

Perceptions of roles and characteristics of buyers and sellers in business-to-business relationships.

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Background and purpose of the paper

In industrial companies the buyers and sellers are in a critical role. The roles are evolving and some changes are often mentioned. Davies et al. 2010 state that business-to-business sales role is changing into relationship management. The concept of relationship selling is also used (Geiger & Finch 2009). This role is seen as very different from traditional selling. Moncrief and Marshall (2005) enlighten selling's changes from the perspective of seven steps of selling and changes in this traditional selling model. They also conclude that selling is nowadays more of managing customer relationship at many levels. This is well in line of the development of the IMP literature, which discovers the relationships and interaction towards both suppliers' and customers' direction. Also the interplay between sales and other areas such as finance or accounting is in more focus (Geiger and Guenzi, 2009).

Rather similarly as selling has evolved, purchasing has faced many new challenges during the last decades. In the past, purchasing was seen as a supporting clerical function, where the role was minimizing prices of bought items. Nowadays purchasing is an important function contributing to business success. In many companies this is a result of the increased proportion of purchases in relation to turnover (for example Van Weele 2005; Gadde and Håkansson 2001; Iloranta and Pajunen-Muhonen 2008).

Characteristics of good sales and other managers are studied widely in the past (Barling and Beattie, 1983; Barrick et al., 2002; Lee and Gillen, 1989). While there is lot knowledge about the important characteristics, there is a lack of research how these characteristics are perceived by the people themselves and others. The current research asks both the sellers and buyers to first evaluate (or assess) themselves and after that to evaluate the other party (i.e. sellers evaluate buyers and wise versa). In the IMP literature the basic constructs of actors, resources and activities (ARA model, Håkansson & Johanson 1992) are widely studied. Still, the characteristics of buyers and sellers in inter-organizational settings are partly neglected. The perceptions of buyers' or sellers' characteristics have a great impact on the relationship

building and for example trust creation and commitment. In conclusion, our aim in this paper is to discover both the changes in the importance of sales and purchasing functions and perceptions of buyer and seller characteristics.

Sample and method

The current research data consisted of two different data sets. The first data set included responses of 101 Finnish sales managers (and other persons who were responsible of sales functions in an organization). The second data set included 85 responses from Finnish purchasing managers. Both data sets were gathered using mail questionnaires. Altogether 669 sales managers and 711 purchasing managers were contacted using a printed mail questionnaire. The contact information was obtained from a national information provider, Fonecta. Three weeks after the original questionnaires were delivered, reminder letters were sent to urge the non responded persons to respond and to thank all the people already responded. After the reminder letters the response rates for the sales managers and purchasing managers surveys were 15% and 12% respectively.

Both sales manager and purchasing manager questionnaires included questions about the background of the respondent, i.e. age, gender, work experience, education etc. Some descriptive information about the current organization was also asked. Both of the questionnaires were divided to different sections based on the topic of the questions. Both questionnaires had a section concerning the perception of changes in the importance of purchasing function in organizations. Perceptions of the personal characteristics of buyers were also investigated. Other sections that were administered to both samples included commitment in a buyer-seller relationship, sales person related factors affecting the job performance, attitudes towards entrepreneurship and the reasons why buyer-seller relationships end. The purchasing managers were also asked questions about the risk management in purchasing relationships. The sales manager and purchasing manager questionnaires were six and seven pages long respectively.

The first specific question concerning the current research topic that was asked was “In your opinion has the importance of purchasing in your organization? 1) decreased a lot, 2) decreased a little, 3) stayed the same, 4) increased a little, 5) increased a lot”. The second question was “How strongly (scale from 1 = “Not at all” to 4 = “very strongly”) do you associate the following personal characteristics to buyers? 1) professional, 2) open, 3) selfish, 4) trustworthy, 5) pressuring, 6) honest, 7) social, 8) conscientious, 9) co-operative, 10) friendly.

Preliminary results

The preliminary analysis of the results reveals that there exists statistically significant difference in the perception of sellers and buyers on the importance of purchasing function in an organization. The sellers think that the purchasing function has increased little in importance (average score of 3.70 on a 5-point scale), while the buyers consider that the importance has increased more (average score 3.96). T-test shows that the difference is significant at the .05 level.

On the other hand it was surprising that a smaller difference was found between the perceptions on the change in importance of sales function (Figure 1). Both sellers and buyers

saw that the importance of sales function has increased a little (seller's score 3.44 and buyer's 3.60). The difference was not statistically significant. It is also important to notice that both sides see that the importance of purchasing has increased more. The overall average in the change of importance of purchasing was 3.82 and sales 3.51. The T-test significance for the difference was .001.

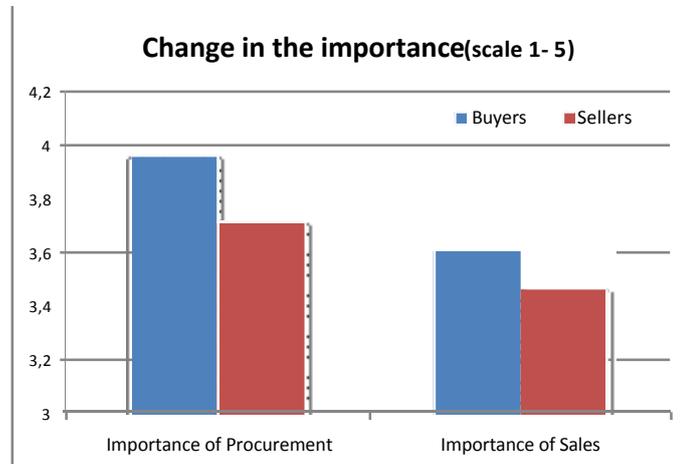


Figure 1. Perceptions of buyers and sellers

Figure 2 explains how buyers from different companies see the change in the importance of purchasing function. The figure shows that buyers working for larger companies saw that the importance of purchasing in general has increased much more than the buyers in smaller companies (the scores were 4.17 and 3.76 respectively). As stated before, the scale ranges from 1 (decreased a lot) to 5 (increased a lot), while a score of 3 would mean that the importance had stayed the same. Compared to company size a similar trend can be seen with bargaining power. The more bargaining power the more the importance has increased. Buyers in companies with higher bargaining power had an average score of 4.09 compared to 3.73 for buyers in companies with smaller bargaining power. The supplier base doesn't seem to effect the change in importance (the scores were 3.92 and 4.08 respectively). It is important to notice that all subgroups see that the importance of the purchasing function has increased in the past few years.

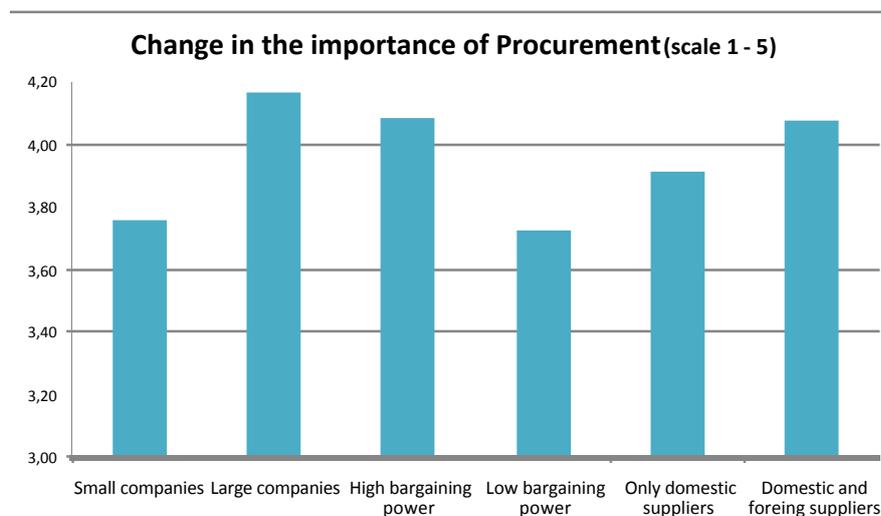


Figure 2. Company factors and the change in the importance of purchasing function

As was seen in the Figure 1 sellers saw the importance of their function remaining more or less the same. This can also be seen from Figure 3 where all the scores are lower than in the buyer's figure (Figure 2). Sellers from small and larger companies as well as sellers working for companies operating domestic or international markets have quite similar views about the importance. The only clear difference can be seen in the scores of sellers in companies with low and high bargaining power. It seems that sellers working for companies that are in a good bargaining position see the importance as staying the same (score close to 3), while sellers working for companies with low bargaining power see the importance of sales increasing more.

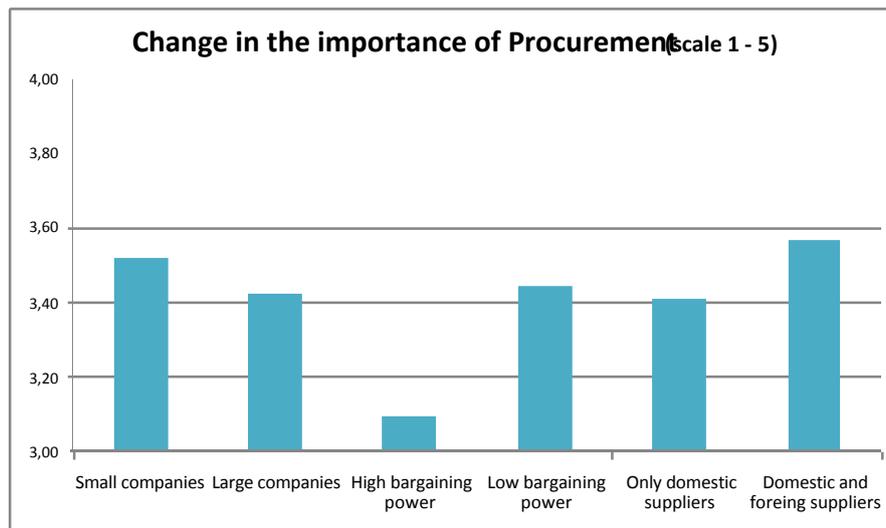


Figure 3. Company factors and the change in the importance of sales function

The aim of the current research was also to compare the perceptions of buyers and sellers. Figure 4 shows the average score of both buyers and sellers (altogether 185 responses) about the perceptions concerning different personality characteristics. Sellers are seen more open, social and friendly than buyers. Also bit surprisingly the sellers are seen as more co-operative than the buyers. Characteristics like honesty and professionalism are considered to be equal among sellers and buyers. This gives evidence against some of the common beliefs that sellers typically use all kinds of tactics to make the sale (like being economical with the truth or using sales techniques that sometimes could not be considered ethical). The only clear positive thing where buyers are considered as better than sellers is conscientiousness. On the negative note buyers are seen as slightly more selfish than the sellers.

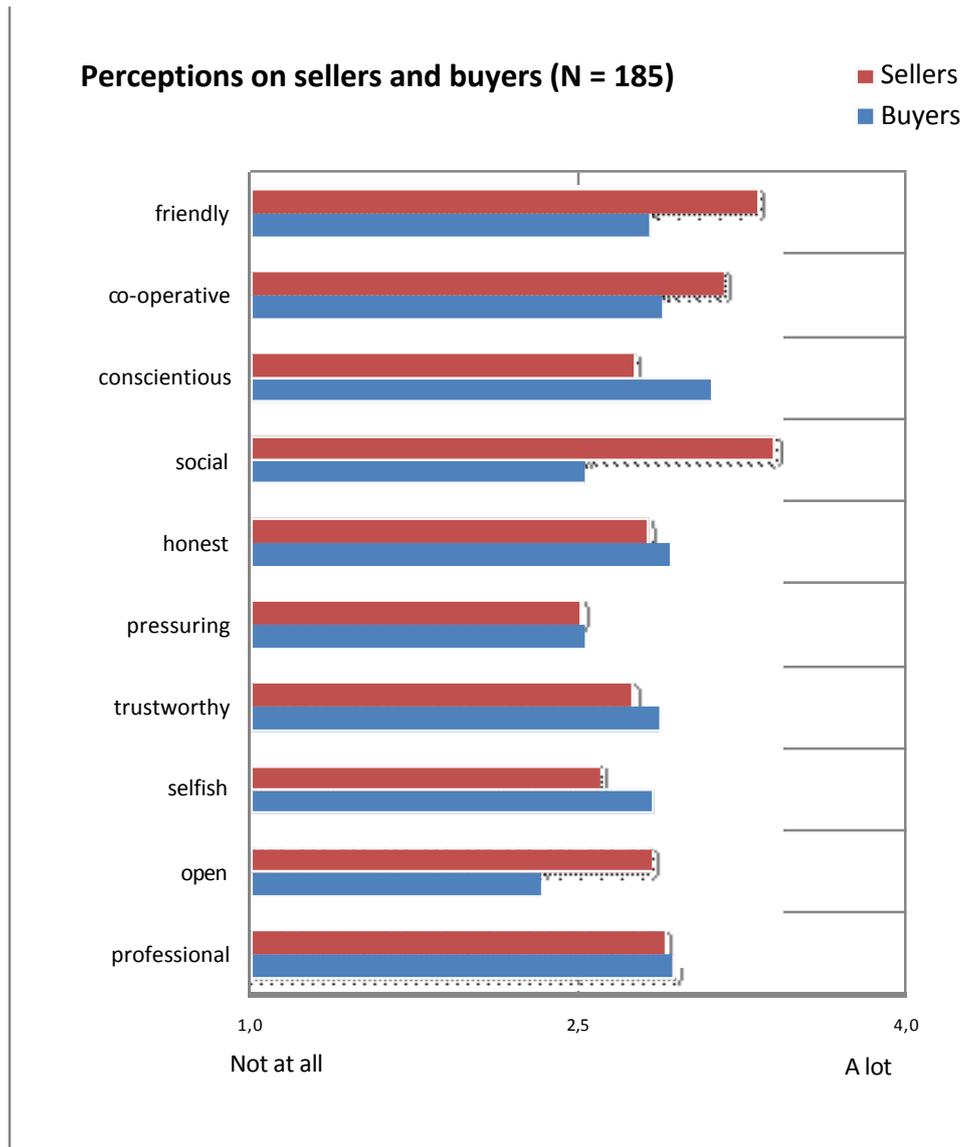


Figure 4. Perceptions about sellers and buyers

After the average view about sellers and buyers we focus on the differences between self-perceptions and the perceptions of others concerning the single group. First we look at the sellers and how the buyers view differs from the self image of sellers. It is quite surprising that the perceptions of these two groups are very close to each other. The only statistically significant difference can be found concerning openness. Sellers see themselves as much more open than the buyers see them.

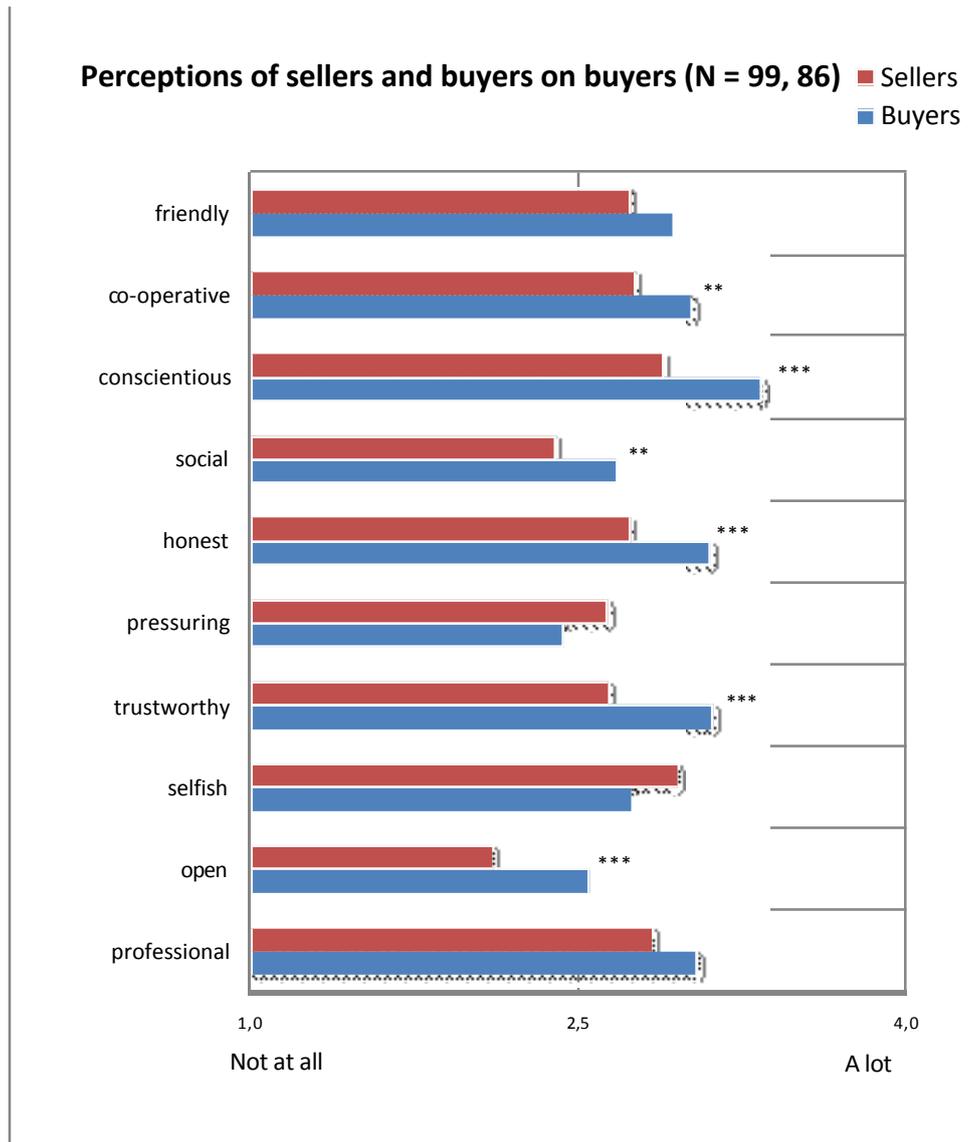


Figure 6. Perceptions of buyers

Conclusions

The purchasing function has clearly become a more significant part of a company's success. Compared to the sales function, the importance of the purchasing function has grown more than the sales function's. The increase in the importance of the purchasing function is more significant in larger companies and in companies that have good bargaining power. The degree of internationalization of the supply chain did not greatly affect the importance of the purchasing function.

The perceptions of buyers' personal characteristics were seen as very different by buyers and sellers. This applied in particular to characteristics like conscientiousness, honesty and trustworthiness, which are all characteristics in building trust and long term relationships. The scientific value of these differences is highlighted by the lack of difference on the perceptions about sellers. The reasons for the difference could be a response bias of either sellers or buyers. The reason could be a distorted self image of the buyers or the unnecessarily negative

image that sellers have of buyers. Whatever is the reason for the difference, the results call for more in-depth analysis to explore the phenomenon. Another important avenue of thought is to ponder the lack of difference concerning the perceptions about sellers. What exactly makes the difference in perceptions about sellers different from buyers?

Direct managerial implication of the results is that for some reason the buying organization is not understood as conscientiousness, co-operating, honest and trustworthy as they would like or at least consider themselves to be. So the buying organization has to focus on communicating the previously mentioned characteristics and qualities. For example if the buying organization considers itself to be very open about its decision making process and believes that the buyers see it the same way they might be mistaken. Therefore the policies about the decision making process should be communicated more efficiently toward the selling organization.

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