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BUSINESS-TO-BUSINESS CUSTOMER ACQUISITION BY MEANS OF DIRECT MARKETING FOR SERVICES SMES

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Abstract
The research discusses the problem of business-to-business services SMEs' customer acquisition by means of direct marketing.

The main objective of the study was to gain a deeper understanding of the problem of customer acquisition by means of direct marketing to explore the cost-effective direct marketing communication channels for business-to-business services SMEs.

The interrelation of customer acquisition and the concepts of business-to-business services marketing, customer relationship management, organizational buying behaviour, and integrated marketing communications is discussed in the theoretical part of the study to establish a theoretical framework for the research.

Desk research and observation were employed as the qualitative data collection methods. The internal desk research was applied to gather secondary data – documents, instructions – regarding the commissioner's customer acquisition and relationship management. The non-participant observation was employed to collect primary data on the commissioner's customer acquisition practice.

The data analysis indicated the problems and development directions related to the commissioner's customer acquisition routine. As a result of the study, a preset tool – semi-structured questionnaires for a future research via in-depth interviews – was designed for the commissioner to adjust customer acquisition and marketing planning.

Research limitations, development recommendations, and future research suggestions are presented in the conclusion of the study.

Keywords
customer acquisition, direct marketing, business-to-business, services marketing

CONTENTS

1 INTRODUCTION

Modern business environment is characterized by intensive competition in majority of industries. As a result, most small and medium-sized enterprises (SMEs) continuously aspire to develop their performance by increasing effectiveness and profitability of business activities in order to gain a long-term competitive advantage in both domestic and international markets. In particular, due to a constantly increasing rivalry and notably decreasing profit margins, businesses attempt to rise their profit and extend customer base by developing closer relationships with existing clients as well as establishing new relationships with potential customers. Accordingly, developmental efforts tend to be partly focused on new customer acquisition.

Customer acquisition is a part of the multi-stage process – customer relationship management (CRM) – that focuses on both intensive and extensive aspects of customer relationships and involves establishment, development, and management of profitable and valuable long-term relationships with selected customers. Although all stages and aspects of CRM are equally important, establishment of new business relationships proves particularly significant since a successful extension of a customer base in accordance with effective relationship management leads to an enhanced business performance. However, customer acquisition represents a demanding task for contemporary businesses.

The challenge of new customer acquisition is particularly recognized by modern Finnish logistics companies oriented towards the Russian market as well as the markets of the Eurasian Economic Union (EAEU). In particular, despite a noticeable decrease of the trade volume caused by the current economic crisis in Russia as well as the political and economic sanctions and counter-sanctions imposed in recent years, the Russian market remains attractive for the Finnish businesses. Moreover, the significant saturation of the domestic market motivates the Finnish logistics companies to consider existing opportunities offered by the Russian as well as the EAEU countries' markets.

The modern trend towards a post-industrial economy dominated by the service sector as well as contemporary businesses' increasing willingness to outsource secondary services to external experts in order to concentrate on core activities create a sufficient demand for international and cross-border logistics services. In order to exploit current economic situation and benefit from both import and export cargo traffic between Finland and Russia, the Finnish logistics services providers are forced to consider customer acquisition as the initial step towards new business relationships with potential Russian clients.

In the process of customer acquisition, the Finnish logistics firms tend to establish effective and comprehensive marketing communications with the Russian prospects. Taking into account relatively limited corporate resources, the logistics businesses encounter the necessity to identify and utilize the most cost-effective tools of communications with the potential customers. Given that an establishment of new customer relationships requires the potential clients' preliminary awareness of existing market offerings and suppliers, the Finnish logistics services providers aspire to utilize appropriate marketing communications tools to transmit their promotional messages to the selected prospects. As promotional messages exposed via various communication channels must be properly balanced and coordinated in order to avoid possible inconsistency of marketing communications, an extensive and creative employment of integrated marketing communications (IMC) proves extremely essential for successful customer acquisition. Nonetheless, given that IMC require a clear understanding of preset marketing goals and both explicit and implicit requirements of the prospects, an effective management of IMC represents a challenging task for the logistics businesses that tend to acquire new Russian customers. In particular, the awareness of specifics and distinctive characteristics of business-to-business customers' buying behaviour is a prerequisite for the logistics services providers' successful marketing communications. As a result, a thorough exploration and analysis of numerous marketing communication tools and their applicability to the process of customer acquisition in the context of business-to-business logistics is indispensable. In particular, the problem of business-to-business customer acquisition by means of direct marketing – a cost-effective marketing channel – seems to be of current interest for the logistics services providers.

1.1 Commissioner

Due to encouraging economic perspectives and geographic proximity of the Russian and the EAEU countries' markets, acquisition of new business-to-business customers was one of the strategic priorities for a Finnish third-party provider of customized logistics services Portmotion Shipping Oy.

Established in 1998, the company consistently acted as an intermediary and offered tailored logistics solutions for small and medium-sized international clients. The company's primary specialization was transit cargo transportation to Russia and the EAEU countries via Finland. Portmotion Shipping Oy's services portfolio included transportation, forwarding, bonded warehousing, documentation support, customs clearance, and inventory and logistics coordination. In addition, the company delivered individually requested "door-to-door" consignments. The company's office was located in Mussalo – one of the harbours of the Port of HaminaKotka. Due to its strategic location and highly developed transport connections with Russia and other EAEU countries via E18 and E95 motorways, rail and sea routes, the port represents a cost-efficient link in the international companies' global supply chains and plays a role of a modern multimodal gateway to the developing markets (Port of HaminaKotka Ltd 2016). As one of the Baltic Sea region's largest container ports, the port provides numerous possibilities for the Finnish logistics services providers to develop their business activities, extend the existing customer bases, and reach new business-to-business clients.

However, an excessive competitiveness and saturation of the Finnish logistics market as well as increasing bargaining power of the Russian customers create extremely challenging conditions for customer acquisition activities. Hence, attraction of new customers gradually becomes more complex and demands a thorough reconsideration of existing customer acquisition practices. As a result, an evaluation of marketing communications aimed at attraction of new clients as well as a thorough examination of new cost-effective methods of customer acquisition by means of marketing communications proves inevitable for most logistics services providers. Taking into account services SMEs' limited corporate resources, customer acquisition by means of direct marketing represents a particularly noteworthy issue.

The problem of business-to-business customer acquisition by means of direct marketing was extremely topical for Portmotion Shipping Oy prior to an unexpected suspension of the company’s business activity during the research process. However, the first stage of the research was conducted, whereas the second stage of the study was abolished.

1.2 Reasons for topic selection

Although the problem of customer acquisition in business-to-business context received sufficient attention in the literature, it seems that the topic of new customer acquisition by means of direct marketing in the field of business-to-business logistics is not sufficiently emphasized. Hence, the problem is worth of attention as findings on the topic may present valuable insights and provide sustainable competitive advantages for the Finnish logistics businesses focused on the Russian and the EAEU countries’ markets as well as other aspiring services SMEs.

Overall, the choice of the research topic is determined by several reasons that have a significant influence on the essence of the study. First, the problem of new business-to-business customer acquisition is extremely relevant to services SMEs’ business and marketing strategies as a necessity of the customer bases’ extension is recognized by business-to-business companies’ management. Taking into account the services suppliers’ potential ability to adjust capacities to an increased number of customers as well as the management’s willingness to develop current business activities, acquisition of new clients is extremely desirable for services providers.

Second, the study offers a valuable possibility to integrate the theoretical knowledge in the field of direct marketing and the findings of the empirical research into business-to-business services providers’ marketing practices related to customer acquisition. Hence, the services suppliers’ overall marketing plans and strategies can be adjusted and developed.

Finally, the study presents an opportunity to encourage SMEs to extensively incorporate direct marketing into the existing customer acquisition routines. Given that properly designed marketing communications inform the market about available offerings and persuade prospects to initiate new business relationships, direct marketing represents a crucial customer acquisition tool.

Therefore, the research provides a stimulus to streamline and reorganize customer acquisition activities via an enhanced employment of direct marketing.

1.3 Research problem, objectives and questions

The research discusses the problem of business-to-business customer acquisition by means of direct marketing. The objective of the research is to reveal the insights of customer acquisition by means of direct marketing – as part of IMC – within the boundaries of business-to-business services marketing. In other words, the goal of the study is to discover *how* to employ direct marketing communication channels in order to attract new clients. Moreover, the eventual aim of the research is to present particular development suggestions in order to refine and improve customer acquisition activities and practices aimed at new business relationships with the target prospects.

Taking into account the timeliness and relevance of the research problem, the study addresses the following questions: “How to acquire new business-to-business customers by means of direct marketing? How to identify and select the most suitable and cost-effective direct marketing communication channels for customer acquisition? What tools can be used to solve the problem in question?”

1.4 Research structure

The research contains several sections. The first part of the study sets a background and introduces a theoretical framework that establishes a foundation for a subsequent empirical research. The theoretical part of the thesis discusses the concepts of business-to-business services marketing, customer relationship management, organizational buying behaviour, and integrated marketing communications. The empirical part bases on the theoretical framework and focuses on the research process, data collection methods, data analysis, and research results. The discussion section follows the empirical part and connects the theoretical background with the obtained empirical results. The research limitations, development recommendations, and future research suggestions form the conclusive chapters of the thesis.

1.5 Research delimitations

Several major delimitations have to be addressed in order to clarify the scope of the research. The demarcations define the essence of the study.

First, it is necessary to note that the discussion focuses on the *customer relationship establishment* stage of the CRM process. Therefore, other phases of the process – development, maintenance, and discontinuance of customer relationships – are discussed to a limited extent.

Second, the study discusses *integrated marketing communications* and *direct marketing* as part of the *promotion* element of the 7Ps services marketing mix. Although other elements – *product*, *price*, *place*, *people*, *process*, and *physical evidence* – play a significant role in the customer acquisition process, they are not extensively covered in the research.

Third, the study concentrates on the business-to-business services market. Consequently, the research findings are particularly relevant to the market in question as other market areas might require a different approach to the problem of business-to-business customer acquisition by means of direct marketing on the grounds of possible differences in *organizational buying behaviour*.

Fourth, it should be noted that the study is restricted by the boundaries of *business-to-business services marketing* context as it focuses on the industrial logistics services. Hence, the research primarily centres on the particularities of services marketing.

2 THEORETICAL FRAMEWORK

In order to comprehend the entirety of the research, it is necessary to discuss the theoretical framework designed and applied for the purpose of the study (Figure 1). The framework combines the concepts of *customer relationship management*, *integrated marketing communications*, and *organizational buying behaviour* and interrelates them in the context of *business-to-business services marketing*.

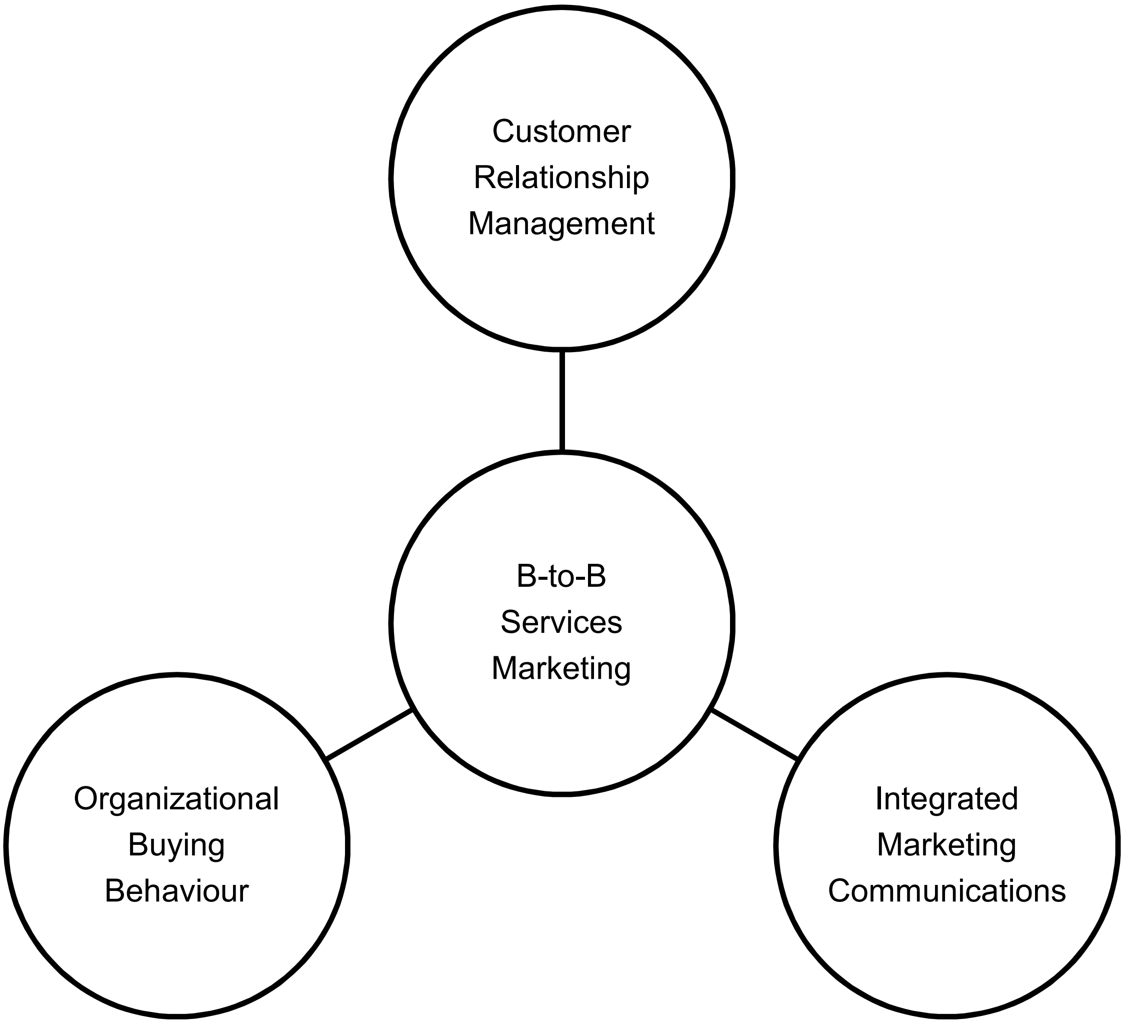

Figure 1. The Theoretical Framework

The concept of *customer relationship management* is discussed since customer acquisition represents the initial stage of relationships with clients. In order to proceed to the following stages, customer relationships have to be initially established; in other words, relationships with customers cannot be developed and maintained unless they primarily pass through the stage of establishment. In addition, it is necessary to note that different stages of customer relationships entail distinguishing marketing communications goals; therefore, the direct marketing tools have to be reviewed in conjunction with the stages of relationships with clients.

The concept of *integrated marketing communications* is applied as the research focuses on customer acquisition by means of direct marketing as part of integrated marketing communications. It is considered that marketing messages transmitted by means of direct marketing communication are able to create awareness, persuade prospects, and lead to a trial or a purchase decision; in other words, it is assumed that marketing messages delivered via direct marketing communication channels represent the suitable means for an effective acquisition of new clients. It is necessary to mention that, although other elements of the 7Ps services marketing mix have a significant impact on the process of customer acquisition, the *promotion* element is selected for the purpose of the research.

The concept of *organizational buying behaviour* is related since it is extremely crucial to realize the complexity of the organizational buying process as well as recognize the roles and interrelations of decision-makers and their choice criteria within the selected prospects' organizations in order to establish effective marketing communications aimed at new business-to-business customer acquisition. Moreover, it is essential to consider the influence of various buying situations and forces on the organizational members' buying behaviour.

In addition, it is necessary to note that, due to the nature of the commissioner's business activity, the concepts are interrelated within the *business-to-business services marketing* context. The specificities of services marketing have a substantial effect on marketing communications focused on customer acquisition.

The combination of numerous concepts within the theoretical framework of the study permits to employ a holistic approach to the research problem and present comprehensive solutions based on the grounded conclusions. In order to further clarify the essence of the framework, the concepts are discussed in greater detail in the following sections.

3 BUSINESS-TO-BUSINESS SERVICES MARKETING

Contemporary post-industrial world economy is dominated by services (Grönroos 2000, 1; Gustafsson & Johnson 2003, 2). In turn, business-to-business services represent a significant share of the global economy's service sector.

Modern companies and organizations tend to optimize their business performances by focusing on core activities and outsourcing supplementary services to external specialists that possess relevant expertise and know-how in order to reduce the costs associated with division and specialization of labour, gain flexibility through a non-ownership of extra assets, and substitute insufficient internal resources. In addition, increasing significance of technological and e-business innovations as well as raising manufacturing outputs present significant opportunities for business solutions' providers. (Hutt & Speh 2001, 331–333.) As a result, business services markets' rapid expansion and increasing contribution significantly influence the development of modern economy.

3.1 Business services markets

Business services markets represent a diverse marketplace for services intended to industrial and organizational customers for the purpose of incorporation, consumption, utilisation, rent, or resale. Whereas consumer markets involve private consumers, business services markets interact with commercial enterprises, institutions, and governments. Taking into account that a demand for industrial services is derived from the ultimate consumer demand and fluctuates according to private consumption, organizational markets prove relatively complex and unpredictable. Thus, business-to-business services markets significantly differ from consumer markets in terms of the nature of market, buyer-seller relationships, and marketing strategies. (Hutt & Speh 2001, 4–9.) Hence, business-to-business services markets have unique notable traits that must be addressed by business marketers.

In general, enterprises operating within the business services markets are extremely market-driven and market-sensitive as their marketing strategies base on a thorough assessment of internal and external environmental factors and focus on identification of opportunities to deliver superior value obtained from distinctive core competences. Therefore, suppliers of business services establish effective internal cross-functional relationships between various departments and attempt to match their resources, skills, processes, and capabilities with particular customer requirements in order to respond to the constantly changing conditions of markets and provide customized solutions that satisfy or exceed clients' expectations. Thus, the main purpose of business services suppliers' extensive customer-orientation is improvement of partners' supply chain arrangements and value creation processes. Therefore, business services marketing predominantly concentrates on defining, developing, communicating, and delivering value to selected customers. (Hutt & Speh 2001, 6–7.) Hence, business services marketing is a focal issue in business services markets (Grönroos 2000, 16).

3.2 Business services marketing

Marketing is critical for business services providers as they compete with services (Grönroos 2000, 10). Consequently, the essence of services marketing must be understood by business-to-business services companies.

Although the key marketing principles are equally relevant to business-to-consumer and business-to-business services, certain specific aspects of business services marketing have to be emphasized. As services are *deeds*, *performances*, or *efforts*, they possess unique characteristics such as *intangibility* (absence of tangible clues), *inseparability* (simultaneous production and consumption), *variability* (complexity of standardization), and *perishability* (inability to store or delay consumption) (Jobber 2004, 792–796). As a result, the nature of services entails particular implications for business services marketing (Table 1).

Table 1. Services Characteristics and Marketing Implications (Jobber 2004, 792–796; Hutt & Speh 2001, 330–354; Kotler & Keller 2006, 402–426)

Services Characteristics	Marketing Implications
Intangibility	Focus on tangible clues, benefits of non-ownership, flexibility
Inseparability	Focus on a service provider, personnel training, avoidance of inter-customer conflict
Variability	Focus on quality control, reliable equipment, evaluation systems, personnel training
Perishability	Focus on supply-demand match, reservation system, multi-skilled personnel

First, given that services offerings' intangibility is a matter of degree, business services can be categorized in two distinct groups: *products supported by* *services* and *pure services*. The first group involves a wide range of services accompanying a physical product and includes ordering, repair and maintenance, installation, training, consulting, distribution, and delivery services; thus, additional services augment the product and create a differential advantage from the organizational buyers' viewpoint. The second group comprises purely intangible offerings such as insurance, banking, IT management, and transportation and logistics services. Nonetheless, most business offerings contain a combination of both tangible and intangible elements; therefore, the organizational buyers' perception of business offers depends on a subjective evaluation of their tangible and intangible aspects. Thus, it is crucial to carefully identify important elements of a service offering – whether tangible or intangible – and incorporate them into *total services offerings*. Moreover, it is critical to emphasize tangible clues and evidences associated with particular offerings by attaching images (pictures, symbols, and logos), testimonials, communication materials (booklets and brochures), contracts, guarantees, and detailed information regarding the offers. In addition, it is crucial to stress the benefits of non-ownership such as flexibility and reduced labour and capital costs. (Jobber 2004, 792–796; Hutt & Speh 2001, 330–354; Kotler & Keller 2006, 402–426.)

Second, taking into account services' inseparability, it is vital to pay attention to employees' professionalism that generates services production and represents an integral part of customer satisfaction resulting from supplier-customer interaction. In order to maintain satisfactory interactions with customers, it is crucial to avoid inter-customer conflict that occurs due to existence of numerous clients tending to consume same services simultaneously. Thus, employees have to realize their role of both producers and part-time marketers of services. (Ibid.)

Third, due to services variability, it is essential to highlight the importance of personnel competence and experience gained through training and rewarding as well as to emphasize employment of reliable equipment and work schemes in order to secure high standards of services offerings. Thus, established standards, such as ISO 9001 and ISO 14001, and additional evaluation systems have to be deployed to minimize possible errors and prove the provider's credibility. Moreover, the aspects in question have to be properly communicated to the customers. (Ibid.) As the process of services purchasing involves notable risks related to services variability, it is necessary to emphasize services quality to reduce perceived risks associated with services purchases.

Fourth, as services are characterized by perishability, it is fundamental to match supply and demand. In addition, it is vital to stimulate low demand by differential pricing and special offers and events in order to manage the provider's capacity. (Ibid.)

Furthermore, due to services' distinctive characteristics, a process of services purchasing involves notable risk. Consequently, it is necessary to appreciate and address the specific aspects of services marketing associated with services' distinct features leading to high perceived risks. (Kotler & Keller 2006, 404.)

Moreover, taking into account that customers need cost-effective solutions to their business problems rather than mere services, modern services suppliers are forced to compete on the basis of their services offerings' value and benefits instead of pure core services per se. Thus, suppliers' marketing efforts have to focus on the ability to add value and provide benefits for customers via competitive customer-oriented total services offerings that combine all services components and complement and enhance customers' value creation processes. (Grönroos 2000, 3–11; Gustafsson & Johnson 2003, 2.) Thus, suppliers have to adapt the *market-oriented management* that assumes an appreciation of customers' needs and value creation processes (Grönroos 2000, 15). Consequently, businesses must practice customer-oriented marketing in order to develop and market their total services offerings effectively.

Hence, when developed, total services offerings have to be positioned and differentiated in customer minds in a favourable way in order to be communicated successfully and perceived competitive. Given that positioning enables to establish and sustain unique services propositions, it is vital to differentiate particular services offerings according to attributes that are highly valued by customers and properly communicate offerings' benefits associated with the attributes in question. Thus, positioning entails a careful identification of target customers and an inventive creation of a differential advantage based on the criteria that are highly appreciated by target customers. For instance, factors such as service reliability, flexibility, promptness, trustworthiness, and customization have to be stressed by services suppliers' marketing communications to position their services offerings. In addition, it is necessary to note that marketing research can be used to explore other choice criteria valued by customers as well as discover prospects that are underserved by competitors ignoring certain customer needs or segments. However, it is necessary to avoid exaggerated promises and other misleading or unethical claims that might form unachievable expectations. (Jobber 2004, 810–817.) Hence, the "under-promise and over-deliver" approach can be adopted to establish and communicate sensible marketing offerings (Hutt & Speh 2001, 337).

In addition, services marketing must be balanced with all functional areas of services suppliers' organizations. Grönroos (2001, 115–16) emphasizes that services marketing is an interfunctional and interdepartmental matter that represents the responsibility of employees and top management. Therefore, marketing communications and promotion of services have to receive careful and holistic attention within the organizations of services providers.

3.3 Business services marketing communications and promotion

The *promotion* element of the 7Ps services marketing mix is associated with marketing communications. The main goal of promotion is to communicate and differentiate suppliers' services offerings.

Although differentiation of business services offerings proves complex, it tends to be achieved by communicating innovative characteristics, complementary features, and various tangible and "human" elements of services (Kotler & Keller 2006, 422–423). As communication of pure core services is not sufficient to differentiate services from competitors' solutions, businesses create imaginary extras (brand images) around core services and communicate total services offerings to customers by means of marketing communications. That is, enterprises often generate imaginary values in addition to core values of services and create brands as part of total services offerings. (Grönroos 2000, 5–7.) Thus, branding and brand elements (logos, symbols, and slogans) are often emphasized in order to create awareness and communicate strong brand names and images of services to target customers (Kotler & Keller 2006, 422–423). However, it is necessary to note that a marketing strategy based on communication of services' images and brands demands continuous significant investments in marketing communications (Grönroos 2000, 5–7). Therefore, a more effective approach to business services marketing is services *differentiation* through the creation of physical evidence of services via tangible clues.

Taking into account the complexity of business-to-business services marketing, diverse marketing communication tools can be employed by suppliers in order to reach target customers with the intention to communicate services' value and benefits. Nevertheless, a relevant importance of different communication tools has to be assessed to develop an effective promotional mix.

Grönroos (2001, 16) states that services and relationships are interrelated. Thus, in services marketing context, customer relationships are vital and unavoidable. As a result, services providers increasingly adopt the approach of customer relationship marketing, i.e. marketing based on customer relationship management (Ibid., 20–22). Hence, the understanding of customer relationship management is required for successful services marketing (Ibid., 8). Consequently, effective customer relationship management is crucial for business-to-business suppliers' marketing and marketing communication strategies. Given that a specific approach is needed to reach organizational buyers and communicate services offerings' value, business marketers have to select effective marketing communication tools to establish and develop close and continuous relationships with industrial customers as well as to understand requirements and choice criteria of various decision-makers within customers' organizations (Hutt & Speh 2001, 13). This can be achieved effectively by means of direct marketing. Therefore, the insights of customer relationship management and organizational buying behaviour and their implications for direct marketing must be comprehended in order to efficiently communicate and interact with business-to-business clients.

4 CUSTOMER RELATIONSHIP MANAGEMENT

Customer relationship management (CRM) is the core of modern services marketing (Grönroos 2000, 22). In business markets, CRM is a focal point of organizational marketing in view of the fact that industrial markets are characterized by extremely close and enduring customer relationships (Jobber 2004, 117). Therefore, businesses are forced to possess and develop considerable customer relationship management skills in order to strengthen one-to-one relationships with preferred clients as well as unambiguously understand their operations and provide exceptional value in a form of customized solutions (Hutt & Speh 2001, 14). As a result, given that contemporary industrial markets represent complex networks of reciprocal relationships, CRM receives significant attention in business-to-business environment, there competition bases on suppliers' ability to manage customer relationships rather than mere capability to offer competitive solutions (Jobber 2004, 121; Storbacka & Lehtinen 2001, 21).

CRM is a managerial approach that aims at establishing, developing, and maintaining long-term mutually beneficial relationships with profitable customers. It represents a continuous process that emphasizes value creation, refers to products and services as a process, and stresses suppliers' responsibility for relationships with customers. Given that CRM highlights value creation rather that value distribution, its main goal is to understand and support customers' value creation processes in order to increase relationship value measured in terms of relationship profitability, strength, and longevity by adapting processes and exchanging resources consisting of emotions, knowledge, and acts. Thus, CRM assumes a two-dimensional shift from transactions to relationships as well as from products or services to competences. The ultimate objective of CRM is therefore to effectively build one-to-one customer relationships by managing the exchanges of resources between suppliers and clients in order to win a larger share of customers' hearts, minds, and wallets. (Storbacka & Lehtinen 2001, 12–23.) In other words, the eventual goal of CRM is to incorporate exchanges into continuous relationships that create quality and value for customers and shift the focus from pure exchanges to relationships (Grönroos 2000, 22). A key point in CRM is therefore the fact that value is partly created by customers through reciprocal relationships and close cooperation with suppliers (Ibid., 25).

Hence, CRM is an essential aspect of business services suppliers' activities due to constant interactions with customers via a limited number of one-to-one relationships that enable exclusive and beneficial cooperation (Ibid., 26).

In business-to-business context, CRM comprises methodologies and technologies aimed at consistent interaction with clients and co-ordination of communications activities in order to present unified messages and images to the target audience. Therefore, in addition to the use of telephone, fax, e-mail, and salespeople, businesses employ various CRM software applications and establish call centres, websites, and centralized customer databases containing transactional, promotional, and geo-demographic data in order to initiate and sustain reliable customer relationships by means of properly integrated and easily accessible customer information. (Jobber 2004, 514–515.) In other words, CRM technologies enables businesses to provide instant customer service and communications via effective employment of tailored customer information (Kotler & Keller 2006, 152). Moreover, the use of sophisticated CRM applications and systems tends to be a competitive necessity as it provides businesses with an opportunity to balance internal and external information flows by sharing unified real-time customer information across organizational departments in order to conduct customer analysis, track sales, and evaluate marketing campaigns. Nonetheless, it is necessary to note that an introduction of CRM technology and related IT applications in business environment must be carefully directed and supported by training and motivation in order to avoid resistance as well as increase effectiveness and efficiency of CRM process (Hutt & Speh 2001, 452–454). Consequently, CRM methodologies and technologies are particularly important for business-to-business logistics services providers.

However, although IT-related aspects of CRM prove crucial as companies need to collect, store, update, analyse, use, and protect vast amount of customer data that represents a significant business asset, CRM is not limited solely to technological solutions and applications (Ibid., 515). CRM IT systems alone are not sufficient to effectively initiate and manage customer relationships and increase their value; thus, efficient management of CRM IT systems and technology does not represent an exclusive goal of CRM (Storbacka & Lehtinen 2001, 33). Hence, in addition to customer information management, the main purposes of CRM are: to analyse customer values and requirements in order to segment target audience and plan cost-effective customer acquisition and retention activities, including win-back strategies and recovery actions; to set and communicate appropriate propositions based on customer segmentation in order to present satisfactory customized value-added solutions; to effectively allocate and manage corporate human resources, i.e. recruit, train, and motivate suitable and capable employees that are able to deliver high-standard services, receive continuous feedback, and handle complaints via well-established customer-centric processes; to gain customer experience through customer satisfaction and loyalty analysis; to monitor competitors' actions in order to eliminate performance weaknesses and develop better offerings; to measure present performance against set goals in order to forecast sales and improve subsequent customer relationship programmes. In other words, the ultimate objective of CRM is to effectively allocate limited corporate resources in order to successfully initiate and develop long-term mutually rewarding relationships with perspective clients and avoid excessive investments in unprofitable customers. (Jobber 2004, 515–518.)

It is necessary to note that, although CRM can be applied to a variety of industries, it is particularly relevant to business-to-business services due to frequent direct contacts between suppliers and customers that eventually determine the strength and length of customer relationships (Ibid., 797). Taking into account that business services providers tend to treat customers as relationship partners rather than mere clients, CRM is vital for suppliers' ability to establish and maintain beneficial customer relationships. However, in order to successfully manage customer relationships in business-to-business services context, suppliers have to comprehend the essence of the industrial buyer-seller relationship process. (Grönroos 2000, 21.)

4.1 Customer relationship stages

Customer relationship management in business-to-business context represents a continuous multi-stage process (Jobber 2004, 118–122). Figure 2 illustrates a model of the development of industrial buyer-seller relationships.

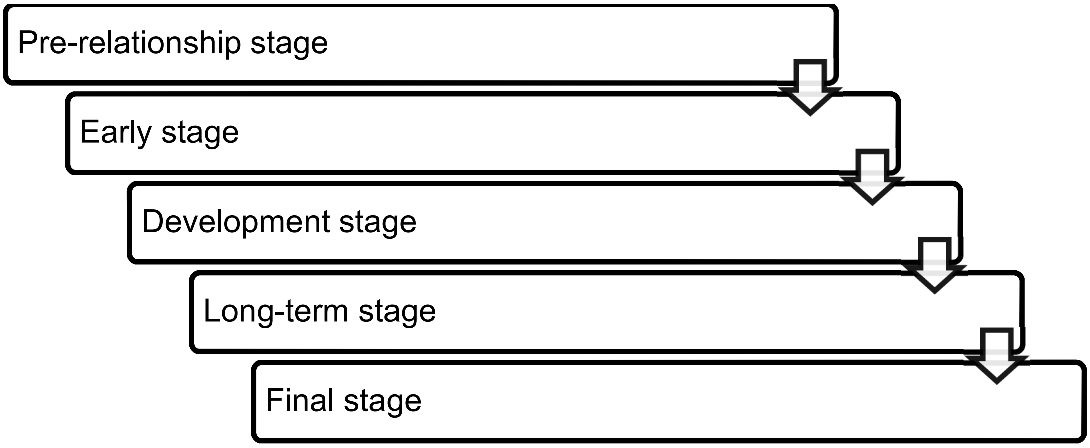

Figure 2. The Development of Buyer-Seller Relationships in Industrial Markets (Jobber 2004, 119)

According to the model, business-to-business relationships include five consequent stages (Jobber 2004, 118–122). Hence, the relationships develop successively.

During the first stage, potential customers identify possible product or service suppliers and assess perceived risks as well as social, technological, geographical, and time distance to the selected suppliers. Thus, prospects evaluate possible suppliers' norms, working methods, technological processes, and cultural values. (Ibid.)

At the second stage, potential clients engage in a contact with identified suppliers to negotiate trial deliveries and purchase conditions. Moreover, clients attempt to reduce possible risks related to a lack of commitment and trust between the parties and evaluate the potential suppliers' reliability and reputation. (Ibid.)

During the third stage, the partners set mutual agreements and arrange appropriate work processes. As a result, the parties familiarize with each other's norms, values, procedures, and organizations as well as gain relationship experience to reduce uncertainty and distance. Moreover, the partners tend to increase business transactions' volumes and optimize relationship routine as well as develop strong mutual commitment to increase relationship value. (Ibid.)

At the fourth stage, the partners develop strong interdependence and involve in frequent or continuous business interactions. Furthermore, the parties engage in joint problem-solving and maintain close personal relationships in order to further reinforce mutual trust, commitment, and experience as well as decrease remaining uncertainty and distance. In addition, the partners adapt their processes to a greater extent to achieve efficiency, cost savings, and relationship control. (Ibid.)

By the fifth stage, the parties reach secure long-term mutually beneficial relationships. The relations are characterized by stability, efficiency, and proximity that create a significant entry barrier for competitors and increase possible switching costs for relationship partners. (Ibid.)

It is necessary to note that the model presented in Figure 2 suggests that different relationship stages entail different goals. At the *pre-relationship* and *early* stages of industrial relationships, the main goal is customer acquisition, whereas during *development*, *long-term*, and *final* stages the key objective is customer retention. Furthermore, the model allows businesses to segment industrial customers according to relationship stages and value in order to effectively allocate corporate resources. (Ibid.) Hence, relationship value has to be determined and developed in accordance to relationship stages and applied to segment customers and create relationship portfolios (Storbacka & Lehtinen 2001, 93). Thus, customer relationship stages are related with customer relationship *types* and *strategies*.

4.2 Customer relationship types

Hutt & Speh (2001, 89–90) address the connection between relationship types and market conditions and identify three types of buyer-seller relationships. The spectrum of relationships includes *transactional*, *value-added*, and *collaborative* exchanges.

Transactional exchanges focus on apt products or services exchanges between relationship parties for competitive market prices and do not involve strong commitment for relationship development. Collaborative exchanges involve informational, social, and operational linkages as well as mutual commitments established in expectation of long-term relationship benefits. Value-added exchanges concentrate on customer retention rather than customer attraction, stress joint problem solving, and emphasize the role of tailored solutions developed in accordance with customer requirements; moreover, in business-to-business markets, value-added exchanges entail relationship-specific adaptations such as investments in particular processes and procedures that meet partner requirements and, although represent an entry barrier and increase switching costs, have limited value to external parties. As a result, transactional relationships are preferable in situations when the supply market is stable and highly competitive in terms of available alternatives and the purchase decision is not complex, whereas collaborative relationships are desirable when the supply market is characterized by dynamism and low competitiveness as well as the complexity of the purchase is considered to be high. In other words, business customers establish close relationships with suppliers for strategic purchases and employ distant business relations for non-strategic items. Therefore, businesses tend to select the relationship types in accordance with purchasing situations and supply market conditions in order to increase performance efficiency and avoid excessive performance costs. (Hutt & Speh 2001, 89–90.)

Ideally, business-to-business companies must be able to offer customers alternative types of relationships (Storbacka & Lehtine 2001, 100). For instance, transactional relationships are suitable for new customers that are not ready to engage in long-term relationships with suppliers, whereas value-added and collaborative win-win relationships can be offered to long-term customers, i.e. relational customers (Grönroos 2000, 34). Moreover, business-to-business enterprises have to recognize that relationship types are closely connected to relationship strategies. In other words, relationship strategies can be customized in accordance with relationship types (Hutt & Speh 2001, 99).

4.3 Customer relationship strategies

Customer relationship strategies permit businesses to increase relationship value. Thus, increasing relationship value involves selecting suitable relationship strategies. Given that value of relationships vary according to customers’ value creation processes, companies are ought to apply alternative relationship strategies to different customer relationships. To select appropriate relationship strategies for particular business-to-business customers, suppliers have to understand concrete customers’ value creation processes and realize how existing competences and skills are able to support clients’ processes. Therefore, relationship strategies have to be adapted to particular customers' or customer segments' requirements in order to avoid the utilization of standard, undifferentiated strategies developed for "average" customers. By understanding the necessity to differentiate relationship strategies according to customers' needs, businesses gain a possibility to significantly increase the value of customer relationships, improve competitiveness, and optimize the process of allocation of corporate resources. (Storbacka & Lehtinen 2001, 99.) For example, customer relationships that represent significant value for suppliers can be managed differently; in other words, more resources can be allocated to valuable customers in order to maintain relationships (Kotler & Keller 2006, 154).

Consequently, business-to-business relationship strategies must be designed in conjunction with relationship stages, goals, and types; "one-for-all" strategies must be abandoned in favour of a set of customer relationship strategies customized for particular business customers or segments (Storbacka & Lehtinen 2001, 96–102). For instance, suppliers can divide customers into portfolios and develop several corresponding portfolio strategies in order to optimize customer relationships as well as identify and maximize their value. The portfolios have to be arranged on the basis of the value of customer relationships and appropriate relationship strategies must be applied to different customer portfolios. On the other hand, it is necessary to note that suppliers' inability to apply suitable and effective relationship strategies can lead to relationship problems and result in unprofitable business relations. (Ibid., 42–44.) Therefore, it is necessary to take into account that customer relationship strategies vary according to suppliers' and customers' values, goals, and processes; hence, it is particularly important to assure that suppliers' and customers' values, goals, and processes match and correspond to a necessary extent (Ibid., 75–76). As a result, either one or both relationship parties ought to adapt existing values, aims, and processes according to a selected relationship strategy (Ibid., 100).

Storbacka and Lehtinen (2001, 101–113) suggest that businesses can apply a *clasp strategy*, a *zipper strategy*, or a *velcro strategy* to customer relationships. Evidently, each relationship strategy has distinct implications.

The clasp strategy holds that customers adapt to providers' requirements; it involves continuous mutual communication to gain customers' commitment. In addition, the clasp strategy stresses the efficiency of standardized activities related to exchanges between suppliers and customers and requires the existence of an extensive customer base. The zipper strategy assumes that both suppliers and customers adapt to bilateral requirements and processes, and emphasizes the need to analyse relationship parties' processes in order to achieve long-term collaborations, or partnerships, aimed at reciprocal compatibility and profitability gained through elimination of overlapping activities and superfluous costs; as a result, the zipper strategy involves mutual trust and commitment gained by broad and transparent exchange of relationship information. The velcro strategy presumes that suppliers adjust to customers' needs to minimize their investments into relationships; thus, the velcro strategy requires an excessive customer orientation. Although the zipper strategy can be considered the best alternative for a majority of businesses, it is necessary to note that a particular relationship strategy has to be selected according to its ability to increase relationship value. Hence, businesses must develop appropriate relationship strategies in accordance with customers' or customer segments' goals and relationships' types. In certain cases, suppliers can present a set of alternative relationship strategies and allow clients to choose a strategy that meets their demands. (Storbacka & Lehtinen 2001, 101–113.)

To develop an effective relationship strategy, it is critical to pay attention to *capturing relationship data*, *selecting accounts*, *developing account-specific offerings*, *implementing relationship strategies*, and *evaluating relationship strategy outcomes*. Capturing relationship data focuses on transforming customer data such as customer relationship history, key decision-makers' profiles, past purchases, and critical requirements into meaningful information by means of relevant CRM software. Selecting accounts concentrates on understanding customer needs, values, as well as relationship costs and potential. Developing account-specific offerings involves analysing the nature of relationships and designing suitable relationship strategies and programmes. Implementing relationship strategies entails effective organization and deployment of sales force that assumes a central role in business-to-business relationship management with the purpose of upgrading perspective transactional relationships to collaborative partnerships. Evaluating relationship strategy outcomes implies constant assessment of relationships and maximization of joint relationship value via matching suppliers’ offerings to customers’ needs. (Hutt & Speh 2001, 96–102.)

Therefore, suppliers must take into account relationship stages, goals, and types in order to design a range of relationship strategies for individual customers. For instance, the clasp strategy is often applied to transactional customer relationships characterized by low involvement and low profitability. In this case, however, the clasp strategy requires suppliers’ extensive marketing communications needed to increase potential customers’ awareness of existing offerings and stimulate conscious purchase decisions at initial relationship stages; moreover, suppliers’ marketing communications are necessary to create additional social, emotional, and informational bonds with customers during subsequent stages of relationships. On the other hand, the zipper strategy is frequently applied to collaborative relationships carefully selected on the basis of their profitability and value. Taking into account that the zipper strategy requires significant efforts and investments into customer relationships in order to build mutual trust and commitment, it is seldom applied for businesses characterized by rapid development of multiple customer relationships. Due to limited corporate resources, businesses are able to implement the zipper strategy only with a limited number of selected customers as the strategy assumes notable adjustments of relationship parties’ processes needed for long-term interactions. Thus, the clasp strategy generally proves more relevant for businesses engaged in a large number of transactional customer relationships, whereas the zipper strategy appears to be more effective for companies involved in a limited range of collaborative relationships with key customers. Moreover, the clasp strategy tends to be appropriate at initial stages of customer relationships, while the zipper strategy seems to be suitable for latter relationship stages. Hence, enterprises must make conscious decisions regarding customer relationship strategies and communicate main benefits of selected strategies to customers. Although the ultimate choice of customer relationship strategies is made by customers, suppliers are able to influence customers’ decisions regarding the selection of relationship strategies by means of marketing communications in order to secure mutual relationship value that represents the focal point of customer relationships. (Storbacka & Lehtinen 2001, 101–113.)

In addition, it is necessary to state that value creation processes vary according to specific aspects of particular industries and markets. Therefore, customer relationship strategies can be service-, industry-, or market-specific (Storbacka & Lehtinen 2001, 28). In other words, particular customer relationship strategies can be appropriate for concrete industries or markets due to the established practice, dominating habits, and existing competitive environment.

Nonetheless, regardless of the strategies applied to customer relationships, services suppliers have to focus on customer attraction during the initial relationship stages and centre on customer retention throughout the subsequent stages of relationships. Hence, customer acquisition is vital for a successful management of business relationships.

4.4 Customer acquisition

Established and well-functioning businesses often rely on existing customers and focus on development of current customer relationships; in other words, they work in a *comfort zone* and concentrate on customer retention (Jobber 2004, 470). Nonetheless, customer acquisition is a crucial business activity that enables suppliers to extend the existing customer bases through an initiation of new customer relationships.

Customer acquisition is the process of defining target markets and prospecting for new customers (Kotler & Keller 2006, 38). Therefore, customer acquisition involves establishment of new customer relationships with selected prospects. Thus, the main goal of customer acquisition is to identify potential customers and select effective methods to approach and attract them. (Storbacka & Lehtinen 2001, 69–72.)

From suppliers' perspective, the initiation of new relationships in business-to-business services context entails designing and signing contracts and agreements with identified prospects with the intention to sell services, i.e. to perform services in return of financial reward (Ibid., 69). In order for relationships to be successful, contracts and agreements guide relationship activities and provide necessary instructions (Ibid., 60). Given that management of initial customer encounters is essential for establishment of relationships, a clear relationship script is needed to direct and support clients during early relationship stages; moreover, a script is required to reinforce customers' positive purchase decisions through demonstration of potential relationship value (Ibid., 75). In other words, a clear relationship script that includes support actions or programmes for new customers helps to guide clients through relationship stages and simplifies customer acquisition as well as retention (Ibid., 95). For instance, particular instructions for customers' actions and responses significantly simplify customer relationships and provide a possibility to control businesses' routine activities.

In business environment, customers generate revenue and therefore represent a source of business relationships' monetary value (Ibid., 64). Hence, despite a notable marketing trend towards shifting from customer acquisition to customer retention activities, customer attraction remains to be a crucial point of CRM due to the fact that an extensive customer base represents a significant source of profit. Moreover, attraction of new customers provides businesses with a possibility to gain new skills and competences, enter new markets, increase sales and profits, and establish new accounts in order to diversify business activities and reduce dependence on the existing clients. Given that particular customer relationships that account for more that 40 percent of business operations represent a significant business risk, companies have to attract new customers in order to expand their customer bases and secure overall business performance (Ibid., 73).

However, customer acquisition represents a challenging activity for business-to-business companies. The complexity of customer acquisition constantly increases due to raising competition and developing customer awareness, knowledge, and proficiency. As a result, customer attraction involves significant investments of corporate resources as relationship start-up costs include advertising and promotional expenses, account and system setting costs, investments associated with establishment of customer bonds, and other operating costs related to management of customer contacts by phone, mail, and the Internet. Moreover, significant financial resources are required to resolve possible initial relationship problems and complaints. Thus, the customer acquisition costs notably exceed the expenditures related to customer retention. (Jobber 2004, 797.) For instance, Kotler and Keller (2006, 156) suggest that customer acquisition expenditures can be as much as five times higher than customer retention costs. Consequently, businesses are required to assess future potential of new customer relationships on the basis or financial returns in order to consider the amount of resources to invest in new customers as excessive expenditures related to customer acquisition lead to an unsatisfactory and unprofitable performance (Storbacka & Lehtinen 2001, 75). In addition to financial returns, it is essential to estimate reference value and competence value of potential customer relationships as they form considerable intangible assets. Initiation of new business relationships with challenging, demanding, and recognized customers demonstrates businesses' competitive ability. (Ibid., 77.) On the other hand, establishment of relationships with unknown but perspective clients is essential due to the fact that they may represent significant future potential (Ibid., 90). In addition, it is critical for businesses to analyse potential customer relationships in terms of value compatibility in order to achieve effective processes and mutual benefits (Ibid., 97).

According to Kotler and Keller (2006, 156–157), customer acquisition focuses on the initial stages of the multi-stage customer development process. Figure 3 provides an illustration of the process.

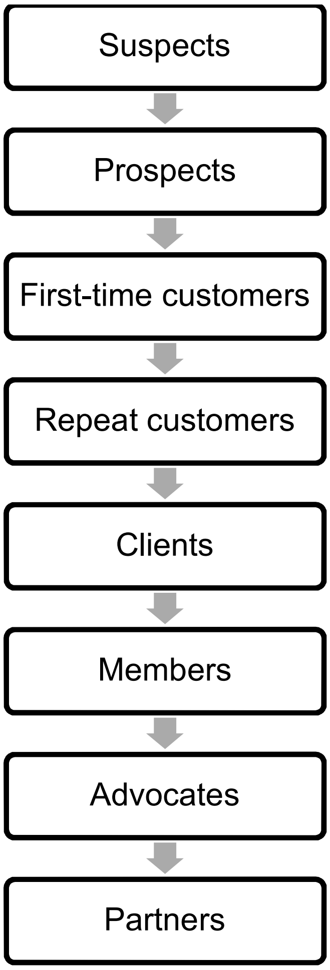

Figure 3. Customer Development Process (Kotler & Keller 2006, 157)

The customer development process assumes suppliers' interactions with *suspects*, *prospects*, *first-time customers*, *repeat customers*, *clients*, *members*, *advocates*, and *partners*. Suspects are representatives of the target audience that might have an interest in suppliers' offerings but might not necessarily have an intention or ability to make positive purchase decisions. Prospects are potential customers that have motivation, intention, and ability to make a purchase; prospects are identified by means of prospecting. First-time and repeat customers correspond to early and advanced buyers of suppliers' offerings. Clients represent customers that have close and strong relationships with suppliers. Members are valuable customers bonded with providers via membership programmes or other similar bonds. Advocates are customers that enthusiastically recommend suppliers and their offerings to other customers; advocates represent significant reference value as a source of positive word-of-mouth communication. Finally, partners are customers that have collaborative relationships or partnerships with suppliers. The objective of the customer development process is to identify suspects and gradually develop them into prospects, first-time customers, repeat customers, clients, members, advocates, and partners. Consequently, the goal of the customer acquisition process is to recognize suitable suspects and develop them into prospects and first-time customers. (Kotler & Keller 2006, 156–157.)

Hence, suppliers have to determine potential customer relationships' importance, opportunities, and costs. For instance, potential relationships' revenues and costs per relationship have to be considered (Storbacka & Lehtinen 2001, 93). Moreover, in order to effectively allocate corporate resources for customer acquisition, businesses have to assess customer acquisition costs, i.e. evaluate the expenditures related to establishment of new customer relationships as an initial stage of relationships (Jobber 2004, 121). Thus, it is necessary to note that marketing communications costs associated with customer acquisition have to be included in the assessment of total acquisition costs.

In business markets, it is common for sellers to apply marketing campaigns to communicate with target audiences in order to acquire new customers by means of advertising, sales promotion, events and experiences, public relations, personal selling, and direct marketing. The approach in question entails systematic media efforts and stresses creation of brand awareness, estimation of media coverage and contact per customer costs, and evaluation of customers' exposure to marketing campaigns. The central assumption of the method holds that customers are passive recipients of suppliers' marketing messages. Therefore, potential clients have to be continuously exposed to suppliers' communications in order to be constantly informed and reminded about providers' offerings since it is impossible to precisely identify or forecast the moments when prospects are particularly interested in making conscious purchase decisions and establishing new relationships with sellers. Thus, it is assumed that businesses have to make constant media efforts equivalent to their market share due to the fact that is difficult to evaluate and measure effectiveness and returns of marketing campaigns objectively. As a result, it is supposed that companies must pursue marketing campaigns and mass communications that represent effective means of reaching large numbers of target customers. Consequently, customers receive a constantly increasing number of suppliers' marketing messages and therefore tend to become less receptive, interested, and responsive; in many cases, prospects try to control their exposure to suppliers' information and reject new marketing messages. (Storbacka & Lehtinen 2001, 69–72.) This is particularly relevant for situations when suppliers communicate to potential customers as unidentified members of market segments with the intention to generate positive purchase decisions and conduct business transactions. However, when possible, suppliers should avoid transactional customer relationships and focus on value creation through value-added or collaborative relationships with customers. Hence, businesses have to interact and communicate with customers more effectively to recognize their explicit and implicit needs and requirements. To address this issue, suppliers have to target and direct their marketing and marketing communications efforts more effectively. In particular, services suppliers must develop customer-specific services offerings, establish direct contacts with customers, and build databases of existing and potential customers. (Grönroos 2000, 24–27.)

Moreover, suppliers have to consider that demand for most services is cyclical (Storbacka & Lehtinen 2001, 125). In other words, most business-to-business customers ignore suppliers' offerings promoted on the regular basis; at certain moments, however, customers realize the need to develop their value creation processes and attempt to discover suppliers that are able to offer suitable solutions. Therefore, it is necessary for businesses to decrease the number of messages per prospect by identifying favourable periods, i.e. cyclic peaks of demand, when potential customers are receptive to suppliers' messages and willing to initiate new business relationships. The moments in question must be properly utilized by businesses to successfully initiate new customer relationships (Ibid., 69–72). Hence, the timing of suppliers' marketing communications has a significant effect on new customer acquisition.

In order to identify moments or periods appropriate for initiation of customer relationships, suppliers have to possess and use significant customer and market data. For instance, historical customer relationship data recorded in suppliers' customer databases can be applied to determine demand peaks. Thus, businesses must store and apply customer and market data to be able to detect appropriate time, or demand cycles, to offer value to customers in order to establish new customer relationships. (Ibid., 72.)

However, it is insufficient to solely determine suitable moments or periods of time and market segments to establish new customer relationships. Along with identifying appropriate timing and market segments, it is necessary to discover optimal methods to identify and reach prospects with the intention to establish relationships. Consequently, businesses employ different methods of customer acquisition. For instance, companies inquire potential customers' contact information from existing clients and use them as referrals, i.e. practice *reference selling*; call or otherwise contact prospects that may have potential interest towards suppliers' offerings, i.e. practice *cold canvassing*; consult industry experts and trade development organizations; analyse print and online trade directories and yellow pages; purchase prospects' contact information from list brokers and send direct mails; visit potential customers' web pages; examine print advertisements and articles in newspapers and industry magazines that reveal potential customers' demands or expansion plans and therefore involve new business implications; and visit trade shows and exhibitions. (Jobber 2004, 470; Kotler & Keller 2006, 155.)

Moreover, attention has to be paid to the fact that it is extremely difficult to convince satisfied business-to-business customers to switch from current providers due to high switching costs and other relationship bonds (Kotler & Keller 2006, 156). Therefore, it is particularly vital to establish awareness and mutual trust at the initial stages of relationships with customers via marketing communications.

4.5 CRM and one-to-one marketing

One-to-one relationships with clients represent the central point of business marketing (Hutt & Speh 2001, 14). Thus, one-to-one marketing is directly related to CRM.

The goal of the CRM process is to transfer suppliers' competence and know-how into customers' value creation processes (Storbacka & Lehtinen 2001, 46). Taking into account that customers' value creation processes vary significantly, CRM assumes individual approach to customer relationships. As a result, given that suppliers' offerings have to be tailored according to particular customers' needs, suppliers' marketing and marketing communications must be also customized on one-to-one basis. Currently, mass marketing as well as mass marketing communications prove less effective than before. (Grönroos 2000, 23.) Thus, one-to-one marketing, rather than mass marketing, represents a focal point of modern CRM. Hence, the core differences between mass marketing and one-to-one marketing, or personalized marketing, have to be understood (Table 2).

Table 2. Differences Between Mass Marketing and One-to-One Marketing (Kotler & Keller 2006, 155)

Mass marketing	One-to-one marketing
Average customer	Individual customer
Customer anonymity	Customer profile
Standard product	Customized market offering
Mass production	Customized production
Mass distribution	Individualized distribution
Mass advertising	Individualized message
Mass promotion	Individualized incentives
One-way messages	Two-way messages
Economies of scale	Economies of scope
Share of market	Share of customer
All customers	Profitable customers
Customer attraction	Customer retention

The summary of the differences indicates the shift from wasteful and ineffective mass marketing to accurate and efficient one-to-one marketing aimed at building extensively strong and close customer relationships. The shift from mass marketing to one-to-one marketing entails the need to design customized marketing offerings rather that standard products or services. Moreover, due to offerings' customization, it assumes the necessity to develop individualized, direct two-way marketing communications instead of standardized one-way mass marketing communications. (Kotler & Keller 2006, 152.)

However, in business-to-business context it is rarely possible to practice a totally customized approach to customer relationships due to restrictions imposed by limited corporate resources. Therefore, business-to-business companies adopt the *mass customization* approach that permits to reach target customers and communicate tailored offerings by customized messages via selected media on a mass basis. Thus, CRM allows businesses to customize marketing messages and integrate marketing communications in order to effectively reach identified decision-makers within customers' organizations to establish and develop profitable, strategic long-term customer relationships in order to subsequently win a larger share of each particular customer. (Ibid., 152–153.) It is necessary to note that CRM is specifically suitable for SMEs tending to contact organizational influencers and establish reciprocal one-to-one, business-to-business customer relationships. Consequently, the comprehension of the organizational buying behaviour is vital for successful and beneficial business relationships.

5 ORGANIZATIONAL BUYING BEHAVIOUR

Organizational buying in business markets is characterized by proximate long-term relationships with the selected suppliers, extensive networks and strategic partnerships, complex interactions, just-in-time delivery schemes, and outsourcing arrangements (Hutt & Speh 2001, 18–19). Continuous interactions and communications between services suppliers and clients occur with the intention to impact purchasing behaviour of relationship partners (Grönroos 2000, 21). Hence, establishment and maintenance of long-term relationships with suppliers is essential for organizational buyers. As industrial buyers concentrate on value-added or collaborative relationships instead of purely transactional exchanges in business markets, CRM plays a vital role in organizational buying.

From suppliers' perspective, CRM and related IT applications permit businesses to accumulate and utilize valuable customer data to identify customers' decision-making units (DMUs) and key buying influentials, initiate and maintain one-to-one business relationships, customize information and marketing communications, and discover customers' preferences and specific priorities in order to tailor and update business services offerings (Hutt & Speh 2001, 439). The merger of CRM and IT is focal for services providers.

Identification of key members of decision-making units and choice criteria within potential customers' organizations is particularly crucial during the initial interactions with prospects as it is necessary to reach the appropriate individuals or departments in order to establish new customer relationships (Hutt & Speh 2001, 14). In other words, a timely exploration of potential clients' decision-makers, evaluative criteria, and decision-making specificities is required for new business-to-business customer acquisition (Figure 4).

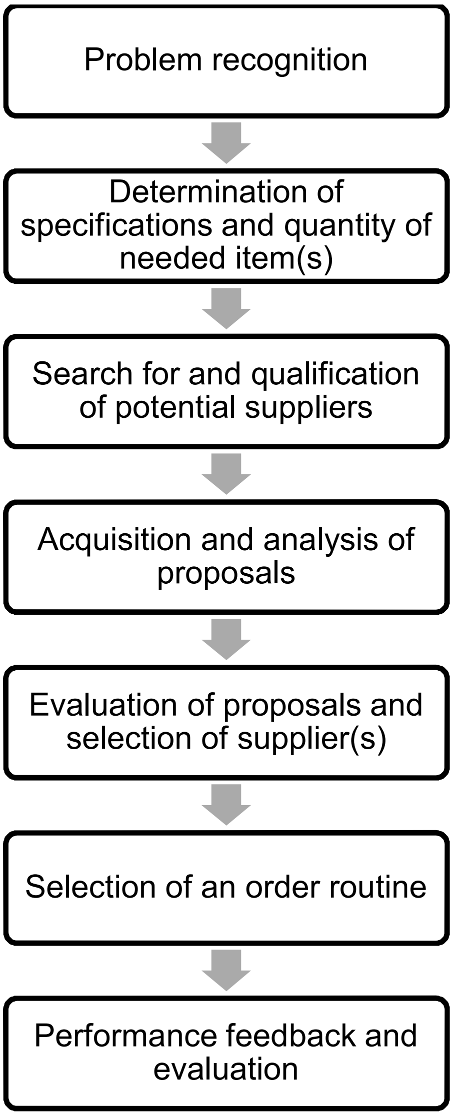

Figure 4. The Organizational Decision-Making and Buying Process (Hutt & Speh 2001, 57; Jobber 2004, 105)

Depending on the complexity of a particular purchase, the buying process may continue for a long period of time and involve numerous decision-makers on behalf of the buying organization (Hutt & Speh 2001, 14). Additionally, specific organizational evaluative criteria can influence the buying process.

In transactional relationships, price is often a significant choice criterion for customers (Grönroos 2000, 21). Business clients' choice criteria include competitive charge, extensive assortment, reliable delivery, and higher return on investment (Hutt & Speh 2001, 25–26).

Due to limited budgets, organizational customers tend to assess suppliers' offerings in terms of quality in relation to financial investments rather than in terms of absolute quality, i.e. evaluate the correlation of price and quality (Storbacka & Lehtinen 2001, 84). As a result, organizational buyers purchase services that meet their requirements at the lowest possible price identified on the basis of information received via suppliers' marketing communications or obtained otherwise. Hence, business-to-business customers prefer to have exact and detailed information regarding different suppliers' offerings in order to carefully evaluate and compare them on the basis of prices. The goal of the evaluation is to encourage suppliers to compete with each other and identify the most competitive providers in order to arrange further business negotiations. (Storbacka & Lehtinen 2001, 117). As a result, business services suppliers tend to appoint customer relationship managers to develop, maintain, and co-ordinate relationships in order to communicate with clients and ensure customer satisfaction (Jobber 2004, 121).

Given that a variety of individuals influences a purchase decision in business markets, it is essential to identify key participants of an organizational purchasing process. In other words, it is crucial to understand the process that clients follow to purchase services and examine decision-making units and important choice criteria that influence the buying process. (Hutt & Speh 2001, 14.) Hence, it is important to assign particular customer relationship managers to effectively communicate with organizational procurers.

In business-to-business environment, suppliers interact with trained, informed, skilled, and competent professional buyers prepared to critically evaluate competitive offerings in order to increase profits and decrease costs (Kotler & Keller 2006, 11). Thus, it is crucial to interact with a wide array of customers' managers and other decision-makers via frequent contacts in order to present and adjust business offerings according to their changing needs and preferences (Hutt & Speh 2001, 96).

5.1 Buying behaviour forces

In business-to-business markets, organizational buying behaviour is influenced by *environmental*, *organizational*, *group*, and *individual* forces (Hutt & Speh 2001, 67). As a result, both internal and external factors modify organizational buying behaviour.

Environmental forces include technological development, business conditions and legislations, and economic trends. Organizational forces comprise organizational activities and goals, purchasing strategies, purchasing priorities, and organizational positioning in purchasing. Group forces refer to individual influences and interrelations of buying decision-makers and groups. Individual forces are related to personal considerations and preferences of organizational members. (Hutt & Speh 2001, 67–78.)

5.2 Buying center

An organizational buying center, or a decision-making unit (DMU), consists of various decision-makers related to complex organizational purchasing decisions (Jobber 2004, 102). Members of a buying center play different roles in the process of procurement. *Initiators* start the purchasing process. *Users* utilize the purchased products or services. *Gatekeepers* control the flow of information related to the buying process. *Influencers* provide relevant information and affect the purchasing decisions and evaluative criteria. *Deciders* select the suppliers and make the buying decisions. *Buyers* sign contracts and agreements related to particular purchases. (Jobber 2004, 102; Hutt & Speh 2001, 75–76.)

Czinkota and Ronkainen (2007, 394) suggest that organizational purchasing decisions normally involve from eight to eleven organizational members. Hence, it is particularly important to identify all key members of potential clients' decision-making units in order to communicate efficiently and consistently.

5.3 Buying situations

Organizational buying behaviour comprises various *buying situations* (Hutt & Speh 2001, 57). Buying situations include *new task*, *straight rebuy*, and *modified rebuy*. The new task situation presumes that the buying center's members encounter a new, unexplored procurement problem and therefore search for comprehensive information to explore alternative offerings and suppliers in accordance to specifically identified evaluative criteria. The straight rebuy situation involves a recurring procurement via firmly established buyer-seller relationships. In turn, the modified rebuy situation holds that the organizational decision-makers reconsider current offerings and evaluate alternative suppliers in accordance to well-defined or modified criteria. (Hutt & Speh 2001, 57–66.)

5.4 Decision criteria

Decision criteria, or evaluative criteria, comprise numerous specifications related to organizational buying process. In general, criteria refer to price and quality of products or services, delivery and maintenance conditions, technical specifications, and servicing. (Jobber 2004, 101; Hutt & Speh 2001, 78.) In addition, buyers apply individual choice criteria to assess available business services offerings in accordance with both organizational and personal considerations and expectations formed by past experience, received advices, and obtained promises (Kotler & Keller 2006, 144).

Individual members of the buying center apply different evaluative criteria and utilize various sources of information. Each buying situation requires a unique problem-solving and decision-making approach, involves numerous buying influentials, and assumes an exclusive marketing response. An understanding of the organizational decision-making and buying process enables services suppliers' marketers to play an active rather that a passive role and create a responsive marketing communications strategy. (Hutt & Speh 2001, 82–83.)

Therefore, services providers have to identify and comprehend potential business-to-business customers' decision-makers, buying situations, and choice criteria in order to influence possible purchasing decisions and establish – and subsequently maintain – beneficial customer relationships via marketing communications. As a result, services marketers tend to design and integrate complex marketing communications to inform and persuade clients.

6 INTEGRATED MARKETING COMMUNICATIONS

Communication with both potential as well as existing clients is essential for successful business marketing. Personal and non-personal forms of marketing communications interact to reach and inform the key organizational buying influencers. Hence, the aim of business-to-business marketing is to select and blend marketing communication channels in order to effectively communicate the benefits, problem solutions, and advantages of particular offerings to the organizational decision-makers, i.e. buying centers. Consequently, the decisions related to marketing objectives, budgets, timing, media, and messages have to be integrated into a comprehensive media programme or a specific marketing communications strategy. (Hutt & Speh 2001, 409.)

Marketing communications represent the *promotion* element of the 7Ps marketing mix and play a crucial role in customer acquisition. Evidently, marketing communications aimed at customer acquisition appear at the first stage of business relationships between services suppliers and potential clients.

The ultimate goal of marketing communications is to communicate value and present core benefits of services that are able to satisfy customers' needs and solve existing business problems. Different members of the buying center have numerous expectations and evaluative criteria and expect services to be customized; the expectations may not be met if services offerings are standardized. (Hutt and Speh 2001, 341.)

Organizational customers tend to select services suppliers that are able to satisfy their needs and offer solutions to their problems in order to maximize *total value*, i.e. a bundle of economic, functional, and psychological, or emotional, benefits. From the business clients' point of view, a total value proposition consists of an entire set of benefits for buyers, not merely core benefits of suppliers' offerings. Consequently, services suppliers must present competitive *value propositions* that are able to increase total customer value and decrease total customer costs. (Kotler & Keller 2006, 141–143.)

In order to effectively communicate with potential business customers, it is necessary for suppliers to select, coordinate, and integrate marketing communication tools that are able to reach target customers. The key tools of promotional mix are *advertising*, *sales promotion*, *public relations* and *publicity*, *personal selling*, *events* and *experiences*, and *direct marketing*. Hence, marketers apply an integrated approach to inform potential customers and influence purchase decisions in order to initiate new business relationships. (Kotler & Keller 2006, 536–537.)

Given an array of communication tools, marketers need to coordinate messages and media to deliver clear, coherent, and competitive messages in order to differentiate suppliers' offerings in the market. An integrated approach to marketing communications facilitates the delivery of messages, secures messages' consistency, and allows different media to reinforce each other. (Jobber 2004, 416.)

Therefore, comprehensive marketing communications of business services suppliers represent a valuable tool for reaching selected target prospects and providing information about specified, tailored, and beneficial business offerings. However, effective marketing communications can be established only if the essence of the communication process is understood.

6.1 The communication process

The communication process involves an exchange of information between the communicating parties (Figure 5). Initially, the *source*, i.e. the communicator, encodes a *message* needed to be transmitted by translating it into common symbols, e.g. words, pictures, and numbers, and transmits it to the *receiver* via various media, i.e. the communication channels. During the transmission process, the message may encounter certain distractions in a form of internal and external factors such as poor communication, competing messages, or a lack of the receiver's attention; these distortions are referred to as *noise*. The noise may prevent the transmission of the message. After receiving the message, the receiver interprets, or decodes, the symbols transmitted by the source. Next, the effectiveness of the communication process can be evaluated via the *feedback* from the receiver upon the *decoded message*. The goal of the communication process is to secure consistency of the encoded and decoded messages and evaluate the response; in other words, the aim of the process is to assure that the receiver interprets the message in the intended way. (Jobber 2004, 418–420.)

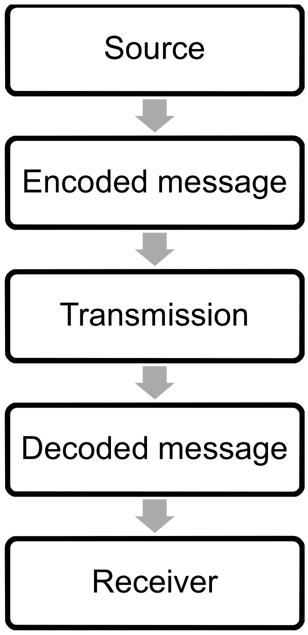

Figure 5. The Communication Process (Jobber 2004, 420)

The potential danger refers to the fact that the messages communicated to clients, i.e. receivers, may become blurred and inconsistent (Jobber 2004, 416). Moreover, modern customers tend to become relatively unreceptive to marketing communications. Thus, new methods of communicating suppliers' messages are necessary. (Storbacka & Lehtinen 2001, 65.)

Hence, it is essential for the business-to-business services suppliers to comprehend the nature of the communication process in order to evaluate *what*, *how*, and *to whom* to communicate. As the communication process is interactive, it is essential to assess and measure the response of the target receivers, i.e. the organizational decision-makers, in order to design a cost-effective and balanced marketing communications strategy.

Effective marketing communications with business customers are particularly important in international marketing due to the geographic and psychological distances. Complications in marketing communications arise if the selected media channels are unable to reach the target audiences and transmit the intended messages. Thus, the suppliers' marketers must formulate coordinated, balanced, and well-integrated marketing communications strategies in order to design a *promotional mix* according to the offerings' characteristics, promotional budgets, evaluative considerations, and key objectives of the strategic business goals. For instance, *pull strategies* involve mass client-oriented communication tools, whereas *push strategies* focus on personal, direct, one-to-one marketing communications in spite of potentially higher per contact costs. Although businesses may apply various marketing communication tools, such as industrial journals and newspapers, TV advertisements, and trade shows, direct marketing represents the prevailing direct-response medium aimed at personalized communications with precisely targeted audiences. (Czinkota & Ronkainen 2007, 386–397.) Hence, it can be considered that direct marketing provides an array of cost-effective and evaluable marketing communication channels for business-to-business services providers.

6.2 Direct marketing

Direct marketing is a targetable, responsive, and measurable marketing channel aimed at individual relationships with prospects and customers (Czinkota & Ronkainen 2007, 398–399). Based on database marketing, direct marketing tends to establish and develop individual, personalized relationships with potential and existing customers by means of detailed data stored on comprehensive corporate databases. As a marketing method, direct marketing focuses on differentiated, one-to-one customer relationships in order to identify and satisfy clients' particular current needs, adjust offerings, and induce a direct response or a sale. (Tapp 2005, 4–6.)

Overall, direct marketing serves as a systematic framework for analysis, planning, implementation, and control of strategic marketing activities and measures aimed at distribution of services via tailored, direct relationships with customers. As a result, direct marketing is tightly related to relationship marketing and customer relationship management. Relationship marketing – as a strategic marketing approach – employs direct marketing to distribute and communicate directly to customers, acquire and store customer-related data, and subsequently maintain and develop relationships via customer relationship management. (Tapp 2005, 8–10, 210–218.) Thus, a comprehension of marketing based on customer relationship management is vital for services providers to cope with the competition (Grönroos 2000, 8).

The interrelation of relationship marketing and direct marketing is particularly essential within the industries focused on business-to-business services characterized by *high involvement* related to purchasing decisions (Tapp 2005, 212). Additionally, direct marketing is closely linked to one-to-one marketing as it allows to merge mass customization with one-to-one communication by means of direct-response media in order to identify the clients' requirements and tailor the suppliers' offerings (Tapp 2005, 187–188).

6.3 Direct marketing communication channels

All media can be employed for customer acquisition and retention. In addition to occasionally applied mass media, direct marketers communicate with target audiences via selected, one-to-one marketing communication channels. (Tapp 2005, 4, 10, 304.) To reach prospective clients, suppliers blend and adjust various direct marketing media, such as *national* and *local press*, *magazines*, *direct response* and *interactive digital television*, *radio*, *the Internet*, *telemarketing*, *mobile* and *SMS marketing*, *direct mail*, *e-mail*, *fax*, *posters*, *inserts*, and *door-to-door leaflets* (Jobber 2004, 507; Tapp 2005, 298, 304). In addition, modern direct marketing communication tools include *social media networking*, *viral marketing*, and *quick response* (*QR*) *codes* (Brassington & Pettitt 2013, 444–449).

In order to reap the benefits of direct marketing communication channels, it is vital to link the direct marketing objectives and strategies with the general marketing and corporate goals (Tapp 2005, 118). Additionally, it is crucial to evaluate and match particular media channels and messages to secure the ability to reach the target audience, e.g. prospects, and persuasively generate a maximal response at a minimal cost (Tapp 2005, 299–302). Undoubtedly, timing and budgeting of direct marketing communication strategies have to be pre-planned.

Direct marketing can be employed for both customer acquisition and customer retention. Although the primary role of database marketing, as part of direct marketing, is customer retention, the key strength of direct marketing is the ability to secure detailed, precise targeting and individual communication to prospects. In regards to customer acquisition, direct marketing communication channels allow to contact direct competitors' clients, partners' customers, or prospects identified by a thorough analysis of the existing customers' profiles stored in a corporate database. For instance, new customers can be targeted on the basis of predicted loyalty or behaviour and offered an incentive to generate a direct response via direct-response media. (Tapp 2005, 6, 134, 181–186.)

To reach clients, direct marketers create *contact programmes*. Direct marketing allows to combine different media within complex, multi-stage contact programmes. A mix, or a combination, of media represents a *contact strategy*. Within the context of customer acquisition, the purpose of communication via integrated direct-response media is to cost-effectively provide a stimulus for prospects in order to trigger a response and persuade to buy. (Tapp 2005 280, 370.)

Direct marketing can be integrated with other marketing communication tools in order to create cost-effective communications with the selected prospects. Due to a flexible targeting, direct marketing communication channels allow to establish tailored customer acquisition programmes. Moreover, direct marketing provides a possibility to control and constantly adjust communications with the target prospects, test and tailor messages, receive fast and measurable responses, collect customer-related data and build highly segmented databases, establish individual long-term relationships, and form new direct distribution channels. (Smith & Zook 2011, 382, 391–392.) In particular, the organizational databases can be used to store both quantitative and qualitative data regarding the strategic decision-makers and influencers, details of the decision-making units' buying processes and specific choice criteria, sales volumes, media options, and assessments of relationships (Jobber 2004, 511–512).

However, businesses are ought to use corporate resources intelligently and cost-effectively. Marketing costs must be perceived as investments in customer relationships rather than mere business expenditures. Although it is suggested that the return on marketing costs cannot be measured in a meaningful manner, certain methods can be applied to solve the problem. (Grönroos 2000, 12–13.) For instance, efficiency and effectiveness of marketing and marketing communications costs can be evaluated on the basis of such criteria as cost per a contact, sales per a sales call, or a number of new accounts per a time period (Hutt & Speh 2001, 472).

In order to manage and guide relationships, suppliers have to communicate with new customers via multiple one-to-one communication channels in a cost-effective manner. As a result, a particular relationship can involve a direct multichannel communication with the aim to induce an immediate response or a call to action in order to monitor and measure the communication channels' effectiveness. (Storbacka & Lehtinen 2001, 95.) Consequently, a direct response from clients can be utilized – as a valuable and applicable evaluative criterion – to measure the efficiency of services suppliers' marketing communications and communication channels.

Hence, in order to attract new clients by means of direct marketing in a measurable and cost-effective manner, business-to-business services providers have to analyse and compare the capabilities as well as advantages and disadvantages of various direct marketing communication channels. An exploratory research is a specifically suitable method for this purpose as a customized study has a potential ability to provide a detailed analysis of a given communication practice and present valuable insights and applicable findings in order to refine a particular marketing communications strategy.

7 METHODOLOGY

The study represents an empirical exploratory qualitative research. The main objective of the study was to explore the problem of business-to-business services suppliers' customer acquisition by means of direct marketing. Desk research and observation were employed as the research methods for the purpose of the study.

7.1 Research methods

Qualitative research is a research strategy to collect data regarding individuals, groups, or communities in order to systematically interpret, analyze, and summarize non-numerical data to describe a population or a setting by identifying interrelations of patterns and themes (Wang & Park 2016, 86). Qualitative research techniques are particularly valuable and applicable for the purpose of an international marketing research (Chisnall 2005, 447).

Exploratory design of a qualitative research aims at in-depth investigation of the nature of a research problem and stimulates the development of a creative research strategy. Thus, an exploratory research often acts as an initial stage of the research process and represents a valuable "research filter" that precedes complex phases of future research activities. (Chisnall 2005, 37.)

The multi-technique approach to a research – triangulation – assumes a mixed utilization of several techniques aimed at a development of a sound and objective research programme. A set of methods allows to balance the strengths and weaknesses of the applied research techniques. (Chisnall 2005, 49.)

Internal desk research could be considered the most appropriate method in the initial phase of the study of a particular organization as a significant amount of secondary data might be obtained cost-effectively by means of internal organizational resources (Management Study Guide 2016). In a multi-stage study, the desk research method allows to conduct the initial screening to obtain general guides prior to subsequent research stages aimed at intensive primary data collection (Chisnall 2005, 430–431). Hence, data collection should start at the secondary level to establish a sensible base for the entire research process (Chisnall 2005, 393). As a non-reactive and unobtrusive technique, the desk research is an established, cost-effective alternative for secondary data collection (Chisnall 2005, 49, 65).

Observation represents a non-reactive technique extensively utilized in scientific studies and is frequently regarded as the "classical method of investigation". Observation is particularly effective in conjunction with other research methods for the purpose of supplementary primary data collection (Chisnall 2005, 54). Notably, observation is able to provide valuable details in a business-to-business marketing research (Chisnall 2005, 401). Nonetheless, observation is prone to bias and expectations of a researcher. Thus, reliable and adequate notes and reports are vital to maintain the objectivity of the research process and eradicate personal emotional involvement. Moreover, observation can modify the subjects' behaviour and therefore has to be conducted in a careful and unobtrusive manner to secure reliability of the research process and results. (Chisnall 2005, 50, 401–402.) Additionally, it is pivotal for observation to avoid various flaws related to insufficient objectivity and neutrality or extensive selectivity of an observer.

7.2 Data collection and data analysis

Internal desk research and non-participant observation were applied as the research methods for the purpose of the study. The internal desk research was utilized to collect secondary data from the internal sources – the commissioner's documents, instructions, database, advertisements, web page, mails, and e-mails – regarding customer acquisition and customer relationship management. Additionally, the internal desk research was supplemented by an overt non-participant observation at the commissioner' office for the purpose of primary data collection. The observation focused on the commissioner's managers' professional duties and behaviour. Therefore, judgemental sampling, also referred to as purposive sampling, was applied to draw the sample.

Overt non-participant observation was employed to observe the commissioner's business practice related to customer acquisition in order to collect primary qualitative data. The observation was conducted at the commissioner's office, partly simultaneously with the internal desk research, and focused on the casual professional routine of the commissioners' managers. The daily activities of managers "A" and "B" were observed during three visits to the commissioner's office in order to manually record the field notes. The observations lasted for two to three hours per day.

Wang and Park (2016, 251) state that ethical concerns, such as an informed consent from the research participants, are essential in qualitative data collection. Thus, it is necessary to note that ethical dilemmas related to the internal desk research and observation were resolved via an establishment of mutually trustful relationships and consultations with the commissioner's management. Hence, a limited access to the commissioner's office and internal documents was permitted.

The field notes were manually recorded by the use of observation sheets. The qualitative secondary and primary data obtained by the internal desk research and observation were analysed by means of a thematic analysis. The data were coded and categorized into three "themes" in accordance with the theoretical framework of the study – ”customer relationship management", ”organizational buying behaviour", and "integrated marketing communications" – for the purpose of a subsequent analysis.

7.3 Research results

The analysis results indicated that the commissioner’s customer acquisition activities were relatively unsystematic and unmethodical. The company’s customer acquisition measures appeared to be sporadic and irregular. Additionally, customer acquisition actions and plans were significantly inhibited by unrelated routine tasks.

Generally, the commissioner’s customer acquisition focused on direct marketing communication via e-mails, telemarketing, personal meetings, direct response advertisements in online business-to-business directories, the Internet, business cards, merchandises, and word-of-mouth (WOM) communication. The study discovered the absence of profound marketing plans related to grounded selection, evaluation, and employment of marketing communication channels. Sufficient financial resources for the specific budgets attributed to particular marketing communication channels were not allocated within the commissioner's organization. Marketing communications aimed at customer acquisition were neither profoundly designed nor consistently financed. The marketing expenditures mainly focused on the occasional production of the managers’ business cards and corporate letterhead papers. Nonetheless, the Internet and e-mail – as media – were utilized to communicate with clients and prospects via the commissioner’s web page and e-mail box. The direct-response advertisements of the company’s offerings were placed in the industry-specific free online directories; the advertisements mainly focused on the services’ details and contact information. Additionally, the business cards, advertisements, and the web page transmitted the company’s slogan. Moreover, the corporate logo was imprinted on the merchandises, business gifts, and business cards. Hence, a partial integration of the commissioner’s marketing communications as well as a certain coherence of the transmitted messages were evidently achieved. The slogan and the advertisements’ body texts emphasized the services’ flexibility, quality, security, and reliability as the commissioner’s competitive advantages in order to differentiate from the rivals. The target prospects’ direct responses and feedbacks – phone calls, requests, and orders via the web page and e-mail – were utilized as the key evaluative criterion in order to measure the company’s marketing communications’ effectiveness, although the information flow was irregular and insufficient.

Customer relationship management mainly concentrated on a proper maintenance and development of the commissioner’s business-to-business relationships with the existing clients. The customer base was perceived as a strategic asset of the company. The importance of one-to-one relationships with clients and the key role of customer relationship management was realized. Nonetheless, the professional CRM software was not installed due to the company’s limited resources, although the potential benefits of the industry-specific programmes were acknowledged. Consequently, the customer-related data were collected and segmented in an elementary internal database. The segmentation criteria primarily focused on the qualitative rather that precise quantitative indicators and mainly centred on the duration and value of the particular relationships. Noticeably, the managerial efforts were centred on the latter stages of the relationships related to customer retention, whereas the focal problems of customer acquisition at the initial stages of mutual interactions with the target prospects were not properly addressed. Hence, the majority of customer acquisition measures and responsibilities were disorderly divided between the commissioner’s managers. As a result, a particular “customer relationship manager” responsible for a consistent acquisition of new clients was not appointed, although the necessity of the customer base’s extension via a systematic attraction of new clients was explored.

The comprehension of organizational buying behaviour and decision-making process was incorporated into the company’s marketing strategy to a limited extent. Marketing communications were mainly aimed at the relevant organizational decision-makers – logistics managers, marketing managers, and managing directors of the target SMEs. The clients’ and prospects’ requirements, needs, buying centers, and evaluative criteria were recognized. The critical aspects of the creation and distribution of value as well as formation of costs within the complex supply chains were comprehended. Nonetheless, the commissioner’s managers’ efforts were primarily focused on the routine professional interactions – phone calls, direct mails and e-mails, visits to logistics exhibitions and trade shows, business dinners, sightseeing tours – with the previously identified decision-makers, although an evident aspiration towards new business-to-business relationships was observed.

Thereby, the results revealed the direction for a future research. Specifically, a further exploration of cost-effective direct marketing communication channels aimed at customer acquisition appeared to be of particular interest. Therefore, the results derived from the analysis of the obtained data were categorized into three groups in accordance to the “themes” utilized for the initial data analysis. The “themes” – ”customer relationship management”, ”organizational buying behaviour”, and “integrated marketing communications” – were exploited to design three semi-structured questionnaires with open-end questions for future in-depth interviews with the subjects – the commissioner’s managers, experts, and potential customers – and an empirical framework for the second stage of the research was established (Figure 6).

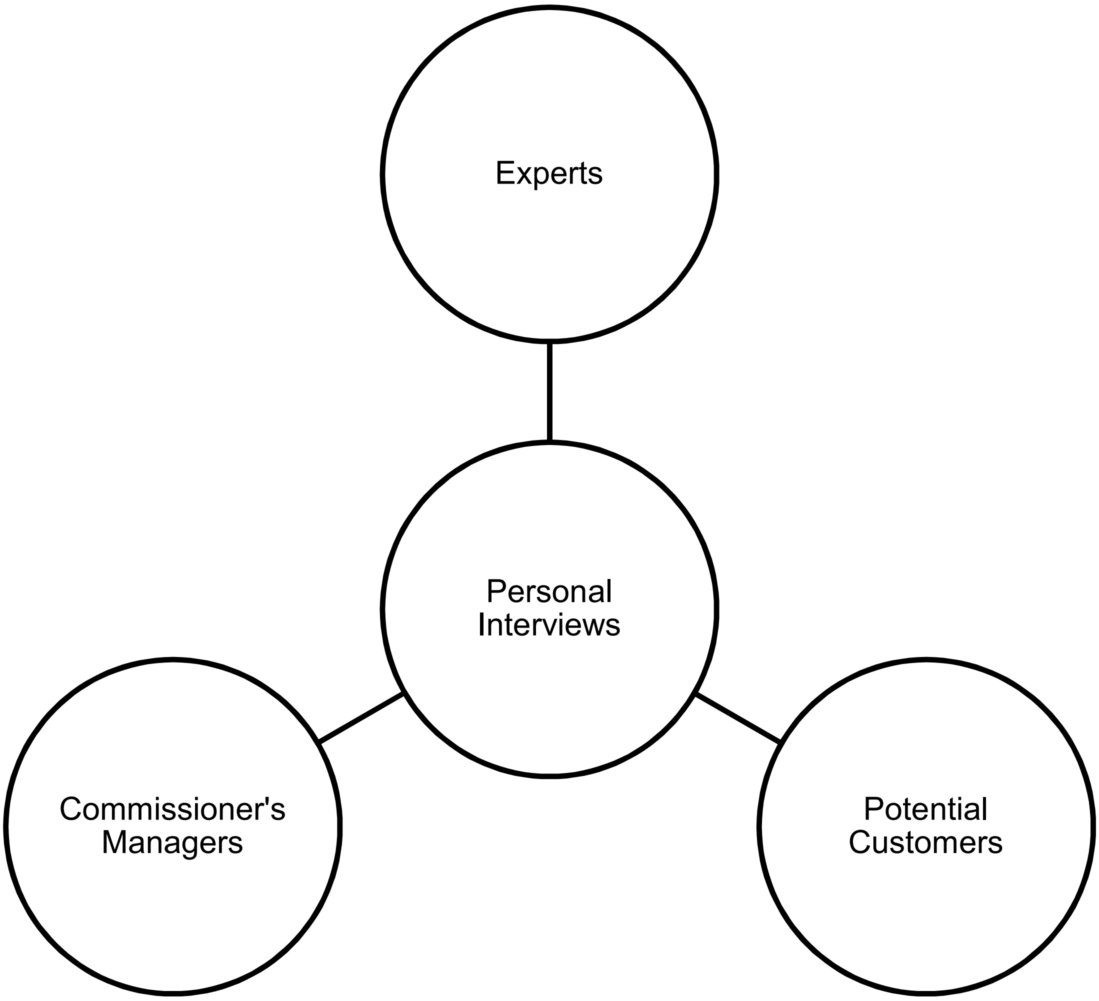

Figure 6. The Empirical Framework

The subjects were selected by means of non-probability sampling and divided into three subsets – the commissioner’s managers, experts, and potential customers – via quota sampling. The commissioner’s managers were selected to explore the implicit creative and innovative development suggestions, whereas the experts and prospects were included into the subsets to collect the neutral, objective external opinions and considerations. Three questionnaires for the subjects in the subsets were structured according to the "themes" in order to secure the reliability and validity of a future research and facilitate the process of data collection and analysis. The questionnaires were pre-tested with the commissioner's managers to adjust and finalize the structure and layout, delimit the interviews' content, and define the order of questions. As a result, several questions were reformulated to enhance their clarity and relevance. Inter alia, the questions covered the problems related to direct marketing communication channels' selection, messages' content, budgeting, timing, and identification of decision-making units as well as decision-makers' evaluative criteria.

Therefore, a preset research tool for a subsequent collection of primary qualitative data was developed for the commissioner as a result of the first stage of the study (Appendices 1–3). However, due to an unforeseen suspension of the commissioner's business activity during the research process, the second stage of the study was not conducted.

8 DISCUSSION

8.1 Research limitations, reliability and validity

Notwithstanding the results, it is necessary to discuss several major limitations of the study. The limitations considerably determine the research results.

First, the research was initially planned as a multi-stage study and therefore designed to include two stages. However, due to an unsuspected suspension of the commissioner's business activity during the research process, the second stage of the study was omitted. Thus, a further research on the problem is required.

Second, the research results cannot be generalized, or can be generalized to a limited extent, as the sample does not necessarily represent the entire target population, i.e. business-to-business services SMEs. Moreover, the results of the study must be critically examined in terms of the industry-specific aspects. Predominantly, the questionnaires constitute rather a flexible and adjustable research tool than a finalized instrument, although the templates might be utilized without the additional modifications. Hence, the particular creative or financial decisions in regards to the subsequent data collection and the direct application of the research results are subject to managerial considerations.

Third, the observation method could be criticized in terms of reliability and validity as the quality of field notes as well as the subjects' behaviour in the presence of a researcher have crucial influence on the research results. Nevertheless, it might be argued that the method provides a unique possibility to explore a complex problem in a natural setting and obtain a significant amount of primary data, although a longer observation could be required to achieve a point of data saturation.

8.2 Development recommendations and future research suggestions

Given the results of the research, it could be recommended to conduct a future study in order to gain the insights and further in-depth understanding of the process of customer acquisition by means of direct marketing and direct marketing communication channels. Non-probability quota sampling technique could be applied to draw a sample. Therefore, an equal number of the subjects – SME's managers, experts, and prospects – could be interviewed by means of the pre-developed semi-structured questionnaires with open-end questions in order to collect additional primary qualitative data.

The prospects and industry experts, for instance, could be interviewed at the industrial exhibitions and trade shows in order to discuss the best practices of business-to-business customer acquisition. Moreover, the experts might be approached via expertise providers, such as Cursor Oy and Kouvola Innovation Oy. Business-to-business services suppliers' managers, in turn, could be interviewed at the offices, trade shows, forums, and seminars to obtain the details regarding the preceding or existing customer acquisition activities as well as concrete and detailed advices and development suggestions.

Therefore, the most suitable and cost-effective direct marketing communication channels could be identified and applied to business-to-business services SMEs' general business and marketing strategies. Particularly, the results of a future research could be incorporated into services providers' overall marketing strategies to form balanced, integrated direct marketing communication plans.

9 CONCLUSION

Modern business-to-business services providers strive to cope with severe competition in order to establish and develop mutually beneficial relationships with both potential and existing customers. Thus, services suppliers aspire to create, maintain, and extend customer bases to raise incomes via customer acquisition and retention. In particular, business-to-business logistics services providers tend to evaluate and compare various marketing methods, channels, and tools for an efficient acquisition of new clients.

The main objective of the study was to explore the problem of business-to-business services SMEs' customer acquisition by means of direct marketing in order to discover the cost-effective direct marketing communication channels for a successful acquisition of new clients. The concepts of the theoretical framework were scrutinized and interconnected to establish a sound base for the subsequent empirical research. Desk research and observation were employed to collect both primary and secondary data to examine the commissioner's customer acquisition practice via a thorough qualitative analysis.

As a result, a preset research tool – semi-structured questionnaires for future in-depth interviews – was designed for the commissioner to conduct a supplementary study and collect additional primary qualitative data in order to gain a deeper understanding of the process of customer acquisition via direct marketing communication channels and create a balanced and cost-effective marketing strategy. In spite of its specificity, the research instrument can be adjusted and employed by other services SMEs in order to apply the theoretical knowledge to the existing business reality. The research results might allow to avoid the common marketing assumptions and concentrate on the informed, grounded managerial decisions.

As the research tool incorporates the findings based on a customized exploratory research, it provides a possibility to refine and escalate services SMEs' overall business performances and extend the existing customer bases via a sensible and efficient acquisition of new clients. The results of the study offer a unique opportunity to develop managerial marketing skills and establish a greater appreciation for marketing as a strategic business function. The development recommendations form a set of considerations for logistics or other services suppliers' managers aimed at new business-to-business relationships on the promising markets.

Unambiguously, creative and distinctive marketing strategies are vital for modern services providers. Marketing communication channels play a critical role in the process of customer acquisition. Therefore, thoughtfully interrelated with an in-depth understanding of customer relationship management, organizational buying behaviour, and integrated marketing communications, the comprehension of customer acquisition by means of direct marketing represents an invaluable intangible asset for the aspiring business-to-business services SMEs.

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Appendix 1

QUESTIONNAIRE FOR COMMISSIONER'S MANAGERS

Customer relationship management (CRM)

How significant is new customer acquisition to the company? What are the reasons for new customer acquisition? How do these reasons correlate with the company's strategy?

How significant are logistics services to the customers' value creation and supply chain? Why?

Who is presently responsible for new customer acquisition and communicates with customers in the company? Who must be responsible for new customer acquisition in the future? Why?

Organizational buying behaviour

What are the customers' decision-making units? Who influences the customers' decision-making process? Why?

What are the customers' decision-making units' choice criteria? Why?

Integrated marketing communications (IMC)

How does the company currently acquire new customers? What direct marketing communication tools are used for new customer acquisition? Why?

Who is the target audience of the company's direct marketing communications aimed at new customer acquisition? What companies, departments, or employees does the company communicate to? Why?

What information is presented via the company's direct marketing communications aimed at new customer acquisition? What characteristics of the company and services are emphasized? Why?

What is the timing of the company's direct marketing communications aimed at new customer acquisition? When and how direct marketing communications are scheduled? Why?

What budget is allocated for the company's direct marketing communications aimed at new customer acquisition? Why?

How does the company evaluate effectiveness of direct marketing communications aimed at new customer acquisition? Why?

What could be suggested in order to improve the company's current direct marketing communications aimed at new customer acquisition? What country- or industry-specific aspects of direct marketing communications should be considered? Why?

Appendix 2

QUESTIONNAIRE FOR EXPERTS

Customer relationship management (CRM)

How significant is new customer acquisition to a logistics company? What are the reasons for new customer acquisition? Why?

How significant are logistics services to the customers' value creation and supply chain? Why?

Who should be responsible for new customer acquisition and communicate with customers in a logistics company? Why?

Organizational buying behaviour

What are the customers' decision-making units? Who influences the customers' decision-making process? Why?

What are the customers' decision-making units' choice criteria? Why?

Integrated marketing communications (IMC)

How a logistics company should acquire new customers? What direct marketing communication tools should a logistics company use for new customer acquisition? Why?

Who should be the target audience of a logistics company's direct marketing communications aimed at new customer acquisition? What companies, departments, or employees should be communicated to? Why?

What information should be presented by a logistics company via direct marketing communications aimed at new customer acquisition? What characteristics of a logistics company or services should be emphasized? Why?

What should be the timing of a logistics company's direct marketing communications aimed at new customer acquisition? When and how direct marketing communications should be scheduled? Why?

What budget should be allocated by a logistics company for direct marketing communications aimed at new customer acquisition? Why?

How should a logistics company evaluate effectiveness of direct marketing communications aimed at new customer acquisition? Why?

What could be suggested in order to improve a logistics company's direct marketing communications aimed at new customer acquisition? What country- or industry-specific aspects of direct marketing communications should be considered? Why?

Appendix 3

QUESTIONNAIRE FOR POTENTIAL CUSTOMERS

Customer relationship management (CRM)

How significant is new supplier acquisition to your company? What are the reasons for new supplier acquisition?

How significant are logistics services to your company's value creation and supply chain? Why?

Who is responsible for new supplier acquisition and communicates with suppliers in your company? Why?

Organizational buying behaviour

What are your company's decision-making units? Who influences your company's decision-making process? Why?

What are your company's decision-making units' choice criteria? Why?

Integrated marketing communications (IMC)

How do you currently acquire new suppliers? What marketing communication tools do you use for new supplier acquisition? Why?

Who is the target audience of marketing communications aimed at new supplier acquisition? What companies, departments, or employees do you communicate to? Why?

What information do you need to be presented via suppliers' marketing communications for new supplier acquisition? What characteristics of a supplier or services should be emphasized? Why?

What is the timing for new supplier acquisition? Why?

What could be suggested in order to improve suppliers' marketing communications aimed at new customer acquisition? Why?