ACADEMY OF MARKETING 3rd B2B MARKETING COLLOQUIUM
UNIVERSITY PARIS 1 PANTHEON SORBONNE-BOURNEMOUTH UNIVERSITY-
23-24 June 2016

ADDRESSING THE BIG PICTURE: MACRO-ENVIRONMENT CHANGES AND B2B FIRMS

Paris, France

Keynote speaker and workshop host

Professor Peter Laplaca,
Editor of Industrial Marketing Management

Papers presented at this conference will be considered for publication
in a special issue of the journal
Industrial Marketing Management
ADDRESSING THE BIG PICTURE: MACRO-ENVIRONMENT CHANGES AND B2B FIRMS

To-date, B2B research has examined the factors that drive successful buyer/seller relational exchanges in business markets. However, the focus has mainly been on the supplier, the customer and/or the interaction between them, with little attention being paid to the impact of macro-factors on these interactions. The result is limited knowledge of the complexities that the broader macro-environment encompasses, how these affect the theory and practice of B2B marketing and how their management could be a source of differentiation for B2B firms. In other words, the ‘big picture’ of where and how B2B firms operate is still lacking.

Macro-environmental changes are both major and uncontrollable. They range from political and legal changes, to demographic and social conditions, as well as technological developments, natural disasters and civil wars. These factors influence firms’ decision making, their strategies, innovation, technological prowess, and market performances. This need, to address the big picture of the impact of the macro environment on B2B firms, provides the topical basis for this Call for Papers.

Relevant topics for the colloquium and special journal issue include (but are not limited to):

- Analysis of B2B relationships and firm responses to macro environmental changes.
- The management of macro-environment changes by B2B firms in the present and the future.
- The effects of political changes on B2B relationships e.g. the current discussions on Britain’s continued membership of the EU
- Legal changes, e.g., the growth of patent applications and issues of Intellectual property as indicators of firms’ R&D and innovation activities in a country or countries.
- Social and psychological effects of B2B activities with the business customers.
- The impact of technological changes, e.g. how Social media is affecting B2B firms’ intelligence gathering and product marketing for their B2B
- How environmental factors affect (positively or and negatively) relational exchanges in B2B markets.
- Value co-creation between firms and/or sub-contractors in similar or different industries
- Other topics affecting B2B firms, such us services marketing, customer relationship management, supply chain management and logistics.

This colloquium is dedicated to researchers in B2B marketing. Day one will provide an opportunity for authors to present their papers and gain feedback from their B2B peers. On day two the keynote speaker will provide insight into how to get published in top B2B journals. Papers presented at this conference will be considered for publication in a special dedicated issue of Industrial Marketing Management
**Organising team**

**Université Paris 1 Panthéon Sorbonne**

Héla Benmiled-Cherif, Maître de Conférences, Ecole de management de la Sorbonne, PRISM (porte du projet) Hela.Benmiled@univ-paris1.fr

Guillaume Chanson, Maître de conférences en Stratégie, Ecole de management de la Sorbonne, PRISM Guillaume.Chanson@univ-paris1.fr

Professeur Jean- François Lemoine, Directeur du Pôle Marketing, Professeur de Marketing, Ecole de management de la Sorbonne, PRISM Jean-Francois.Lemoine@univ-paris1.fr

Professeur Alexandre Steyer, Professeur de Marketing, Ecole de management de la Sorbonne, PRISM Alexandre.Steyer@univ-paris1.fr

Professeur Catherine de la Robertie, Professeur de Stratégie, Ecole de management de la Sorbonne, PRISM Catherine.De-La-Robertie@univ-paris1.fr

Professeur Jean-Jacques Pluchart, Professeur émérite de Stratégie, PRISM Jean-Jacques.Pluchart@univ-paris1.fr

**Bournemouth University**

Kaouther Kooli, Lecturer in marketing, Faculty of Management, Bournemouth University, kkooli@bournemouth.ac.uk

Elvira Bolat, Lecturer in marketing, Faculty of Management, Bournemouth University, ebolat@bournemouth.ac.uk

Julie Robson Senior Principal Academic in marketing, Faculty of Management, Bournemouth University, Jrobson@bournemouth.ac.uk

**Anglia Ruskin University**

Nektarios Tzempelikos, Tzempelikos , Senior lecturer in marketing, Anglia Ruskin University, Lord Ashcroft International Business School, nektarios.tzempelikos@anglia.ac.uk
The impact of B2B value co-creation on consumer’s purchasing intentions in SE-Asia

Firend Al R., PhD
Maryam Langroudi

Abstract

In an increasingly competitive marketplace, consumers are presented with greater choices of services than ever before, and therefore, understanding the B2B value co-creation activities between both suppliers and consumers is of great importance. This study intends to investigate the impact of B2B value co-creation impact on consumers in South East Asia’s services industry. The research questions formulated for this paper ask what is the impact of B2B value co-creation on consumer satisfaction? Existing studies have mostly focused on examining the concept of value co-creation behavior and its impact within organizational settings, with little consideration of B2B value co-creation from consumer standpoint. Therefore, consumer approach to assessing B2B value co-creation impact on consumer provides new insights and a greater understanding on the mechanism of B2B value co-creation. Findings reveal that B2B value co-creation activities have a positive impact on consumer satisfaction in Asian services sector involved in B2B activities. Findings further show that B2B value co-creation activities have a positive effect on consumer repurchase intentions, which suggests that B2B value co-creation activities have a positive effect on consumer repurchase intention.

Introduction

The impact of value co-creation in Business-to-Business (B2B) activities on consumer’s behavior is of growing interest to both, marketers and academics. The importance of value co-creation in service based organizations differ from manufacturing industries (Hsiao, Lee, & Chen, 2015). The difference lies in effect associated to consumer related outcomes such as customer satisfaction (Grisseman & Stokburger-Sauer, 2012; Hsiao et al., 2015; Vega-Vazquez, Ángeles Revilla-Camacho, & J. Cossio-Silva, 2013), customer loyalty (Grisseman & Stokburger-Sauer, 2012; Hsiao et al., 2015), customer’s turnover intention (Revilla-Camacho, Vega-Vázquez, & Cossío-Silva, 2015) and firm related outcomes such as firm performance (Hoyer, Chandy, Dorotic, Krafft, & Singh, 2010) increasing technical quality and functional quality (Grönroos, 2007; Zhao, Wang, & Fan, 2015) of firm’s services, firm’s profitability (Hoyer et al., 2010), sustainability of service organizations (Prahalad & Ramaswamy, 2004; Vega-Vazquez et al., 2013) and the development of core competency and sustainable competitive advantage (Lusch, Vargo, & O’Brien, 2007; Park & Ha, 2015; Vargo & Lusch, 2004).

Co-created services are often shown to possess high expected benefits and innovation, which ultimately increases commercial attractiveness (Franke, Von Hippel, & Schreier, 2006; Magnusson, Matthing, & Kristensson, 2003) and allows for better product differentiation (Song & Adams, 1993). Therefore, a closer preference fit of co-created services, in turn, can have an effect on subsequent positive post purchase intention such as repurchase intentions and willingness-to-pay more (Franke, Keinz, & Steger, 2009). As such, allowing for the opportunity of repurchase intention, which reflects individual’s judgment concerning re-buying. A designated service from the same organization, takes into accounts consumer’s current condition and circumstances (Grissemann & Stokburger-Sauer, 2012), willingness to pay a premium, which reflect individual’s willingness to pay more to use the co-created service (Franke et al., 2009). This can be viewed as an outcome of B2B value co-creation with positive impact on consumer, and hence, it is important to conduct such a study to further examine the impact of this B2B relationship. The consequences of B2B value co-creation activities is an important area of study because organizations engaged in B2B activities constantly look for new ways to attract new and repeated customers. As such, co-creation of value in B2B engagement with the purpose
of creating novel services can be applied as strategy to attract more customers and/or as a mean to gaining competitive advantages.

**Problem Statement**

Knowledgeable, networked, empowered consumers are no longer sheer responders to organization’s created value. But rather active value creators (Prahalad & Ramaswamy, 2004; Xie, Bagozzi, & Troye, 2008; Yi & Gong, 2013); and therefore, understanding the B2B value co-creation activities between both suppliers and consumers is of great importance to research (Shaw, Bailey, & Williams, 2011; Verhoef, Reinartz, & Krafft, 2010). In an increasingly competitive marketplace, consumers are presented with a greater choices of services than ever before (Prahalad & Ramaswamy, 2004). Despite this fact, there is mounting evidence showing that consumers are displeased with various market offerings. This may be caused by the inability of suppliers of services to meet specific consumer requirements (Prahalad & Ramaswamy, 2004). This is evident in the increasing number of startups and mobile application on hand-held devices that offers genuine and differentiated solutions (Theil & Masters, 2014). Seeing that, there is a growing agreement that companies engaged in B2B activities need to consider value co-creation to maintain relevance to consumers’ needs (Lambert & Enz, 2012)

**Research questions**

This study intends to investigate the impact of B2B value co-creation impact on consumers in South East Asia’s services industry. Research questions formulated are:

**RQ1:** What is the impact of B2B value co-creation on consumer satisfaction?

**RQ2:** What is the effect of value co-creation behavior on repurchase Intention?

**RQ3:** What is the effect of value co-creation behavior on willingness to pay premium?

**Significance of the Study**

Existing studies have mostly focused on examining the concept of value co-creation behavior and its impact within organizational settings, with little consideration of B2B value co-creation from consumer standpoint. Therefore, consumer approach to assessing B2B value co-creation impact on consumer provides new insights and a greater understanding on the mechanism of B2B value co-creation. Hence, on the theoretical significance of this study is the examination of the impact of B2B value co-creation impact from a consumer perspective. Consumer value co-creation behavior has been generally examined at the conceptual level (Yi & Gong, 2013); however, empirical studies examining this relationship at the B2B level are limilated. Hence, empirical investigation of the outcome of consumer’s value co-creation involving B2B activities adopted in this study, contributes to the exiting body of the knowledge on B2B value co-creation behaviour.

**Theoretical Underpinning**

This study was based on Expectancy Disconfirmation Theory to examine the proposed relationship between constructs of the study. The consideration of Expectancy-Disconfirmation Paradigm (EDP) as bases for this research was applied here because of its dominance in examining customer satisfaction relationships (Bitner, 1990). Oliver (1977; 1980) established
E:DP theory and has since been widely accepted theoretical framework for assessing customer satisfaction. EDP suggests that consumer purchase of goods and services with cognitive pre-purchase expectation about anticipated performance.

Literature Review

The concept of value co-creation origins stems from service dominant logic (S-DL) paradigm by Vargo & Lusch (2004). The introduction of S-D logic into the marketing literature has reinforced the increasing transformation of marketing thinking (Lehmann, McAlister, & Staelin, 2011). The S-D logic exchange viewpoint challenges the basic principles of economics (Vargo & Lusch, 2004). The objective of economic exchange in G-D logic is to manufacture, distribute and sales products and services for consumption purposes. Organizational production processes do involve various resources of value embedded in the production of goods and services, which ultimately will reflect in the price a given consumer is willingness to pay (WTP) for it. As such, economization of scale and standardization will lead to maximum efficiency and in turn will positively reflects on profits. The S-D logic viewpoint is where every exchange is dependent on services and when products are involved in this process; they are merely tools of delivery and application of resources (Vargo, Maglio, & Akaka, 2008). This also leads to the understanding that products are means for service delivery. It is also true then that consumers’ participation inevitably improves over all productivity in more ways than one. Additionally, consumers’ active involvement in services invention, design, formation and delivery contributes to firm's cost reduction. Because of this involvement and contribution, consumer may expect reduction in prices (Auh, Bell, McLeod, & Shih, 2007). However, this is entirely dependent on service provider’s willingness to pass on the benefit to consumer.

Co-creation refers to the process in which a consumer and a service provider mutually engage in the process of value creation (Park & Ha, 2015); as a result, value co-creation is an outcome of joint effort, a value created by the consumer and the service provider (Prahalad & Ramaswamy, 2004). In practice however, organizations are proactively in quest of opportunities to engage and coact with customers (Park & Ha, 2015). For instance, consumer feedback, directly and indirectly as in the case of software industry are engaged in participative relationship of co-creation nature, whether it is a focus group or sending automatic detailed feedback to service providers highlighting various usage activities (e.g., Nike, Lego, Kellogg, restaurants, and banks (Park & Ha, 2015). Moreover, available studies examining B2B co-creation in Asian firms have focused generally on consumer’s attitude in service co-creation rather than on customer attitude towards the process of buying decision.

There are two types of customer value co-creation behavior in service delivery process highlighted by service marketing literature; consumer participation behavior and consumer citizenship behavior (Bove, Pervan, Beatty, & Shiu, 2009; Revilla-Camacho et al., 2015; Vega-Vazquez et al., 2013; Yi & Gong, 2013; Yi, Natarajan, & Gong, 2011). Consumer participation behavior, refers to “expected and required behaviors necessary for the successful production and delivery of the service” (Groth, 2005; Revilla-Camacho et al., 2015; Vega-Vazquez et al., 2013; Yi & Gong, 2013; Yi et al., 2011) whereas consumer citizenship behavior, refers to “voluntary and discretionary behaviors that are not required for the successful production and delivery of the service but that, in the aggregate, help the service organization overall” (Groth, 2005; Revilla-Camacho et al., 2015; Vega-Vazquez et al., 2013; Yi & Gong, 2013; Yi et al., 2011). Considering the expectancy disconfirmation theory, which forms the base theory of this study, consumer satisfaction, repurchase intention and willingness to pay a premium may be considered as the consequences or an outcome of value-co-creation in B2B activities. Services created in this fashion are more likely to meet the expectation of consumer value co-creation in B2B activities and generally examined at the conceptual level (Yi & Gong, 2013); empirical studies examining this relationship at B2B level are limilated. Hence, empirical investigation of the outcome of consumer’s value co-creation involving B2B activities is needed to further understand the nature of this relationship in the Asian context. As a result, examining the construct of satisfaction is imperative here, since it reflects the degree of overall consumer
acceptance, as an outcome of suppliers ability to fulfill consumer wants, needs and expectations effectively in relation to service provided as an outcome of B2B engagement in value co-creation.

**Methodology**

**Data Collection Procedure**

Primary data was collected through Likert scale survey, personally administered questionnaires from 200 distributed questionnaires. Only 30 middle and top level management personnel involved in the marketing, and other related corporate functions were able to participated in the study. 13 participants were from Malaysia, 2 from Singapore, 1 from Cambodia, 3 from Myanmar, 5 from Indonesia, 4 from the Phillipines, and 2 from Korea. All participants are involved in business to business services marketing function. The industries of participants were the following: banking, insurance, advertising, medical, engineering, and consulting. All 30 questionnaires were used for data analysis. The questionnaires where collected over 13 months timeframe while working and consulting throughout Asia.

**Data Analysis**

The collected data were analyzed utilizing Structural Equation Modelling (SEM), which is popular statistical tool for multivariate data and widly used in social and behavioural sciences (Leguina, 2015). There are two main approaches for conducting analysis in SEM framework, these are covariance-based SEM (CB-SEM) and partial least-squares SEM (PLS-SEM). Partial Least Square (PLS) was used as a data analysis tool version 3.0 was used to analyze data in this study. The virtue of utilizing PLS is its effectiveness in dealing with small sample size and complex models with three orders construct (Hair et al., 2013). The effectiveness of PLS was further illustrated in its ability to allow the researcher to test mediating effects utilizing one singly method (Joseph F Hair et al., 2006).

**Variables and Measurements**

This study examines relationships between four variables; one independent and three dependent variables. The independent variable of this study is value co-creation in B2B activities and the dependent variables are consumer satisfaction, consumer repurchase intention and consumers’ willingness to pay premium for co-created services. The following section will provide information on each variable and its measurement items.

**Independent Variable**

Survey items that measures value co-creation in B2B activities are adopted from (Yi & Gong, 2013) and modified to fit the objectives of this study. The scale in the questionnaire consists of five-point Likert scale ranging from “strongly disagree” (1) to “strongly agree” (5) was utilized to measure respondents level of agreement with the posed items.

**Dependent Variables**

Survey items that measures satisfaction consists of five items, five-point Likert scale ranging from “strongly disagree” (1) to “strongly agree” (5) was used to measure respondent level of agreement with items in the questionnaire.

**Reliability**
Reliability measures the items and measurement scales’ quality to determine their reliability. The most commonly employed measure of reliability is Cronbach’s alpha. Cronbach’s alpha test showed an acceptable rate of $a > 0.8$.

**DATA ANALYSIS**

Hypotheses testing revealed the following findings;

- **Hypothesis 1:** B2B value co-creation activities have a positive effect on consumer satisfaction.

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<th>Path</th>
<th>Coefficient</th>
<th>Standard Error</th>
<th>t Values</th>
<th>p Values</th>
<th>$R^2$</th>
<th>Remarks</th>
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<tbody>
<tr>
<td>VCCB → CS</td>
<td>0.840</td>
<td>0.030</td>
<td>28.188</td>
<td>0.000</td>
<td>0.704</td>
<td>Accepted</td>
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Based on Table 1, the relationship of B2B value co-creation activities on consumer satisfaction has value of 0.840. The standard error for this relationship is 0.030 and the empirical t value is 28.188. This is higher than the theoretical t value of 1.96 for a 5% probability of error. Thus, it is concluded that the relationship of B2B value co-creation activities on consumer satisfaction is at a significant level. Based on this, it can be concluded that the hypothesis is accepted; that is, B2B value co-creation activities has a positive effect on consumer satisfaction.

Consumer satisfaction is accurately predicted by B2B value co-creation activities since the $R^2$ is above the 0.5 accepted level at 0.705 and the accuracy level is above medium. Given that B2B value co-creation activities is the only exogenous latent variable that has a relationship with consumer satisfaction in the reflective path, $F^2$ and $Q^2$ cannot be calculated for this relationship as only value co-creation activities is reflected in the calculated $R^2$.

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Based on analysis presented in Table 2, the 0.188 $R^2$ indicates a weak level of predictive accuracy since it is lower than 0.25. The effect size ($F^2$) and predictive relevance ($Q^2$) of B2B value co-creation activities in the model on willingness to pay more has been calculated by omitting value co-creation behavior and running the model. The effect size ($F^2$) of B2B value co-creation activities in willingness to pay more is small at 0.09. The calculated $Q^2$ is 0.06, which is above 0 so B2B value co-creation activities has predictive relevance for willingness to pay more. The predictive relevance is however small.

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Based on result of data analysis presented above, B2B value co-creation activities has a positive impact on consumer satisfaction in Asian services sector involved in B2B activities. This is in
accordance with the findings of Revillar-Cmacho et al., (2013) who showed that value co-creation activities have a positive effect on customer satisfaction. Therefore, the first hypothesis of the study, which proposed that B2B value co-creation activities have a positive effect on customer satisfaction, is supported. Moreover, the result of data analysis shows that B2B value co-creation activity has a positive effect on consumer repurchase intentions. Consequently, the second hypothesis of the study, which suggests that B2B value co-creation activities have a positive effect on consumer repurchase intention, is supported. Additionally, data analysis supports earlier findings that B2B value co-creation activities have a positive effect on the willingness of consumer to pay more. As such, managerial awareness of such impact is not only essential, but also vital to profitability and loyalty matters. Therefore, one can conclude that B2B value co-creation activities have an effect on consumer satisfaction, repurchase intention, and willingness to pay more. Furthermore, satisfaction is found to have a positive effect on consumers’ repurchase intention. It is also concluded that satisfaction mediates the relationship between B2B value co-creation activities and consumers’ repurchase intention. However, it was found that satisfaction does not have an effect on consumers’ willingness to pay more and does not mediate the relationship between B2B value co-creation activities and consumers’ willingness to pay more. The findings of this study contribute to the exiting body of knowledge concerning value co-creation in B2B activities by introducing and examining relatively new linkages between the various variables of the study. This study may be considered as one of few that investigated the impact of B2B value co-creation activities in the Asian region.

References


