation and hereby builds commitment. Hereby, direct and indirect functions exist (Anderson et al. 1994). Direct functions, i.e. profits and volume, have an immediate effect on the competitiveness of the supplier. Indirect functions, i.e. innovation development and market access, are important to the supplier because they improve the possibilities of working as a business partner in all relations.

Interaction process

Second, attraction can be seen in process variables such as trust and commitment. Both, trust and commitment have been key terms in the literature on buyer-supplier relations (Ford 2002). When commitment is present with suppliers they "*consider the relation important enough to warrant maximum effort at maintaining it*" (Morgan and Hunt 1994). Commitment represents an interpersonal attachment which supports the continuance of the exchange relation (Cook and Emerson 1978). More importantly commitment not only leads suppliers to maintain the relation but also to dedicate resources to develop and strengthen the relation and its value creation potential in the short and long term (Spekman et al. 1998, Madhok et al., 1998). Trust and satisfaction have been proposed as sources of commitment, among others (Morgan and Hunt 1994).

Emotions

“In more recent years, neuropsychologists, brain researchers and other behavioural scientists have strongly emphasised the importance of emotional response (Damasio, 2000; Le Doux, 1998). In this research, a distinction has emerged between feelings and emotions. Basically, emotions are thought of as very primitive, extremely fast, unconscious mechanisms controlling the individual responses to a wide variety of situations ranging from serious threats (for instance, from an approaching car) to trivial decisionmaking tasks (for instance, choosing a coffee brand in the supermarket; Heath, 2001; Franzen and Bouwman, 2001). Feelings, on the contrary, are those conscious and cognitive perceptions we use to describe our more primitive noncognitive emotional control of what we do. We may talk about feelings of sadness, jealousy, happiness, etc. Such feelings are much more detailed in nature than emotions and they can be described verbally in more or less precise terms by the individual experiencing such feelings. In the paper, we shall review some of the findings relating to emotions as well as to feelings and look into the possibilities of gaining insight about emotional response potentials from measurements of feelings.” (Hansen, 2005)

Table 1
Overview of consumer research using emotions as a main variable

Reference	Emotion measure used	Resulting structure
Edell and Burke (1987)	Edell and Burke (1987)	Upbeat, negative, and warm
Holbrook and Batra (1987)	Holbrook and Batra (1987)	Pleasure, arousal, and domination
Westbrook (1987)	Izard (1977)	Positive and negative affect
Olney et al. (1991)	Mehrabian and Russell (1974)	Pleasure and arousal
Holbrook and Gardner (1993)	Russell et al. (1989)	Pleasure and arousal
Mano and Oliver (1993)	Watson et al. (1988); Mano (1991)	Upbeat, negative and warm Positive and negative
Oliver (1993)	Izard (1977)	Positive and negative affect
Derbaix (1995)	Derbaix (1995)	Positive and negative affect
Steenkamp et al. (1996)	Mehrabian and Russell (1974)	Arousal
Nyer (1997)	Shaver et al. (1987)	Anger, joy/satisfaction, and sadness
Richins (1997)	Richins (1997)	Anger, discontent, worry, sadness, fear, shame, envy, loneliness, romantic love, love, peacefulness, contentment, optimism, joy, excitement, and surprise
Dube and Morgan (1998)	Watson et al. (1988)	Positive and negative affect
Phillips and Baumgartner (2002)	Edell and Burke (1987)	Positive and negative affect
Ruth et al. (2002)	Shaver et al. (1987)	Love, happiness, pride, gratitude, fear, anger, sadness, guilt, uneasiness, and embarrassment
Smith and Bolton (2002)	Smith and Bolton (2002)	Anger, discontent, disappointment, self-pity, and anxiety

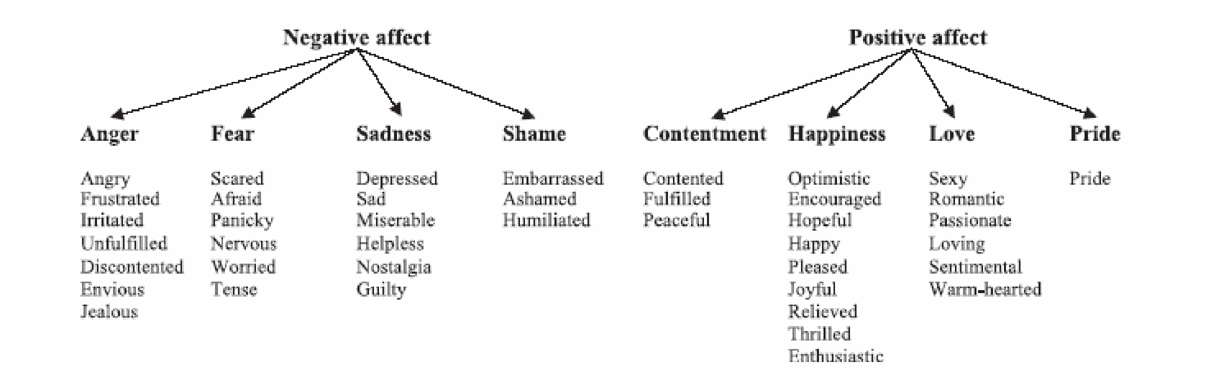

Fig. 1. Hierarchy of consumer emotions.

Figure 1: Overview of emotions (Hansen, 2005)

We suggest that the concept of emotions can be integrated into business relationships. Emotions are the third element of attractiveness and cover the irrational part of decision making. While properties of value creation and interaction process offer the possibility to be discussed rationally along some specified criteria, emotions represent the part of attractiveness which is not accessible by rational arguments. This part is not often acknowledged by managers who would like to appear rational – and sometimes are forced to rational explanations by law (e.g. competition law). However, arguments such as “having a bad feeling” or “not really being happy” are used to question otherwise rational decisions.

Consequences of Attractiveness

According to Blau (1964), social attraction is the force that induces human beings to establish social associations on their own initiative and to expand the scope of their associations once they have been formed. As such, we can distinguish two areas of consequences: search and loyalty affects.

Search effects are realized when attractiveness leads to other actors’ initiatives to establish a relationships. This effect suggests lower search costs and lower costs for convincing a suitable partner. On the other hand, attractiveness may lead to an over-demand because too many actors want to establish a relationship. This could lead to increased costs in both evaluation and negotiation as well as reputation issues due to a high rate of rejections.

Loyalty effects as suggest in terms of expanding associations. In business markets, such expansion would mean higher exchange volumes and value, higher cross- and up-sales potential, and potential recommendations to third party (reference function). The downside of this effect is a potential “over-closeness” or imprisonment of the attractive actor.

As such, attractiveness has positive and negative effects depending on the volume of attracted actors and the degree of intensity and exclusiveness of the relationship.

Discussion and Outlook

In this paper, we developed a definition and the drivers of attractiveness. We have argued that the construct is highly relevant in business markets due to they rather stable and network nature. We have highlighted the attractiveness is a property of the attracted, not the actor in focus.

A next research step is to find empirical cases to illustrate the existence and usefulness of the concept. Also, such research may enrich the understanding of attractiveness and its drivers.

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