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Inbound Marketing: Customer Activities in Business-to-Business Markets

Abstract I:

Companies are turning to services and redefine their markets in terms of customer activities and customer outcomes. As the transformation of dynamic resources into services is a success factor, customer activities are essential during service processes.

Abstract II:

To understand customer activities and motivations creating stimuli, in-depth interviews are conducted with several buyers in business-to-business markets. Customer activities depend on customer's buying phase. More results are presented on the conference.

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1 Introduction

There are two reasons why the management of customer activities becomes more important in marketing: First, companies have to differentiate themselves because of competition. Faced with exchangeable products and saturation of their core product markets, companies are increasingly turning to services (Fitzsimmons and Fitzsimmons 1999, Zeithaml and Bitner 2002). Companies must begin by redefining their markets in terms of customer activities and customer outcomes instead of products and services (Vandermerwe 1993; Sawhney, Balasubramanian, and Krishnan 2004). New customer activities, such as information procurement in the internet and participation in communities, become more important (Hoegg et al. 2006). Second, services have gained a dominant focus in marketing discussions (Lusch and Vargo 2006). The service-dominant logic rejects the traditional distinction between goods and service but rather considers the relationship between them (Vargo and Lusch 2004). The primary focus shifts from tangible, static resources to more intangible, dynamic resources. Information, knowledge, and ideas are derived from human resources and used to create value through service provision (Lusch, Vargo, and Malter 2006). As the transformation of dynamic resources into services is a key success factor, customer activities become essential during service processes. The changes in marketing debilitate transaction based marketing and enhance relationship marketing (Grönroos 1990; 2000, Belz 2007). Because monologic marketing can hardly establish and maintain relationships, a dialogically based perspective is required: inbound marketing reacts fast and adequately to customer activities and cares customer satisfaction. A high degree of interaction and individualization institutionalizes active customers by covering service relevant information and processing the data. Therefore inbound marketing communicates with customers and interacts with relevant communities (Belz and Schagen 2008). The S-O-R model (Woodworth 1921, Fishbein and Ajzen 1975) used for inbound marketing reverses the communication in monologic marketing. In inbound marketing the stimulus (S) emanates from relevant customers. Companies then process the data (O) by using e.g. community-, service-, and complaint-management. After processing customer activities, companies react (R) and answer to customers' requests. The process of inbound marketing is shown briefly in FIGURE 1:

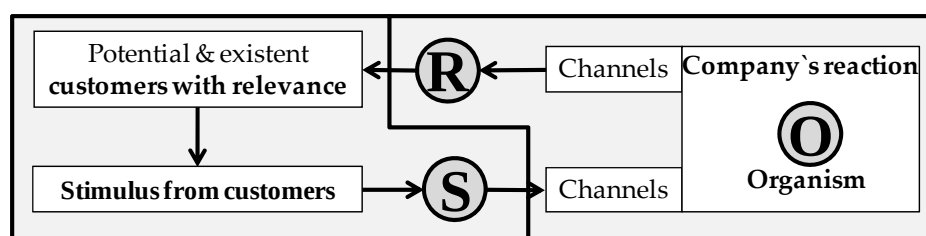


FIGURE 1: Inbound Marketing Model

This paper aims at understanding customer activities (S) and motivations leading to activities. The remainder of this paper is structured as follows. First, the conceptual framework is presented and a set of propositions follows. Second, we describe our research methodology. Third, the empirical findings using data from 15 in-depth interviews with buyers of three countries are presented. Fourth, we discuss the limitations of our study and offer directions for future research. The final section outlines the conclusion.

2 Conceptual Framework & Propositions

Based on a literature review and various interviews with practitioners the authors have developed a conceptual framework (see FIGURE 2):

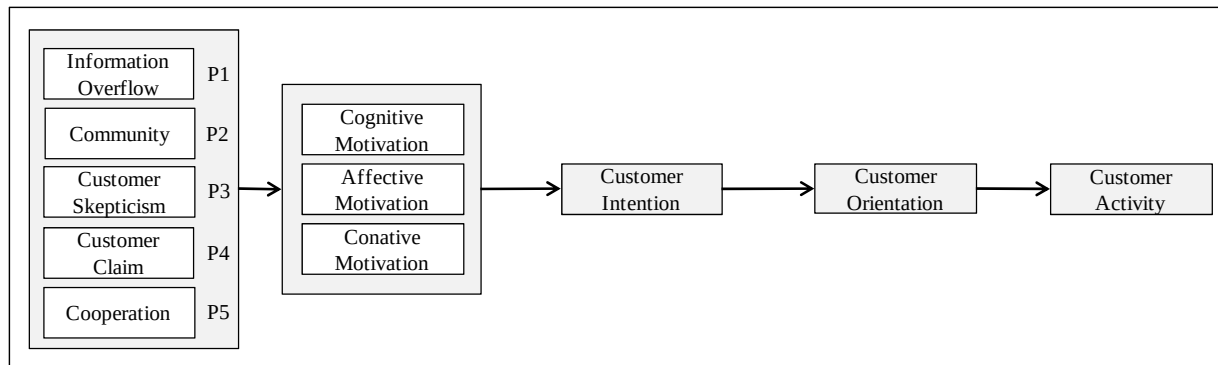


FIGURE 2: Conceptual Framework

The authors suggest that customer motivation is a key driver of customer intention (Ach 1910), which fosters customer orientation (Wicklund 1986, Bagozzi, Baumgartner, and Yi 1992). Moreover, we propose that customer orientation influences customer activities (Fishbein and Ajzen 1975). On the basis of the conceptual framework the authors formulate the following propositions:

P1: As the awareness of competition is influenced by information overflow (Främling et al. 2006), customers will search information by themselves.

P2: As the company's image is influenced by communities (O'Reilly 2005), customers will come in contact with them.

P3: As the customer intention is influenced by customer skepticism (Charan 2007), customers will check more offers.

P4: As the customer purchases are influenced by customer claims (Anderson, Narus, and Rossum 2006), customers will request solutions instead of products.

P5: As the customer repurchases are influenced by the company's cooperation competence (Fliess and Kleinaltenkamp 2004), customers will participate during the service provision.

Next, the methodology is presented.

3 Methodology

To understand customer activities in business-to-business markets, several in-depth interviews are conducted with several buyers from business-to-business companies in Switzerland and Germany. Interviews focus on purchase processes of individual customers, in order to identify stimuli and blockers of customer activities (Rutschmann 2005). Following this, heuristics and sequences of customer activities are important for measures in inbound marketing. As measures derive from customer activities, the bottom-up approach develops new solutions for customer dialogues and is totally different from the top-down approach in branding (see e.g. Chernatony and McDonald 2003). The activity process identifies important points in decision-making processes and opportunities in which companies can respond appropriately and improve customer relationships. As many purchase processes start casually, e.g. by using the internet or talking to other friends, the analysis of customer activities can increase marketing performance.

4 First Results Of In-depth Interviews

At that moment only two interviews are completed and it is too early to draw conclusions from valid data. More interviews will be completed within the next weeks. Anyway, some information is already interesting:

Customer activities depend on customer's buying phase. At the beginning customers ask many questions regarding products, technical services, and finance. Customers search for relevant information in the internet and are organized in communities, such as xing or special interest groups. After the initial information process is over, customer activities decrease. In the next phase customers get active regarding spares or extra services. Complaints are important, too.

More results are analyzed within the next weeks.

5 Limitations and Future Research Directions

There are several limitations to this study, which provide directions for future research. First, future research has to analyze the processing of the data (O) within the company after the customer activity has reached the company. Second, future research has to analyze companies' reactions (R) to active customers. Then, a complete picture of the inbound marketing model allows a well-founded management of customer activities. Third, future research has to analyze more companies from different industries and business-to-consumer markets. Fourth, future research has to analyze customer activities in different phases, such as pre-purchase, purchase, and post-purchase. This paper attempts to inspire marketing scholars to devote more research effort to this issue, specifically with regard to the understanding and management of customer activities.

6 CONCLUSION

Against the background of the described challenges in marketing, the complement or displacement of monologic marketing by inbound marketing is a logical consequence. Monologic marketing turns companies alive and positions them in their markets. Inbound marketing is relevant where services are important and customers are active. Inbound marketing accepts customers as active partners hence customers define the content, the time, and the channel of communication. They expect a company's reaction and have an open mind about dialogue:

- Companies minimize the spreading loss, as mostly all active customers are reached with company's reaction.
- Customers are not annoyed with promises. They start the dialogue freely and give companies a concrete call for action.
- Companies are told more information about customer requirements through dialogue and can individualize their services in a better way.
- Customers define the communication and expect the reaction of companies. Dialogs enforce customer retention and improve cooperation.

Inbound marketing reverses the communication in traditional monologic marketing and completes the relationship between companies and customers. Since the principle of diminishing marginal utility also applies to communication counts, it may be true to say that, from a certain point onwards of investing effort the return decreases.

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