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Management Knowledge

07

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▶ **Gender identity and breast cancer campaigns**
by Stefano Puntoni, Steven Sweldens and Nader T. Tavassoli

▶ **Crisis performance predictability in supply chains**
by Michaéla C. Schippers, Laurens Rook and Steef van de Velde

▶ **Understanding servant leadership**
by Dirk van Dierendonck

▶ **Purchasing superior-value offerings effectively and successfully**
by Finn Wynstra and James C. Anderson

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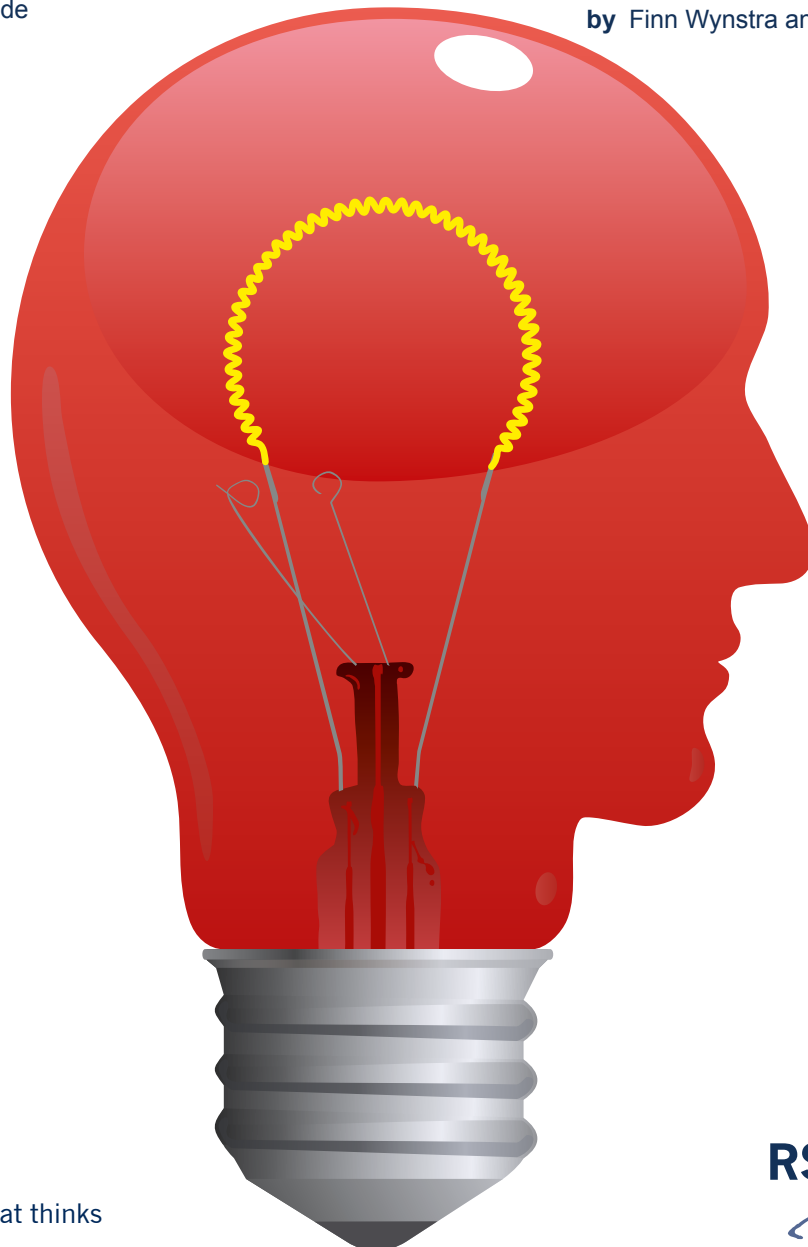
Introduction

In the halls of academia, much discussion is taking place about a relatively, but not entirely, new concept. Known as the "valorisation of knowledge", it describes the increasingly essential responsibility of researchers to make their knowledge of value. Central to the debate is the important question: of value to whom?

Once upon a time, it was the priority of researchers to make an impact in the scientific community, ostensibly by having their work published in highly ranked academic journals.

Whilst scientific impact is still very important, by itself it is no longer enough. We are in a knowledge-based economy and to make an impact, the field of management science must offer real value to the commercial world and to society as a whole. As well as improving business performance, research also needs to affect government policy. In essence, it must have a triple impact.

It is with these points in mind that I am proud to present to you the latest edition of *RSM Insight*, in which four articles explore the latest research from RSM faculty members into the areas of servant leadership, supply chain management, purchasing, and healthcare marketing.

With best wishes,

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Contents

Gender identity and breast cancer campaigns

by Stefano Puntoni, Steven Sweldens and Nader T. Tavassoli

Concerning itself with understanding how marketing methods and tools can be of benefit to healthcare professionals, health marketing is an area of research that has grown substantially in recent years. Of much interest to the sector is whether awareness campaigns are effective in increasing the public's perceived vulnerability to any given disease.

The reason for interest in such campaigns is that as a rule, people are rarely inclined to take preventative measures against a disease unless they specifically perceive a threat to themselves. Whilst many medical conditions can affect everyone, others may be related to lifestyle – illnesses associated with smoking or overeating, for example – or they can be gender specific, such as ovarian cancer in women and prostate cancer in men. It is the association between gender and the perceived threat of a disease that we set out to understand when embarking on our research.

Every one of us has a number of identities and roles that make up our personalities. Among others, these include ethnicity, class and gender. The identities we adopt depend on the environments in which we find ourselves. At work, we typically take on an identity that is different from our roles at home as parent or spouse.

Gender cues

Cues in the environment – words and colours, for example – can increase the importance of gender as an identity for the audience targeted. Marketers, long aware of this fact, use such cues extensively in advertising. When placing gender cues in healthcare messages about breast cancer to encourage women to be more aware of their femininity, our expectation was that these would make women feel more alert to the risks of the disease and their own vulnerability to it.

Instead, we witnessed the opposite effect: gender cues made women feel less vulnerable. The same contrary effect showed itself when using the same cues to encourage women to donate to gender-specific charities. Instead of increasing donations, gender cues actually made women feel less inclined to give.

Such counter-intuitive results require confirmation, which we established in studies conducted across a number of sample groups using different experiments and variables. This led us to the conclusion that, in the case of breast cancer, using cues to increase the importance of gender as an identity for women can have a negative effect.

This is very surprising as campaigns promoting awareness of breast cancer use gender cues extensively. Pink – associated as a feminine

colour – is widespread in such campaigns (for example, the slogan "Think pink"), and the pink ribbon is synonymous with the fight against the disease.

Research insights

Volunteers participated in a series of what they believed were unrelated studies: the purpose being to determine whether gender cues influenced how women perceived their vulnerability to breast cancer. The first study required participants to write two essays about either gender or another personal characteristic.

Next, our volunteers completed a health-related study in which we asked how they perceived their risk to various medical conditions including heart disease, lung and breast cancer. Our intention was to determine whether those writing an essay about gender provided relatively high or low personal risk estimates for breast cancer compared to the group whose essay topic was not gender-related. What we found is that the volunteers who had written about gender felt less likely to contract breast cancer than the second study group.

Continuing our research, we mocked up two magazine advertisements for breast cancer awareness. The first was gender neutral: it deliberately avoided use of the colour pink and language

that referred to women directly. For the second, we created a gender-focused advertisement that used the colour pink, including a pink ribbon, addressed women directly, and carried an image of a woman. The "pink" advertisement we had designed very much in keeping with those placed in the media by breast cancer charities.

"Using cues to increase the importance of gender as an identity for women can have a negative effect."

Those who saw the "pink" advertisement expressed a lower personal risk to contracting breast cancer than those who viewed the gender-neutral version. As with the results from our earlier studies, this was not what we expected. This caused us to wonder if there were behavioural consequences to asking the sample group about their perceived vulnerability to breast cancer straight after they had seen the advertisements.

To check for this we ran additional experiments. In one of these, when their essays had been completed, volunteers were told that as a reward for participation, a donation would be made on their behalf to a charitable cause. Several options including one

gender-specific cause – ovarian cancer – were given.

Participants who had written essays about gender were about half as likely to donate to the gender-specific cause than those who had written about something else. From this we were able to conclude that gender cues can also influence the likelihood of whether or not women will donate to gender-specific causes.

Two websites were the focus of attention in another study. One specifically had its content targeted at a female audience whilst the other was a general interest site. Three banner advertisements, one promoting make-up, another promoting breast cancer awareness, and a gender-neutral advertisement, were prominent on both sites.

Volunteers, having read the stories on each site, were questioned on what they had seen. We asked whether they could recall the banner advertisements and specifically their subject matter. Those seeing the breast cancer advertisement on the gender-specific ▶

Gender identity and breast cancer campaigns
(continued)

by Stefano Puntoni, Steven Sweldens and Nader T. Tavassoli

website were significantly less likely to recall it than those viewing it in the neutral environment. The results show that, in addition to advertising copy, managers of breast cancer awareness campaigns must carefully consider the media context of their advertisements.

From this research, we learn that the presence of what appear to be innocuous gender cues commonly used in breast cancer awareness

"The use of the colour pink may have deleterious rather than positive effects."

campaigns, such as the colour pink, may have deleterious rather than positive effects. These gender cues can create in women feelings that they are less vulnerable to breast cancer. Gender cues also cause less attention to be paid to awareness campaigns and create a situation where the target audience is less inclined to donate money to breast cancer causes.

Defence mechanisms

Breast cancer is a disease that women are understandably terrified of contracting. In one study, we asked participants how afraid they were of the disease and almost without exception the level of fear indicated registered at the end-point of our scale.

The unexpected reactions in our studies stem from the fact that the gender cues used in breast cancer campaigns trigger defensive responses in women. Psychologists know that when dealing with information perceived as threatening, we sometimes cope through a process of denial. Another common response is to not acknowledge the threat or to try to rationalise it away.

The gender cues used in breast cancer awareness campaigns remind women that they should be alert to what is a dangerously real and very frightening threat, one from which they could die. Hence, this is why we see evidence that such campaigns can trigger women's natural defence mechanisms.

So how can healthcare marketers develop more effective awareness campaigns? In some of our studies, we changed certain conditions in order to disable the defensive mechanisms of our volunteers. One way to achieve this is by allowing women to acknowledge their fear of the disease before asking how vulnerable to it they felt. Another method is to precede exposure to messages with

cues that increase a woman's sense of self-worth.

Breast cancer messages designed to make a woman feel good about herself at the outset are less likely to trigger natural defence mechanisms. This is effective because we use self-esteem as a resource when coping with threats.

For those with responsibility for developing and promoting breast cancer awareness campaigns, understanding how the defence mechanisms work, learning how to avoid triggering them - or disabling them instead – will provide invaluable insights into how such campaigns can be made more effective. ■

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Understanding servant leadership

by Dirk van Dierendonck

The 21st century has brought much in the way of turmoil and change to the world of business. As a consequence, ways of doing business that were once universally accepted now seem outdated and inflexible in an age where knowledge drives economies and socially responsible corporate attitudes influence stakeholders and shareholders alike.

With such changes have come new priorities and responsibilities and it is in this environment that the theory of servant leadership has flourished as a management style for the redefined business world of today, one that can serve as a cornerstone for organisations wishing to build corporate structures based on stewardship, empowerment and trust.

Former AT&T executive Robert K. Greenleaf coined the term *servant leadership* in 1970. After retiring in 1964 as director of management research, and inspired among other things by the supportive culture of AT&T, which to him exemplified his belief that an organisation could nurture the spirit of its employees whilst still making a profit, he set to work on his now seminal book *The Servant as Leader.*

Although it has taken four decades for his philosophies to have a real influence on mainstream management thinking, a number of companies riding high in the *Fortune 100 Best Companies to Work For* have adopted his principles to great effect by building cultures in which employees come first and leaders exist to facilitate their growth collectively and individually.

Servant leadership is often misunderstood, possibly this is because people find it confusing to have the words servant and leadership together. To be a leader of people, executives often mistakenly believe, one always has to be the driving force that subordinates follow. Indeed, research tells us that to be an effective leader individuals must have a certain motivation to lead. However, servant leadership requires a different approach and in addition to the motivation to lead, there must be the need to serve both employees and organisation.

The servant leader should feel a responsibility towards employees as individuals and must have a sense of stewardship for them and the organisation as a whole. Companies adopting servant leadership within their organisational culture give a lot of attention to developing environments and support structures that foster high levels of employee satisfaction. In addition, the servant leader works toward building a learning organisation where individuals are encouraged to grow and be of unique value.

There is yet to be consensus in defining or providing a framework for servant leadership, and this is something I have sought to address. Through my research six key characteristics have been identified that when combined, provide a strong indication of how a servant leader should function. In short, servant leadership is demonstrated through empowerment and the development of people; by expressing humility, ▸

Understanding servant leadership (continued)

by Dirk van Dierendonck

authenticity, interpersonal acceptance, and stewardship; and by providing direction. These characteristics are outlined below:

Empowering and developing people: giving people in the workplace responsibility for their own actions. Through empowerment, the servant leader acknowledges the talents and strengths of employees.

In addition, the servant leader must encourage employees in their actions and in their personal growth. Underlying empowerment is the acknowledgment that employees are not merely subordinates, but that each is an individual in their own right.

Humility: this is an attitude and acknowledgment by the servant leader that they are neither omniscient nor omnipotent, and that employees may have more knowledge and experience. For servant leaders in organisations dependent on knowledge workers, this is especially important as it is highly probable that employees do indeed know more about their specialisation than anyone else inside the company.

By acknowledging fallibility and the limits of one's own knowledge, the servant leader helps to facilitate a learning environment: one in which employees can learn and develop through their own experimentation and by learning from others. This potential for self-determination has a powerful

and positive influence on the workplace and further aids the long-term fostering of a learning culture.

Authenticity: is a significant factor as it enables the servant leader to show very clearly to employees that not only can they be themselves, but also that the work environment genuinely encourages and welcomes this.

> *"The servant leader must encourage employees in their actions and in their personal growth."*

To show authenticity the servant leader must act with integrity: they must do as they have promised; show consistency in actions and morality; and be true to themselves and the spirit of the leadership principles they preach. The benefit of authenticity is that ultimately it supports and reinforces the values of the servant leader.

Interpersonal acceptance: the ability to understand and experience the feelings and motivations of others is essential in a servant leadership culture. Empathy and forgiveness must go hand-in-hand. The latter is particularly important if a culture in which it is accepted that people can and do make mistakes is to be developed with authenticity. By accepting employees as individuals, the servant leader shows

understanding and appreciation of their unique perspectives and allows people to feel that they matter.

Providing direction: knowing what the servant leader expects of them is beneficial for employees and the organisation. To provide direction the servant leader must make work dynamic and have it tailored to the

abilities and needs of employees.

Stewardship: is the willingness to take responsibility for the larger institution and to focus on service instead of control and self-interest. Leaders should act not only as caretakers but also as role models for others. By setting the right example, leaders can stimulate others to act in the common interest. Closely related to stewardship is social responsibility, loyalty and teamwork.

Implementing servant leadership

There are different methods by which organisations can implement servant leadership. The most effective way to begin is to conduct a general survey so that a snapshot of the organisation

is available. This is doubly useful as repeating similar surveys over time offers a means to receive feedback and measure progress.

Conducting a series of workshops is essential. Starting from the top teams down, these should focus on exploring servant leadership and how it relates to the organisation and the people that make up the workforce. To create a genuine and long-term servant leadership culture, offering workshops or programmes to new employees within the first few weeks of them joining is a very useful means of ensuring the philosophy becomes embedded and understood at all levels of the organisation.

The ability to perform effectively as a servant leader should be an integral part of the criteria used for internal promotion. Proving by example that the servant leadership philosophy is a factor in promotions says so much more to employees and to the rest of the world about the organisation's commitment to the approach than possibly any other signal.

On the face of it, this may seem a complex approach to take, and of course, employees who are successful in commercial terms should continue to receive traditional awards. However, for employees to rise beyond a certain point they should have the traits that will make them a good servant leader.

In this way, the philosophy becomes an integral part of an organisation's overall leadership culture. The participation of Human Resource (HR) departments is essential. Not only are they integral to the development of programmes that will foster servant leadership, but HR teams can also ensure that the right kinds of people are hired through all levels of the organisation from day one.

More than any style of leadership, servant leadership addresses the psychological needs of people within an organisation. Because it builds a sense of community within the workplace, its benefits can manifest themselves in many ways.

If employees have a sense of belonging to something that they perceive is of genuine importance to them, a powerful spirit of responsibility is engendered, which in turn creates a greater likelihood of individuals putting in more effort and being more conscientious in their attitude to the organisation, the work, colleagues, and clients.

Servant leadership will benefit organisations dependent on knowledge workers and in environments where high levels of creativity and innovation are the norm. Knowledge workers in particular require a sense of autonomy in order to function at their best and it is the responsibility of the servant leader to

create this workplace freedom for them.

The servant leadership model is not necessarily suited to every organisation or to every leader. There are different ways of implementing servant leadership and organisations need to find the methods and models best suited to their own unique set of conditions.

There is evidence to support the claim that the servant leadership approach is of particular benefit to team performance. Indeed, it is especially in team environments, and particularly where the primary responsibility of the organisation is taking care of clients, that servant leadership is at its most beneficial. The healthcare sector and the civil service are good examples. In both it is absolutely essential to have a culture in the workplace in which employees feel supported by their leaders if they in turn are expected to support their clients. ∎

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Crisis performance predictability
in supply chains

by Michaéla C. Schippers, Laurens Rook and Steef van de Velde

It is widely acknowledged that supply chain 'glitches' may have detrimental effects on company performance and shareholder wealth. However, much less is known about the decision makers themselves, the way they manage crises, and whether their actions are predictable.

Matching inventory to customer demands well requires excellent supply chain management, which in turn relies on a smoothly running logistics operation. To investigate this area further, we decided to conduct a study based on behavioural and crisis-decision theory, and applying the hypothesis that reflexivity and regulatory focus can predict and influence team decision-making and performance. These two human attributes require further explanation.

The first, team reflexivity, is a team's ability to consciously and reflexively react to changing and fluid situations, and adapt accordingly. Reflecting on expected changes in the market and acting proactively is vital for the profitability and survival of companies.

The other attribute, regulatory focus – the propensity to take instead of avoid risks – could also play a critical role. Promotion focus, one type of regulatory focus, is where the ultimate goal sought is accomplishment and attaining positive outcomes, and where

individuals are more inclined to explore all possible means to reach the goals they desire. In contrast, individuals with prevention focus, the other type of regulatory focus, seek the ultimate goal – safety, thus avoiding negative outcomes. Individuals with prevention focus tend to focus primarily on avoiding mistakes: actions or decisions that will produce negative outcomes.

All in the game

The engine behind our study was "Fresh Connection", a team-oriented, logistics management simulation (involving a fictitious fruit juice supplier), developed by Involvation, a consultancy, which also runs it. Fresh Connection is used effectively in many companies to simulate real-life situations and challenges in the contemporary supply chain, and help train supply-chain management professionals to handle risks and insecurity, and achieve service levels while minimising costs.

Participants are divided into teams of four (our study used 81 teams) and the

game runs for seven weeks, where each week representing six months in real time. Each team is involved in taking both strategic and tactical decisions. At the end of every week, the simulation software calculates the operational consequences of these decisions, the results of which constitute the team's starting point in the subsequent week. Performance is assessed by the team score of return on investment (ROI) of the company after each decision period.

We divided the game period into roughly three phases. In the Learning Phase, the teams are expected to learn as much as possible about the game and concentrate on getting the company on track for a good ROI. In week two, the Crisis Phase, teams are confronted with a challenge: the company replaces its normal carton containers with PET (plastic) bottles. Week three through seven is called the Steady Phase, during which no unforeseen crises take place, although some new products are introduced.

As predicted

Reviewing the results, we saw that performance for most teams improved rapidly in the Learning Phase. In the Crisis Phase, teams responded differently to the glitch. The main problem was that empty PET bottles took up much storage space, as opposed to empty carton containers

(which could be folded and stored away). In addition, teams had more options to base their decisions on. They had to adapt to this by either increasing their storage capacity, or increasing their orders for empty PET bottles. Not all teams realised how much extra space these bottles would take, and most teams had trouble adapting to the change.

This round (Crisis Phase) was crucial because the whole purpose of the game is to steer the company through crises and manage its supply chain successfully. Some teams reacted well and their performance did not dip by much; others had a large drop. We thought that reflexivity played a large role and looked at the processes playing out in those teams. Teams with a combination of high reflexivity and high promotion focus made better decisions and experienced a lower or no decline in ROI. Teams with a combination of low reflexivity, low promotion and low prevention focus performed worst during this Crisis Phase.

In the Steady Phase, most teams improved their performance, mainly because they became more familiar with the game and its workings, and learned from the regular feedback they received. Teams with a combination of low prevention/low promotion focus recovered best from the large dip during the crisis, and improved

relatively more than teams that managed to maintain a high level of performance in the first place, although they did not entirely catch up with the high-performing teams.

To sum up, we proposed and found that both team reflexivity and regulatory focus are associated with team decision-making and performance during a crisis. Our findings indicated that, in general, high scorers seem to be teams with a combination of high reflexivity and high

"Teams with a combination of high reflexivity and high promotion focus made better decisions..."

promotion focus. This appears to be due to a large difference in the Crisis Phase, where these teams experience the smallest decline in performance. The lowest performers were teams with a combination of low reflexivity, low promotion, and low prevention focus.

Team composition

Making decisions in a crisis may differ from making them under other circumstances. Hence, managers often face the dual challenge of selecting team members who make optimal decisions, and managing the team context to render it more conducive to optimal decision making and (financial) performance. Our study addresses this

challenge directly. First, it identifies the combination of reflexivity and regulatory focus as a possible route to more effective decision-making and performance, especially in times of crisis. Second, it shows that these relationships differ when the context changes, and that the team reflexivity level should match the level of promotion/prevention focus as well as the team context. ∎

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Purchasing superior-value offerings
effectively and successfully

By Finn Wynstra and James C. Anderson

In business markets price still plays a significant part in selling and buying decisions. Suppliers strive to get an equitable or fair return on the value of their offerings and buyers look for bargains and usually find them, thanks to over-eager suppliers. However, recent experiments show that there are other more effective and successful ways of selling without giving away too much value.

When selling superior value relative to the incumbent or next-best alternative offering, a supplier often tries to claim a portion of this by asking a price that is higher than either. At the same time, though, buyers' purchasing decisions are often based primarily on price, thus frequently tempting suppliers to give away some value to the customer – such as 10 per cent additional value for a price increase of only 7.5 per cent. One reason for this is that buyers may not be able to appreciate the superior value on offer. Another, more obvious reason is that discount or rebate give-aways are simpler and more concrete to comprehend, and come without risk to the buyer.

Although this is an essential part of customer-value management, remarkably little research has gone into understanding what would persuade business customers to purchase higher-value offerings that come with a higher-price tag – other than just a monetary give-away. In practice, suppliers competing at the high-end

with high-value offerings are not always good at demonstrating how this high-value they are selling could affect an individual customer. Instead these suppliers will focus, at best, on generic features and benefits.

To study the effects of alternative ways to promote high-value, high-price offerings, we conducted field experiments where we tested other key selling tactics to reduce "value ambiguity". One such tactic is by providing "value evidence", where suppliers document and demonstrate this superior value, and thus remove uncertainties and ambiguities in the minds of buyers. Suppliers can develop value evidence by conducting pilot studies of beta-test customers and documenting the results, or by using reference lists of key customers deploying this offering and related case studies. As the use of reference lists is obviously cheaper than conducting pilot studies with each new customer, it is useful to understand whether the first is equally effective in getting

customers to buy higher-value, higher-price offerings.

Realistic scenarios

We constructed 36 alternative-purchasing scenarios, built around the purchase of 10 KW/HP replacement motors. In each scenario, a manager has to choose a new motor from a selection of four products, varying in price and value. This choice is timely because, outside these scenarios, suppliers have actually started offering lines of premium-efficiency replacement motors. To simplify matters, the incumbent supplier always provides the incumbent (reference) offering, as well as the alternative products (this removes any ambiguity caused by having to change suppliers).

In addition to "value evidence" tactics, we introduced one other factor into our experiments: consequences of obtaining superior value. We studied this factor in two ways. First, by comparing the preferences of purchasing and maintenance managers, we were able to study the effects of functional responsibility. Second, in the scenarios we manipulated the kind of performance review and reward system in place (based on lower total cost of ownership, for example).

To help develop these experiments, we drew on past research in the USA and on two business roundtable

discussions with senior purchasing executives. These discussions were valuable in discussing the constructs and potential manipulations of them with purchasing executives from firms in a variety of business markets.

We conducted the experiments in the Netherlands and participants were purchasing and plant maintenance managers, who were also industry members of De Nederlandse Vereniging voor Inkoopmanagement (NEVI – Dutch Purchasing Management Association) and De Nederlandse Vereniging voor Doelmatig Onderhoud (NVDO – Dutch Maintenance Managers Association). Each manager, who could actually be responsible for acquiring such products for their company, was assigned one, randomly selected scenario for the experiments.

Focusing on value

Our experiments revealed that value evidence and incentive to change each received significant support as mechanisms to reduce uncertainty and ambiguity about superior value. There was strong empirical support that incentive to change operates as a threshold phenomenon. Suppliers are most likely to give away some of this incremental value to their customers (in discounts or rebates) as an enticement to select their offering over the incumbent supplier's or competitors'.

Such a give-away could be just the incentive customers are looking for, and thus warranted. However, the "give-away effect" is not linear. There is a threshold, beyond which buyers are indifferent to the incremental monetary incentives offered, and therefore there is no significant advantage to suppliers to give away more than that.

We also found that the results of pilot studies, when carefully designed and monitored, are effective in enabling suppliers and customers to identify the actual value in monetary terms buyers receive, such as lifetime cost-savings.

However, pilot studies (which involve financial costs to the supplier) were just as effective as creating reference customer lists, and documenting and developing related case studies as value evidence (low or no-cost alternatives). This should not come as a surprise. Customers often admire and respect some of their competitors, and having these respected companies as reference users can influence their own purchasing decision in a positive way.

Significant support was also found for performance review and reward. During the roundtables, one executive predicted that specific performance indicators and bonus targets would become increasingly salient for buyers. In fact, as management sees the need to measure the contribution suppliers and their offerings make in improving the company's competitive advantage, buyers are coming increasingly under pressure to document all of this for evaluation purposes. In reacting to market and company demands, buyers are honing their purchasing skills and proficiency at making professional assessments of suppliers and the value of their offerings.

While no significant differences in purchase preferences were found for area of responsibility (purchasing managers versus maintenance managers), there is some indication that buyers in Anglo-Saxon economies, like the USA, are mostly interested in low-value, low-price offerings, unlike their Dutch counterparts, who were also interested in high-value, high-price ones. Perhaps this has something to do with looking at the bigger and longer-term business picture. In general, buyers from companies with a more strategic perspective on purchasing and supply management tend to look beyond short-term gains (such as price) and at the total cost of ownership, for example, making them more accepting of high-value, high-price offerings.

Key messages

While we must be cautious when using scenario-based experiments with purchasing and plant maintenance managers to generalise what occurs in actual business practice in diverse ▶

Purchasing superior-value offerings
effectively and successfully (continued)

By Finn Wynstra and James C. Anderson

markets, several recommendations and observations can be drawn from our studies.

Looking at the consequences dimension, suppliers should be aware that in general customers are not primarily interested in low-price, low-

> "Purchasing managers are serious about quality offerings, even if it means a higher price."

grade products. Although they are sceptical and critical of all offerings, even purchasing managers are serious about quality offerings, even if it means a higher price.

However, suppliers should also take into account the pressure purchasing and other customer managers face with performance reviews and rewards, and act accordingly. Customer managers reviewed and rewarded for staying within the established budget will likely have purchase intentions opposite to those reviewed and rewarded for lowering total cost of ownership. The former will pursue lower-value, lower-price offerings (as long as the offerings meet the minimum specifications); the latter will prefer higher-value, higher-price offerings. This suggests customer manager performance review and reward system as a segmentation variable, with suppliers targeting

customer firms that embrace total cost of ownership as a business philosophy.

However, we direct our two main messages at suppliers. First, there is nothing wrong with suppliers giving away value to their buyers, but they should not overdo it because it is

not linear, which means that there is nothing to be gained beyond the critical threshold.

Second, suppliers should provide evidence of value through pilot studies, or even customer references and case studies, where possible, because these are the cheaper option. In fact, reference lists of respected competitors can be equally effective in persuading buyers to purchase higher-value, higher-price offerings. This suggests a two-stage strategy. Suppliers should conduct pilot programmes with beta-test customers to understand the value delivered by new or enhanced offerings. The results of the pilot programmes, when they are carefully designed and monitored, enable the supplier to document the actual value in monetary terms that the beta customers receive. Customers may be willing to cooperate in documenting the costs savings or

greater value in exchange for supplier assistance in the data gathering and analysis as well as earlier access to these offerings. Additionally, suppliers can use the documented results to create reference customer lists and value case histories.

This leads us to a final piece of advice for suppliers: do not blame your customers if they tend to focus solely on price; after all, it is up to you to convince them otherwise. ■

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