

# **Interaction and Negotiation Process in Business Service Relationships: Illustrative Cases**

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## **Abstract**

This paper analyses business service relationships from the purchaser's point of view. The paper establishes a bridge between the type of business service and purchasing relationship or negotiation strategy. Studies have been developed to understand the interaction process between buyers and sellers, which is considered to be related to the way the service is used by the buyer firm. We review and synthesize concepts from services marketing, business relationships, and negotiation literature to analyze a variety of illustrative case studies of business services. The research shows how the nature of business services can influence the type of relationship, and negotiation strategy. Our data shows that services that are incorporated in the clients' offers as part of their offers to their clients, i.e., unaltered, are related to buyer-seller transactional relationships and distributive strategies. These services are simple, but involve "daily" contact with the market and a search for more competitive deals. On the contrary, more complex services that are modified or transformed by the client before being transferred to other clients are related to close relationships and integrative strategies developed between the parties, and lead to long lasting business service relationships, which are a form of value co-creation. The research highlights how business service relationships are related with value created outside the boundaries of the firm and how the value co-creation that emerges from the interaction between buyers and sellers is essential for the development of business service relationships.

**Keywords:** business services; business relationship; purchasing; negotiation; distributive strategy; integrative strategy

## 1. Introduction

Services development is changing the way that firms are running their businesses. Increasingly, firms are focusing their businesses where they are more competitive and are outsourcing various activities that they do not consider to be their core business to specialized suppliers. Thus, several firms are subcontracting different services to get help and to solve problems and weaknesses in their structures (Spring and Araújo, 2009; Araújo, Dubois and Gadde, 2003; Dabhilkar, Bengtsson, von Haartman and Åhlström, forthcoming; Rodríguez and Robaina, 2006). For this reason, service demand has become a substantial element of firms' external resources (Van der Valk et al, 2004; Fearon and Bales, 1995).

Literature on service marketing presented the characteristics of services that distinguish them from products: intangibility, heterogeneity, inseparability and perishability (Normann, 1992; Bebko 2000, Grönroos, 2000b). But recently, Lovelock and Gummesson (2004) have questioned the validity of these basic characteristics and Vargo and Lusch (2004 and 2008) presented the dominant logic of services, leading to consequences in the conceptualization of services by the academy. To these authors, service must be understood as "the application of specialized competences (knowledge and skills) through deeds, processes and performances, for the benefit of another entity or the entity itself" (Vargo and Lusch, 2004, p. 4). According to them, the service is neither defined as an opposition to goods, nor as a simple offer to expand goods exchanged (with additional services, guarantees), because goods are *appliances* (tools, distribution mechanisms), which serve as an alternative to a direct service provision (Vargo and Lusch, 2004). Thus, we can define service as a process that enables the co-creation of value in business relationships. Services can be understood as co-creation of value between suppliers and customers, including industrial and service organizations (Reinartz and Ulaga, 2008; Cova and Salle, 2008; Campbell-Kelly and Garcia-Swartz, 2007; Teboul, 2006, Oliva and Kallenberg, 2003 and Chesbrough and Rosenbloom, 2002).

There have been several studies connecting and linking products and services which deal with services as a value-added process emerging from the interaction of resources between the parties involved in the business (Gebauer, 2008; Jacob and Ulaga, 2008, Sheth and Sharma, 2008; Spring and Araújo, 2009, Ferreira and Proença, 2009a) b); Grönroos, 2007, Vargo and Lusch 2004 and 2008). In this view, the product is a part of the offer (not the center of the value proposition) and firms are "solution providers", which can lead any company to be a 'service organization'. Previously, Gummesson (1995) had argued that the traditional division between goods and services was not appropriate. For this author, customers do not buy products or services, but offers integrating services, which create value. The service is a process that enables the creation of value by the participants in business (Grönroos 2006 and 2007, Vargo and Lusch, 2004 and 2008, Ferreira and Proença, 2009a) b)). The customer performs a key role in the value creation process, co-creating value (Ramirez, 1999; Grönroos, 2006,

Vargo and Lusch, 2004, 2008). Grönroos (2000a) highlights the fact that the service is a process that occurs by interaction between two parties to provide a final solution to the customer. The solution is the result of a process where the buyer and supplier interact step by step to reach an understanding about the real needs of the purchasing firm, thus producing a solution (Axelsson and Wynstra, 2002).

This paper will focus on this perspective of service. Next, we review the literature about the purchase of services. Afterwards, we present research that analyzes and discusses how the purchase of business service occurs and develops. The paper shows how the nature of service can influence the buying strategy and, how it can be related with the type of negotiation between firms.

## **2. Brief literature review**

### **2.1 Buying businesses services**

There are several definitions that have been used to describe the concept of buying. The purchasing function is defined as a complex activity that involves decision and communication, which is permanent in time and involves several elements of the organization and relationships with other companies and institutions (Webster and Yoram, 1972). Literature defines the business buying behavior as firm behaviors between suppliers and purchasers (Gadde and Hakansson, 1993) or the management of external resources performed outside the organization, in order to acquire inputs in optimal conditions (Wynstra, 1998). Further, buying should consider supply chains as those defined as aggregate flows of goods and services from its origin to the final consumer (Harland, 1996).

The IMP Group researchers developed a model that provided a better understanding of the business market, showing the nature of the relationship between buyers and sellers, which is related to industrial networks. The model connects actors, activities and resources (Hakansson, 1982, 1987, Ford 1990, Hakansson and Snehota, 1995). However, most studies about firms buying and supply chains are concentrated in industry (Womack at al, 1990). The industrial network literature shows the role and the significant influence of the procurement to firms' competitiveness (Axelsson and Wynstra, 2002 and Hakansson, 1982). The procurement function can increase the competitiveness of a company, developing its rationalization or its position in the network (Axelsson and Hakansson, 1984).

Little is known about buying business services, about how services are linked to the industry, about what skills and interactions are developed during the process of the transaction of services, and, about what is the role of service in supply chains. There is scant literature on service buying by companies. Hakansson (1982), Axelsson and

Wynstra (2000 and 2002) and Wynstra et al (2006) show the differences between different types of products and services developed through interaction between the business partners. These authors emphasize criteria such as technology (associated with the service) and the type of application to understand the interaction that occurs during the process of purchasing services. Axelsson and Wynstra (2000 and 2002) and Wynstra et al (2006) classified services purchased by firms into four types: component services, transformation services, working method services and consumption services, see Table 1.

<b>Type of Service</b>	<b>Description</b>	<b>Subgroup</b>
Component Services	They are a unaltered part of the offer of the purchasing firm	Standards/Personalized
Transformation Services	They will be processed by the buying firm	Standards/Personalized
Working method services	They are related with methods of business organization	Less impact/ Great Impact
Consumption Services	They are used within the buying firm without becoming part of its final offer	—

Table 1 - Classification of services purchased by firms  
Source: Adapt. Wynstra and Axelsson (2000 and 2002)

Axelsson and Wynstra (2000 and 2002) reported that the component services are part of the offer made to the customers of a purchasing firm without any modification. To these authors component services can be divided into standard or personalized services. For example, the tour guide service offered to a firm, whose business is to sell tourism services can be simple or complex as it can vary with the type of customer who buys the service. Conversely, carpentry service involves a simple service model, since it is developed on the basis of a project that describes all the aspects of the service that will be exchanged. Conversely, transformation services are processed by the purchasing firm before being delivered to its clients (Axelsson and Wynstra, 2000 and 2002). In such cases, the purchasing firm must know how to deal with the service providers and the possibility of its transformation, which involves participation and interaction between the experts from the companies involved. The number of experts involved in the buying process will depend on whether the transformation service is standard or complex. For example, the service of photographs and videos produced for a website is a simple transformation service because, although it changes after their acquisition, it has simple features that are easily understood by the suppliers. The working method services are related with methods and business organization and may have greater or lesser impact on the development of the business firm. For example, the advice to implement a Total Quality Management system may have strong implications for a firm's processes and working methods. Finally, consumer services are merely a support to the customer's business.

In this paper, we only discuss component and transformed services, since they can play a major role in business purchasing.

## 2.2 Purchasing strategies

There are several approaches to purchasing strategies. Campbell (1985) considered that there are three types of purchasing strategies: competitive strategy, cooperative strategy and control strategy. The classification of these strategies is related to the characteristics of products and services, characteristics of the industry/sector, business features and characteristics of individuals. There are purchasing strategies based on relationships with suppliers, which can reveal high or low involvement levels and cooperation (Ford et al, 2001; Gadd and Hakansson, 2001). Van Weele (2005, pp. 161) states that "the strategy for suppliers should consider the type of relationship that must be taken with them". Axelsson and Wynstra (2002) propose a model of purchasing and supplier management associated with two opposing behaviors: the transaction and the relationship approach. According to these authors, the main difference is that the first is associated with an attitude of competition and the second with an attitude of cooperation (see Table 2).

<b>Transactional approach</b>	<b>Relational approach</b>
Many alternatives	One or few alternatives
Every deal is a new business	A deal is part of a relationship and the relationship is a part of a network context
Exploit the potential of competition	Exploit the potential of cooperation
Short term; arm's length, avoid coming too close	Long term with tough demands and joint development
Renewal and effectiveness by change of partner, choose the most efficient supplier at any time	Renewal and effectiveness by collaboration and 'team effects', combine resources and knowledge
Buying 'products'	Buying 'capabilities'
Price orientation, strong in achieving favourable prices in well-specified products/services	Cost and value orientation, strong in achieving low total cost of supplying and developing new

Table 2 - Purchasing philosophies: the transaction versus the relational approaches

Source: Axelsson and Wynstra, 2002, pp. 214

Firms that pursue a transactional or competitive strategy strive to gain access to different suppliers (Axelsson and Wynstra, 2002, Campbell, 1985). The competition between suppliers means that they get the best purchase conditions. The competition will encourage suppliers to offer high quality products at lower prices. Thus, the purchasing firms keep their suppliers at a distance, and independence is seen as a pre-

requisite for long-term effectiveness. Here, the purchasing manager simply plays the market, i.e., he tries to take advantage of the market conditions to achieve a product/service at the best price (Campbell, 1985). This type of strategy should be preferred when the industry is fragmented (Campbell, 1985). The supplier switching is done whenever there is dissatisfaction with the incumbent, because the purchase is totally rational: first, the buyer establishes the need for products or services, then approaches various suppliers to compare bids and, finally, he chooses the best alternative focusing on the economic conditions (Axelsson and Wynstra, 2002). Transaction buying strategy can be seen as a logical effect of the market where all players are free and independent. The supply and demand forces are well known and relevant. Thus, this strategy is used by firms that work in very competitive markets, and where the price is essential. This type of strategy is followed to buy standard goods or services, whose performance can be well specified and where, usually, there is an oversupply in the market (Campbell, 1985; Axelsson and Wynstra, 2002).

Conversely, the relational or cooperative strategy highlights the functional relationship between the customer and the supplier. Here, firms interact and the result is relationships characterized by long-term periods (Axelsson and Wynstra, 2002), where a cooperative strategy develops. It becomes more important to solve potential problems within the existing relationship, rather than to move to a new supplier. Usually, there are various specialists from both sides involved in the relationship, in part due to the complexity of the service that will be exchanged to maintain pressure and vitality in relationships (Axelsson and Wynstra, 2002). The firm exploits the potential for cooperation in the long term, searches for effectiveness through collaboration, and combines resources and knowledge. Thus, adaptation is a requirement and another feature of this strategy (Axelsson and Wynstra, 2002). "The supplier can play a substantial role in product and process development." (Axelsson and Wynstra, 2002, pp. 217). Service firms that pursue relational or cooperative strategies, focus on capability buying, are cost and value oriented, try to achieve low costs for their offers, and develop new values (Axelsson and Wynstra, op. cit., pp. 214). This approach allows firms to achieve interesting results with regard to innovation and efficiency.

### **2.3 Negotiation**

Negotiation is used by firms to relate to other firms or institutions with which they have certain dependence (Scott, 1992). The negotiation is a process with potential interaction, where two or more parties, with some obvious conflict, try to create better conditions through joint decisions, compared to what they otherwise could have done (Lax and Sebenius, 1986). Neale and Bazerman (1992) define negotiation as an instrument to resolve differences and share resources. The literature presents two main types of negotiation strategies: distributive and integrative (also known as "win-lose" or "win-win") (Bazerman and Neale, 1993, Fisher and Ury, 1981).

In distributive negotiation, the objectives of one part of the process are usually in conflict with the objectives of the other party (Lewicki et al, 1999). Both sides want to maximize their share of the limited resources (Lewicki et al, 1999; Axelsson and Wynstra, 2002). This strategy is based on competition over who will get most out of a limited resource. At the end of the negotiation process there will be a winner and a loser. Some key elements of this type of trading are competition, to convince the other party to make concessions and bargaining for the amount claimed (Axelsson and Wynstra 2002) or to do what is necessary to win as much as possible of the resource in question (Lax and Sebenius, 1986). Often the use of this strategy causes a large concentration on the objectives of each side, ignoring what they have in common and ignoring the results that could be achieved if the two companies worked together (Thompson and Hrebec, 1996). Thus, distributive strategy is very useful when the negotiator wants to maximize the value obtained in a single agreement and when the relationship with the other party is not important for the development of the business. In distributive negotiation, the knowledge of the alternatives is important because it gives negotiators the ability to stay away from any negotiation when the agreement is not competitive for the firm (Lewicki et al, 1999). The alternatives must be known before the discussion with the other party, allowing the negotiator to evaluate its goals, the kind of concessions that can be made and its position in the negotiation process (Fisher and Ertel, 1995).

The literature presents integrative negotiation as another strategy. This strategy has a “win-win” approach, enabling firms to obtain through the process of negotiating joint gains. A purely integrative strategy is designed to maximize results for both firms and to maintain a “positive” relationship (Walton and McKersie, 1965, Fisher et al, 1981, Lewicki et al, 1999). It can be said that an agreement is integrative when negotiators meet and take up opinions and ideas that reconcile the needs of both businesses and produce solutions benefiting either side (Bazerman et al, 1985). In many negotiation situations there are no winners or losers and all the parties can win, which is emphasized in integrative negotiation. Thus, this strategy is characterized by the importance the parties attach to combining synergies that create results with common benefits. An important condition for the development of this strategy is the ability to identify possible new developments through the innovative combination of activities, facilities and resources in both companies (Axelsson and Wynstra, 2002). The management of an integrative negotiation process involves identifying the problem, understanding the needs and interests of both parties and creating alternative solutions, where the flow of information is a key success factor.

### 3. The research

This paper shows how firms can develop purchasing and negotiating strategies in business services, and how the type of service can influence the buying and negotiation strategies. We use case study research to analyze and discuss how the purchase of business services takes place and develops. We considered case study research as the most appropriate method for this research, because we are dealing with exploratory research which looks into a complex social phenomenon (Yin, 2003).

We selected five illustrative cases of purchasing transformation and component services (see Table 3). The cases were selected according to the type of services purchased and to the importance they have for the offer of the purchasing firm. The cases were explored in depth, through information gathered in interviews and in a variety of documentary material. After the study of each case was completed, the data was triangulated in order to obtain the results presented in the next section. Next, we present and discuss the cases, and the analysis of the procedures and of the interaction process between the firms selected.

Type of Service	Cases
Transformation Services	<p style="text-align: center;">Case 1: Purchase of video and photography service</p> <p>Case 1 shows the components that are involved in the purchase of services: videos and photos that are placed in a portal or web page after production. This case exemplifies a simple service process. The services purchased have simple features, but are altered by the technical department of the purchasing firm.</p>
	<p style="text-align: center;">Case 2: Purchase of architectural service</p> <p>Case 2 presents the acquisition of architectural projects. This is a complex service that is associated with a steady information flow between specialists from both companies. The service purchased is the result of constant exchange of information between the technicians from the purchasing company and from the supplier, to reach a good understanding of the desired solution. This is a very specialized service, which is associated with the specialized knowledge of engineers and architects, which justifies their intervention.</p>

<b>Component Services</b>	<p>Case 3: Purchase of tourist service</p> <p>Case 3 presents the purchase of entertainment services (tour guide). This is a rather complex service that demands rare skills and capabilities from the service provider to engage the target audience of the buyer clients. The service is incorporated without any change in the package of services offered by the buyer firm to their customers.</p>
	<p>Case 4: Purchase of software services</p> <p>Case 4 analyzes the purchase of micro-computer programs that are placed on a portal or on a web page of the purchasing firm's customers. This is a service with very specific characteristics, which is modified by the constant need to adjust to the customer's requirements.</p>
	<p>Case 5: Purchase of carpentry and painting services</p> <p>Case 5 involves carpentry and painting services. These services have simple features and are easily understood or compared. These services are requested through an implementation project which includes an exhaustive description covering all the details necessary for its development.</p>

Table 3 - The Cases

## 4. Discussion

### 4.1. The interaction process involved in the purchase of business services

The interaction between providers and suppliers influences the final result of a service's purchasing process. Further, the category of service that is exchanged affects the type of interaction between the parties, in accordance with Axelsson and Wynstra (2002), Wynstra et al. (2006), and Van der Valk et al (2006). The complexity of services (simple vs. complex) and the type of solution (standard solution at a low price vs. custom solution at a high price) affect the purchasing behavior of the customer and the interaction process between client and supplier. The application of the service or the way it will be used determine the structural aspects of the interaction process (i.e., the type of people and representatives involved and the capabilities and skills necessary for the exchange) as well, finally, of course, as the interactive process itself.

The process of buying component services involves interaction between experts from both firms: sellers and buyers (Axelsson and Wynstra, 2002). In the dialogue between the parties, the priority issues are related to how the service fits the final product or service of the purchasing firm. In the cases researched, the process of buying services involves the interaction between representatives of the production and quality departments on the buying side, and the management of production and marketing on the supplier side. The relationship is developed based on the production capacity and on the innovation expertise of the supplier, which is related with the interaction process between the corporate client and the supplier firm. This analysis reinforces and emphasizes the contribution of Van der Valk et al. (2006) and of Wynstra and Axelsson (2002). For example, the purpose of the interaction process between the staff of the firms involved in Cases 3, 4 and 5 (component service cases) is to reach a good understanding of the needs of the purchasing firms' customers. Case 3 shows and illustrates how the tour guide service can add value to the final service that is offered by the buying firm to their clients. Case 4 shows how the type of micro-programs developed by the supplier can be embedded on the purchaser clients' web pages and portals. In both cases (Case 3 and Case 4) the dialogue between buyers and sellers is intended to find a solution capable of meeting the needs of the final customers of the buyers. These are complex services that require the participation of experts from the firms on both sides. The interaction occurs between the technical departments (or whoever is responsible for the product or service), the purchasing department, and the sales department of the supplier (see Figure 1). Conversely, Case 5 shows that the process to buy carpentry and painting services is simple. Here, we don't find the intervention of the technical departments. The interaction only involves the purchasing and sales departments, see Figure 1. Case 5 also emphasizes that the dialogue or the negotiation between the seller and the purchaser focuses on price.

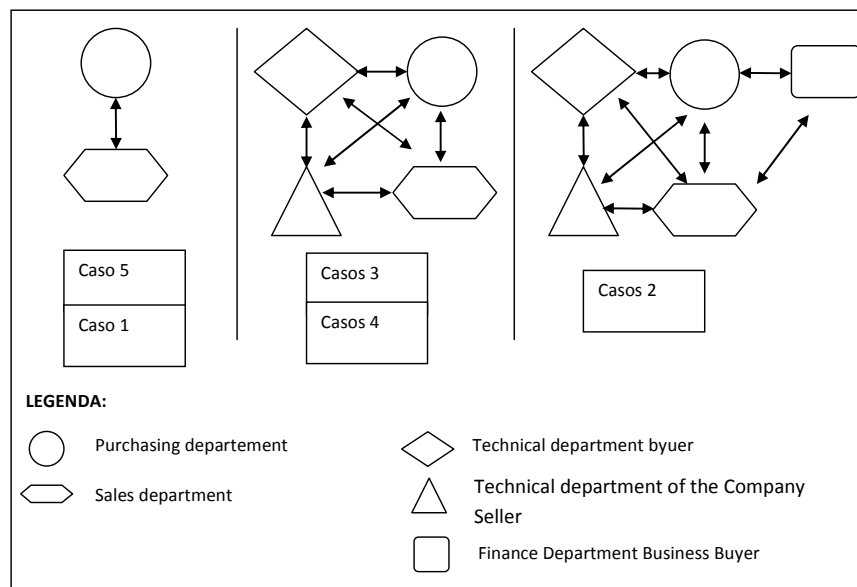


Figure 1 - Interaction between departments

Cases 1 and 2 involve transformed services, i.e., services that are processed by the buyer firm before being delivered to their clients. But these two cases show interesting differences between them, despite the dialogue between the staff of the participating firms, aimed at understanding the services that will be exchanged. Case 1 shows that the purchasing firm's technicians did not participate in the buying process because the exchange involves a simple service process. In this case, the video and photo services are produced and bought by the buyer. Then the video and photo services are modified by the buyer's technical staff and, next placed in its business portal or web page. This is a simple service, despite the modification of the service exchanged by the buyer firm's technical department, and thus, the participants in the process are only the purchasing and sales departments (see Figure 1). The dialogue that emerges between them highlights the closing of the deal and the price factor. On the contrary, Case 2 shows that the purchase of architectural projects involves the technical staff from both the buyer and the seller firm, in addition to the buyer's purchasing department and the supplier's sales department. These departments address the procedures to close the business deal. It is also important to note that the finance department also participates in this procurement process, because it is a service business that involves a substantial amount of capital, see Figure 1.

#### **4.2 Transactional and relational strategies in buying business services**

The buying process can be influenced by some variables that are presented in Table 4. Analysis of these variables allows us to draw some conclusions about the type of interaction that occurs in business service purchasing and to suggest a relationship between the type of service and trading strategies. The **service features** identify the type of application service and its degree of complexity. The **market characteristics** specify whether the market for suppliers is concentrated or fragmented. The **confidence level** represents a mechanism inherent in relationships between firms to reduce the risk and uncertainty in the exchange process. The **proximity** analyzes the accessibility to the counterpart (close vs. distant) and the formal vs. informal atmosphere of the relationship. The **price** reflects the economic importance of the buying approach to the supplier. **Change** concerns the likelihood of the purchasing firm switching to another supplier and can be associated with the risk inherent in each buying situation. Finally, **cooperation** refers to the firm's predisposition to work with other firms as a team. Table 4 shows the analysis of these variables in the cases investigated. We can group the five cases into two subgroups: Subgroup 1 with Cases 1 and 5, which are simple services; and, subgroup 2 with Cases 2, 3 and 4, which are complex services, see Table 4. Next, we discuss the differences between the two subgroups.

	Service features	Market characteristics	Confidence level	Proximity	Price	Change	Cooperation
Subgroup 1: Cases 1 e 5  <u>Simple services</u>	Transformation and Component; Simple	Fragmented	Reduced	Away/ formal	Important	Very Common	Nonexistent
Subgroup 2: Cases 2, 3 e 4  <u>Complex services</u>	Transformation and component; Complex	Concentrate	Close	Close / Informal	minor	Uncommon	Existing

Table 4 - Simple and complex services cases

Cases 1 and 5 illustrate the purchase of transformation and simple component services. We found that in these cases the purchasing manager is directed to a vast range of suppliers that are considered to be of satisfactory quality. After receiving the proposals, the purchasing manager analyzes the prices, terms of payment and delivery times. Then, the supplier is selected through a submission. Usually, the purchasing manager selects the supplier with the lowest proposal prices. The level of trust between the firms is reduced, and they thus keep a certain distance between themselves, maintaining formal relations. Change to a new supplier is always considered when there are proposals with lower prices. Cooperation and teamwork do not exist. In this type of business, the purchasing managers show less sensitivity to risk. Cases 1 and 5 show the features of the transactional strategy of buying business services, as shown by Axelsson and Wynstra (2002) and Campbell (1985).

Conversely, Cases 2, 3 and 4 show that the purchasing managers use a long-established supplier with whom they have done business for several years. Together they develop a long lasting relationship and seek a solution that can meet market needs. These cases highlight that trust and value created through cooperation between firms is very well considered in the business interaction processes. There is a concern to clarify all the issues that facilitate the implementation of the service. Therefore, the level of proximity between the firms is high and the factor price becomes unimportant if compared with Cases 1 or 5. These cases reveal the relational buying strategy, which is an illustration of the findings of Axelsson and Wynstra (2002) and Campbell (1985).

### **4.3 Negotiating business services: distributive and integrative strategies**

As seen before, Cases 1 and 5 illustrate the purchase of services that have simple features, and show the constant search for the most competitive price in the market. These cases reveal the great persistence of purchasing managers in obtaining the best competitive and economic conditions. Here, the negotiation between the parties shows that all the arguments are used to convince the other party to concede to all the conditions requested. The aim is to close business with the lowest price in the market. The relationships established between the companies are distant and formal. Firms look for all the alternatives in the market and after finding the most competitive proposal, set goals and apply the best discounts. In this sense, the information exchanged is the key to get arguments and to convince the supplier to give the requirements requested. These cases illustrate distributive bargaining, reinforcing the studies presented by Johnston (1982), Lewicki et al (1999), Axelsson and Wynstra (2002).

Conversely, Cases 2, 3 and 4 show the complex nature of buying transformation and component services. In these cases the primary concern of purchasing managers is to combine the resources of the firms involved to achieve the best possible solution. With such an attitude presented in the negotiation process, cooperation between sellers and buyers emerges. There is a flow of information that contributes to a good understanding of the needs and objectives of the purchasing firm to help and achieve a satisfactory solution. Analyzing these cases, we find that they involve high risk services, and because of that there is a tendency to maintain the relationships with established suppliers. In opposition to the negotiation characteristics showed by the previous cases, these negotiations show trust and closeness, and a great appreciation of the relationship with the usual buyer or supplier in detriment of the price factor. These characteristics illustrate the use of integrative negotiation strategies, and are consistent with the studies presented by Johnston (1982), Lewicki et al (1999) and Axelsson and Wynstra (2002).

### **4.4 Buying business services: transactional and distributive complementary strategies, and relational and integrative complementary strategies**

Cases 1 and 5 show the purchase of simple services and the use of transactional purchasing strategies, where the price has a greater importance. Typically, there is the argument to change supplier in order to pursue the best price. These cases show that distributive negotiation is used. In this type of business services it seems that economic success can be achieved with such a negotiation strategy in buying. The behavior of buying and negotiation that occurs in these two cases shows that the characteristics of these two types of strategies are complementary and pursue the same objectives. Using

these two strategies (the transaction and distributive strategy), managers look for business purchases that are competitive. These strategies result in formal and distant relationships with suppliers, and thus trust and proximity are low, in favor of the price argument.

Cases 2, 3 and 4 reveal the purchase of complex services, where the relational strategy is used. Here, a greater importance is given to the value created between the parties as a result of cooperation between the firms that are involved in the buying process. There is concern to maintain the relationship with the usual suppliers, where trust and proximity are central. These cases show the integrative strategy and the relational outcome buying process. These strategies (the relational and the integrative strategy) have similar characteristics and complement each other. Managers try to purchase in a competitive way, but now run the business through differentiation. The purchasing managers of these services look to explore the relationship and trust between firms in an attempt to create a solution that meets the requirements of their customers.

## **5. Conclusion**

Few studies have been carried out into the purchase of services by firms. The interaction process that occurs in the purchase of business services may involve different levels of trust and closeness between firms. This research shows that the degree of complexity of the service exchanged and the solution type and application of the service may influence the interaction and communication between firms that form part of the buying process. These conditions seem to determine the type of participants in the buying process, the type of dialogue and information that is exchanged between the actors in this process. In cases where services are complex, there is a greater intensity in the discussions between the firms. Instead, where simple services are concerned, the dialogue and interaction process focus on the price, and the functions involved in the process are the purchasing and the sellers' staff. Here, purchasing managers search for buying strategies based on competitive transactions, which involve constant contact with the market to try to find the most competitive offer. This fits well with fragmented supplier markets, which allow the buyers to change supplier without problems. Here, the interaction between the parties occurs in a short period of time, and the negotiation strategy looks for distributive bargaining, and has the same objectives of the transaction buying strategies. The focus is on competition and the acquisition of a limited resource, and the negotiator wants to maximize the value obtained in a single agreement. The relationship with the supplier is not important for the development of the business buyer. Thus, here managers seek to get sufficient information about the market and many alternatives, to enable them to establish competitive, positive and opportunistic agreements with suppliers.

The research also shows that the procurement of complex business services involves strategies that try to seek cooperation with other firms. We find that in such cases, buyers attributed great importance to the relationships and to preceding transactions

with known suppliers. Thus, the relationships between the firms are closer and involve confidence. This interaction results in clarification of the technical issues of the relationships in order to specify all the requirements and simultaneously to find a solution to obtain the service that will be exchanged. This strategy is also characterized by the appreciation of teamwork, by maximizing the value that comes from the merging of resources and of expertise. In these cases, we found an integrative bargaining strategy, where both players are trying to gain simultaneously. The objectives of both strategies (buying and negotiation) are similar. This type of negotiation seeks to create value for both parties, and tries to find solutions that allow all players to gain from the negotiation process undertaken. This strategy seeks to coordinate the use of existing resources or attempts to identify new methods of sharing that contribute to the benefit of all stakeholders. Here, cooperation between firms is a key factor to get results. With the use of these strategies, managers seek to make business purchases by competitive differentiation. With this last strategy, relational buying and integrative negotiation complement each other, and pursue the co-creation of value with other partners, i.e. value created outside the firm's boundaries, which is considered to be vital for the development of business services relationships.

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