

The influence of innovative service offerings on collaborative buying decisions

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Purpose – In our paper we highlight group processes which have an effect on the demand-side decision on purchasing durable, service-dependent goods (e.g. machines). We assume that such far-reaching decisions are normally carried out by a buying center (Robinson et al., 1967) and show how differing service offerings influence the decision process by initiating role behavior modifications of the people involved in the process (Wesley & Bonoma, 1981). By that we enhance the demand side-based perspective on service-dominant logic (Vargo & Lusch, 2004, 2008).

Methodology/approach – We rely on insights in group-related decision processes (Janis & Mann, 1977; Zander, 1979; McGrath, 1984; Rohrbaugh, 1989) and emphasize that on an individual level cognitive biases (Tversky & Kahneman, 1974) gain importance in decision processes. By integrating these approaches we provide a widely new framework which describes the general conditions of group decisions. Based on this framework we develop hypotheses on the individual and collective decision behavior of buying center members related to the decision on buying a machine with or without full service as it is comprehended by the total cost of ownership (TCO) approach (Morssinkhof et al., 2006). We test our hypotheses based on a survey of more than 100 customers of one small firm offering hot melt adhesives and application technology.

Findings – Our findings highlight the relevance of group processes in the context of service-related purchasing decisions in general and explicitly show how individual actors contribute based on their individual perceptions to such decisions. Thereby we shed light on demand side-driven effects influencing the offering of service and integrated solutions.

Research implications – Our paper pioneers continuative research on demand side-driven proliferation effects related to the launch of services and integrated solutions and provides a solid, empirically tested theoretical background for further research on this topic.

Practical implications – Our findings enable suppliers to regard demand side-specific decision behavior within their strategic planning. Against this background suppliers can level their service-oriented activities following market demands in a more precise way.

Originality/value – We approach the service aspect from a perspective that has as far as we know not been taken before and provide new insights into demand side group decision-behavior related to service offerings.

Key words – Service Innovation, Group Decision Behavior, Cognitive Biases, Total Cost of Ownership.

Paper type – Research paper (empirical).