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A literature review of B2B marketing strategy in the context of the apparel industry’s shift to service orientation

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Abstract:

The B2B marketing scenario has evolved from transactional to a behavioural shift focusing on an era of managing the customer journey with service orientation and acknowledging the importance of value creation as cocreation amongst business partners. Through the contemporary B2B marketing strategies of relationship marketing, sustainability marketing, innovation marketing and digital marketing, businesses must engage with their supplier partners to offer value proposition to their customers for sustainable business performance. An extensive literature review is conducted through which the relationship between key emerging themes have been identified. A framework of integrating supply chain innovation and service dominant logic has been proposed to demonstrate how the Bangladesh apparel industry can engage in value co-creation between the business partners leading to completing the B2B customer journey through marketing their services in an era of service orientation.

Track: Developmental Paper

Word Count: 2487
1. Introduction

The paper is aimed to summarize the literature review of the evolution of B2B marketing in its journey from transactional to behavioural shift (Hadjikhani & LaPlaca, 2013), focusing on an era of managing the customer journey (Steward et al., 2019) with service orientation (Heirati & Siahtiri, 2019) and acknowledging the importance of value creation (Ng & Vargo, 2018) as cocreation amongst business partners. The industry selected is the apparel industry in Bangladesh. With the external changing environment, that is a combination of changing customer behaviour, focussing on customer centricity (Ulaga, 2018) and the natural environment, the need for a shift to service orientation, even for manufacturing industries with emphasis on servitization (Kowalkowski et al., 2017) is essential. A framework of value cocreation completing the customer journey is proposed with concluding remarks on further research to be undertaken in the area.

2. Literature Review

2.1 B2B Marketing Strategies

B2B marketing strategies have changed from the past and more companies are now aware of the need to connect with the customer on levels that reach beyond the product and price element. Dating back to Kotler’s theory of Marketing concept back in the 1960’s, companies changed their marketing strategy and looked at applying marketing concepts; the focus changed from development of products to targeting specific markets and understanding their needs and then by applying an integrated marketing mix to offer products that they could sell (Hadjikhani & LaPlaca, 2013). The ideas of behavioural-based research in buyer’s decision-making included the softer characteristics of emotions, motivation, and irrationality in consumers’ behaviour and were highlighted by researchers who brought to the surface conflicts of economic theories of transaction-based business practices (Hadjikhani & LaPlaca, 2013). The contributions to behavioural-based marketing theory continued to gain popularity with the increasing importance of better partnerships between buyers and sellers and through their interdependence (Carter, 2015).

The gradual change in thought evolution of B2B marketing has been phased by the seven themes known as Transactions, Situations, Influence, Responses, Relationships, Networks and Journey (Steward et al., 2019) that explains how businesses with the view of transactional exchanges moved on to product specific requirements to decisions being influenced by buying behaviour according to situations. Over time the requirement was more of influence based to carry on buying decisions which eventually evolved to becoming responsive to customer’s needs. Then the era of relationship marketing came when building trust and sustainability were based on partnerships that eventually moved on to network based. This thought was to include all stakeholders into consideration and finally on to focusing on customer journey which now prevails as core to business success in the 21st century (Tueanrat et al., 2021). The four marketing strategies of relationship marketing, sustainability marketing, innovation marketing and digital marketing are key B2B marketing strategies during contemporary times (Tanner, 2021) and relevant to the Clothing industry, considering the fast-paced industry and the need to keep the end customer at the core of strategies.
Following the critical review, a summary of the literature review is demonstrated in Table 1 and Table 2 to show the marketing strategies that aid firms to achieve competitive advantage and other emerging themes of co-creation, value creation and customer journey as key to B2B marketing strategies. The journals selected cover the past 20 years. In industries such as the clothing industry which has a global network of organizations working together, a firm’s competitive advantage lies in its ability to collaborate and co-create with others and to manage the process of co-creation in the most efficient, effective and sustainable way. Customers today frequently evaluate their suppliers based on the total customer experience, rather than forming judgments based on individual transactions suggesting that suppliers should focus on designing competitive advantage strategies including concepts of customer experience management, especially in B2B Markets (Ulaga, 2018).

**INSERT TABLE 1 & 2**

<table>
<thead>
<tr>
<th>Author</th>
<th>Year</th>
<th>Topic</th>
<th>Theoretical concept</th>
<th>Type of study</th>
<th>Method</th>
<th>Main Findings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Berry, L. L</td>
<td>2002</td>
<td>Relationship Marketing as competitive advantage</td>
<td>Analyzing the link between customer relationship orientation and organizational performance</td>
<td>Empirical research</td>
<td>qualitative research</td>
<td>Marketing research has shown that firms are more successful when they focus on their customers’ needs.</td>
</tr>
<tr>
<td>Hunt, S.D., Arnett, D.B., &amp; Madhavaram, S</td>
<td>2006</td>
<td>The explanatory foundations of relationship marketing theory</td>
<td>An analysis of why businesses engage in relationship marketing as a business strategy.</td>
<td>Conceptual Paper</td>
<td>qualitative research</td>
<td>Relationship marketing can take many forms and, as a result, relationship marketing theory has the potential to increase one’s understanding of many aspects of business strategy.</td>
</tr>
<tr>
<td>Wang, C.L., Ahmed, P.K</td>
<td>2007</td>
<td>Sustainability Marketing as competitive advantage</td>
<td>A research model developed correlating the initiatives and consequences of dynamic capabilities</td>
<td>Empirical research</td>
<td>qualitative research</td>
<td>A research model is proposed that suggests capability development and firm performance as consequences of dynamic capabilities.</td>
</tr>
<tr>
<td>Connelly, B.L., Ketchen, D.J., &amp; Slater, S. F</td>
<td>2011</td>
<td>Sustainability Marketing as competitive advantage</td>
<td>A study to understand how firms engage in sustainable marketing and business practices through a theoretical tool-box</td>
<td>Empirical research</td>
<td>qualitative research</td>
<td>Sustainability continues to become a key concept to both organizations and marketing researchers for developing successful competitive strategies.</td>
</tr>
<tr>
<td>Edelman, D.C., Singer, M</td>
<td>2015</td>
<td>Customer Journey Innovation as competitive advantage</td>
<td>A conceptual paper showing how companies achieve competitive advantage by proactively designing the customer decision journey</td>
<td>Conceptual Paper</td>
<td>qualitative research</td>
<td>Suggests that technology is a major factor that allows companies to design and continuously optimize customer decision journeys.</td>
</tr>
<tr>
<td>Tolin, K. &amp; Christensen, L.B</td>
<td>2017</td>
<td>Sustainability initiatives in organizations’ performance</td>
<td>A theoretical model developed to show corporate sustainability’s effect on organizations’ performance</td>
<td>Conceptual Paper</td>
<td>quantitative research</td>
<td>The results show that marketing plays a key role in corporate sustainability initiatives that create positive effects on organization’s performance.</td>
</tr>
<tr>
<td>Na, Y., Kang, S., &amp; Jeong, H</td>
<td>2019</td>
<td>Marketing Innovation as sustainable competitive advantage</td>
<td>A structural model used to understand the The Effect of Market Orientation on business performance</td>
<td>Empirical research</td>
<td>quantitative research</td>
<td>Both product and communication innovation of the marketing innovation significantly influences sustainable competitive advantage.</td>
</tr>
<tr>
<td>Pandey, N., Nayal, P., &amp; Rathore, A. S</td>
<td>2020</td>
<td>Digital Marketing leading to business performance enhancement in B2B</td>
<td>Development of a collaborative framework to help organizations to structure their digital marketing activities</td>
<td>Literature Review</td>
<td>mixed approach</td>
<td>The review highlights that decision support systems, critical success factors, electronic marketing orientation etc need to be coordinated with digital marketing tactics for improved business performance.</td>
</tr>
<tr>
<td>McGurgh, H &amp; O’Toole, T</td>
<td>2021</td>
<td>network engagement strategies in the network capability development</td>
<td>A case study approach used to show how early stage engagement strategies for network capability development is an attractive business strategy for new firms</td>
<td>Research Paper</td>
<td>qualitative research</td>
<td>The findings suggest five early stage network engagement process strategies in network capability development.</td>
</tr>
<tr>
<td>Author</td>
<td>Year</td>
<td>Topic</td>
<td>Theoretical concept</td>
<td>Type of study</td>
<td>Method</td>
<td>Main Findings</td>
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</tr>
<tr>
<td>Prahalad &amp; Ramaswamy</td>
<td>2004</td>
<td>Co-creation experiences</td>
<td>Addressing the concept of the interaction between the firm and the consumer as the locus of value creation and value extraction</td>
<td>Research Article</td>
<td>qualitative research</td>
<td>Concluding that informed, networked, empowered, and active consumers are increasingly co-creating value with the firm.</td>
</tr>
<tr>
<td>Vargo &amp; Lusch</td>
<td>2007</td>
<td>Service Dominant Logic of Marketing</td>
<td>Proposed a new dominant logic for marketing that stated that service provision is the fundamental to economic exchanges.</td>
<td>Conceptual Paper</td>
<td>qualitative research</td>
<td>Suggested that the emerging service-centered dominant logic of marketing will have a substantial role in marketing evolution. It has the potential to replace the traditional goods centered focus.</td>
</tr>
<tr>
<td>Arthi et al.</td>
<td>2011</td>
<td>Value cocreation through Supply Chain management</td>
<td>An exploratory study that aims to provide a better understanding of customer engagement and its role in the development of customer-brand relationship quality.</td>
<td>Conceptual Paper</td>
<td>qualitative research</td>
<td>The study concludes that various types of innovations are needed and to be developed collaboratively to sustain the creation of competitive advantages.</td>
</tr>
<tr>
<td>Grönroos &amp; Gummerus</td>
<td>2014</td>
<td>Relationship marketing and Value Cocreation</td>
<td>An analysis of value creation and co-creation in services through the development of customer-brand relationship quality.</td>
<td>Conceptual Paper</td>
<td>qualitative research</td>
<td>The conceptualization of value creation extends knowledge about how value-in-use is determined and how value creation can be managed with direct interactions making value co-creation opportunities available.</td>
</tr>
<tr>
<td>So et al.</td>
<td>2015</td>
<td>Customer engagement and Value cocreation</td>
<td>Proposed conceptual model to test the hypothesis of understanding of customer engagement and its role in the development of customer-brand relationship quality.</td>
<td>Research Article</td>
<td>qualitative research</td>
<td>The results show that customer engagement plays a significant role in building customer-brand relationships.</td>
</tr>
<tr>
<td>Krauthammer, A. et al.</td>
<td>2017</td>
<td>Customer experience as cocreation</td>
<td>A review of customer experience literature on firm's influence on consumer decision making</td>
<td>Literature Review</td>
<td>qualitative research</td>
<td>The authors propose that connecting insights from customer and firms' perspectives can contribute to a better understanding of customer experience and proposes to integrate the consumer into the organizational perspective effective customer experiences.</td>
</tr>
<tr>
<td>Toman et al.</td>
<td>2017</td>
<td>Customer Journey</td>
<td>Development on research of the New Sales Imperative following the idea that B2B purchasing is complex</td>
<td>Research Article</td>
<td>quantitative research</td>
<td>Suppliers that make buying easy are expected to win high-quality sales and the key is to design customer journeys that make it easier for customers to buy.</td>
</tr>
<tr>
<td>Ulaga, W.</td>
<td>2018</td>
<td>Customer centricity and service growth in B2B</td>
<td>A commentary on the journey of customer centricity and service growth in B2B</td>
<td>Commentary</td>
<td>qualitative research</td>
<td>Organizations face multiple challenges in moving towards customer centricity and further research directions have been suggested towards this Journey as essential.</td>
</tr>
<tr>
<td>Purchase &amp; Vokery</td>
<td>2020</td>
<td>Marketing innovation and digitization as key for cocreation, service-dominant logic and user community perspectives.</td>
<td>Offering an extensive systematic literature review on marketing innovation</td>
<td>Empirical research</td>
<td>quantitative research</td>
<td>Concluding that digitisation is a key driver for marketing innovation that enables new communication avenues, branding strategies, offering innovation designs, and transaction settings.</td>
</tr>
<tr>
<td>Bond, E.U. et al.</td>
<td>2020</td>
<td>Customer solutions as service growth</td>
<td>An editorial focusing on the evolution of solutions for B2B firms in severe crisis</td>
<td>Article</td>
<td>qualitative research</td>
<td>The general move toward “Everything-as-a-Service” will continue to fuel growth in many industries where the adoption of digital tools, novel risk management mechanisms, customer capability development, and resource redeployment will shape the future of solutions.</td>
</tr>
<tr>
<td>Tusnanat et al.</td>
<td>2021</td>
<td>A review of the customer journey literature</td>
<td>A review of existing literature on customer journey highlighting key themes that need to be considered in understanding the concept</td>
<td>Empirical research</td>
<td>qualitative research</td>
<td>The quantitative content analysis identified five underlying themes of the customer journey, namely, service satisfaction, failure and recovery, co-creation, customer response, channels and technological disruption.</td>
</tr>
<tr>
<td>Ferrenhof et al.</td>
<td>2022</td>
<td>Knowledge management as value co-creation</td>
<td>Proposed a B2B knowledge management (KMB) framework focused on value co-creation</td>
<td>Research Paper</td>
<td>mixed approach</td>
<td>The results have shown that the framework may assist in managing knowledge in B2B value co-creation relationships.</td>
</tr>
</tbody>
</table>
2.2 The Industry Landscape

The Apparel Industry is a continuously evolving industry due to several variants. Some apparent reasons are the changes in the buying behaviour of the customer, the trends proposed by the trendsetters, the change in technology that aids manufacturing processes and even economic legislations that make trade easy. Some challenges of the fashion industry such as the decline in mass production, increase in the number of fashion seasons resulting in increase in the number of launches, and structural collaborations in the supply chain have made retailers to venture on locations of low cost and flexibility in design, quality, on-time delivery and reduced lead times (Doyle et al., 2006). With the expectation of shorter lead times, design co-creation, sustainable product offerings and systems integration require strategic partnerships in how organizations operate (Tzempelikos, 2021).

2.2.1 Product evolution:
As for most products across a wide range of industries that have lost the homogeneity, the same goes for the apparel industry. The industry has moved away from mass production and from the early 1990’s retailers started focusing on expanding their product range with frequent changes in products and quicker responsiveness to the ‘newness’ and ‘refreshing’ products expected by customers, instead of focusing only on cost efficiencies for manufacturing (Barnes et al., 2006). This has enabled high fashion companies to offer customers products at a low price leading to ‘throwaway market’ which in recent times is considered as a trend or norm (Tokatli, 2008). This has led to manufacturers to invest in innovation and technology to manage short runs and product variety while sustaining productivity and efficiency.

2.2.2 The external environment
The Garment Industry in Bangladesh is the country’s largest export income earner with a share of 83% of total exports at $31.46 billion in 2021 (BGMEA, 2022). The core competence of the industry has always been the competitive labour costs and from the beginning this is how the industry gained popularity in the global industry. The factories are set up to cater to woven and knit garments with backward linkages of both local and imported materials. With a workforce of 4.4 million workers of which 80% are women, this has given a phenomenal uplift to the economy and to numerous households. Trade is not very easy in a developing country such as Bangladesh but with the Government’s support to policies and legislations to the single largest export contributing industry, the banking system and other facilities have been most favourable for the growth of the industry with revenues accelerating every year. The competitive prices, innovation in technology for better quality and increase in capacity has attracted Buyers from all over the world to grow and support the industry in the region. The country has local operations for global sourcing for brands such as Marks & Spencer, Tesco, Next, Primark, Sainsbury, H&M, Inditex and many more.

2.2.3 Barriers to the Industry
There is limited research conducted to study the barriers the country is facing to grow the industry further. From the limited research, it has been identified that some of the barriers seen from a marketing perspective are poor backward linkage, lack of marketer competency, labour and political unrest, non-compliance issues, long lead time, infrastructure problems, culture and language problems, poor port facility, power problems, lack of fashion designer (Shibly, 2018).
The apparel industry in Bangladesh with its advantages of external characteristics such as competitive labour cost and increasing capacity which attracts demand, the manufacturers would benefit from a mindset shift into a service dominance mode. The service dominant value propositions along with the customer centricity mindset will lead to offerings that should present opportunities of long-term relationships, co-creation and knowledge sharing that will lead to enhancing the customer experience i.e., the customer journey. In addition to customer centricity, servitization which includes service offerings to a firm’s portfolio to gain competitive advantage (Kowalkowski et al., 2017) is essential for a manufacturer. To be able to compete in the global competition encompassing the reputation of a low-cost manufacturing region, the industry has to engage in value co-creation and address network capabilities and relational aspects as a part of their product and service offering (Raddats et al., 2019).

3. Development of a conceptual framework

There are extensive theoretical concepts in literature relevant to B2B marketing that have been researched and offers understanding and clarity of marketing principles and future direction to be able to cope with challenges. In the context of this paper, the two theoretical concepts of supply chain innovation (Arlbjørn et al., 2011) and service dominant logic (Vargo & Lusch, 2007) will be addressed.

Key characteristics to supply were defined as being lean and agile, referred to as leagility (Martin & Towill, 2000), resilience (Pettit et al., 2019), sustainability (Seuring, 2013) and the importance of adapting to digitalization (Wamba & Queiroz, 2022) to cocreate and enhance the success of business partnerships and performance. Supply chain innovation is another very important process innovation which can be defined as a change within the supply chain network, technology or processes (or combinations of these) to augment new value creation for the stakeholder (Arlbjørn et al., 2011).

Moving on to the service-dominant logic, this suggests that customers are not buying goods or services but value propositions from their suppliers where value is actualized in the customer usage process and customers are co-creators of value (Vargo & Lusch, 2007). With the importance of servitization in manufacturing industries, the value propositions to the B2B partners in the form of services is seen to be escalating in importance (Raddats et al., 2019). Organizations often operate based on a philosophy of serving customers through adding complementary services that enhance the value of the core product which remains a physical product (Gummesson, 2007). Theory suggests the service ecosystem as self-contained, self-adjusting system of resource-integrating actors connected in institutional arrangements in co-creating value through service exchange (Vargo & Lusch, 2017).

In the apparel industry, the interaction between the manufacturer and the retailer is not always one of product but also around the supplementary services provided as a part of competitive advantage and leading the customer journey (Chowdhury et al., 2022). The S-D logic plays a significant role in designing marketing strategies that are innovative and essential for business growth and sustainability as service marketing gains popularity and predicting that all of marketing would resemble the service marketing (Rust & Huang, 2014).

The proposed conceptual framework in Figure 1 is inspired by the conceptual framework of Service dominant Logic by (Vargo & Lusch, 2017). The process demonstrates the initiation of the marketing activity through the collaboration with supply chain as partners. The fabric mills, printing, washing plants and other subcontractors will need to engage from the very beginning as a part of the initiators that collaboratively ensemble the value proposition to the business
Supply chain theory is of prime importance as the collaboration between the partners are expected through relationship management, cocreation of innovation and sustainability and engaging in digital platforms for working together.

Figure 1: Conceptual framework representing the process of Value Co-creation

P1: The marketing activity is an integrated proposal from the manufacturer in collaboration with their supply chain partners.

For the apparel manufacturer, B2B marketing strategies need to be established in collaboration with their supply chain partners whereby, the value propositions are offered to the retailer/distributor in the form of services.

P2: Marketing takes the form of providing services through value propositions that are intangible offerings to the B2B partner.

The emerging of service orientation and managing customer experiences require attention that goes beyond manufacturing and delivering the product. While the product remains the commodity in exchange, the supplementary services that are offered with the product are the value addition required to compete in the global competition. In relevance to the clothing industry, the additional services of design input, sustainable raw material, quality, systems integration and knowledge sharing, are the competencies to be developed and offered to customers as the marketing proposition.

P3: The process of service exchange from the value propositions occurs when all stakeholders engage in resource integration collaboratively.

Resource integration is a major part of the process as the end-to-end process requires the transfer of knowledge, technical expertise, exchange of skills and managing the execution by the supply chain partners, the apparel manufacturer and the retailer/distributor. Thus, the resource integration feeds into the events of the service exchange. The service ecosystem consists of all actors involved in the process and cocreate the events of the service exchange.
through their interdependence. From the SD-Logic, the institutional arrangements within which the actors collaborate, is essential to the process, as these define the structures, processes, norms and the boundaries which establish the expectations and rules of the engagement.

**P4: Value is actualized through cocreation between all stakeholders completing the B2B customer journey that leads to delivering the final product to the end customer.**

The marketing concept behind the whole process is to suggest that the B2B customer journey is the ultimate goal of moving towards customer centricity and can be addressed through marketing services which go beyond selling the product only and in B2B, value is cocreated within the partners.

Thus, the manufacturer’s marketing efforts should revolve around the concept of services as their competitive advantage in a service dominant era, and the value proposition will be realized into value through cocreation between the stakeholders ie. the service ecosystem, through resource integration and within the boundaries of the institutional arrangements, whereby the value must be cocreated to complete the customer journey in a B2B partnership.

### 4. Conclusion

As the literature unveils the importance of relationships and successful customer journeys as key to B2B marketing, the shift towards service orientation has become increasingly important to manufacturing organizations and their approach to their B2B partners. The contemporary B2B marketing strategies of relationship marketing, sustainability marketing, innovation marketing and digital marketing that are recurring in literature (Tanner, 2021), are the way forward for organizations to adapt and cope with the changing external environment. In the context of the Bangladesh apparel industry and their future growth opportunities, the inclusiveness of network partners into cocreating value (Ramaswamy & Ozcan, 2018) based on their efforts of designing the appropriate value propositions within the parameters of service orientation is necessary. Value cocreation amongst the business partners in B2B is essential in value actualization which leads the way to completing an offering for the end-customer.

To compete with the global competition and evolve into a nation that offers value added products and services, the apparel manufacturers need to address the contemporary themes of relationship, sustainability, innovation and digitalization into their marketing mix and focus on areas of value co-creation through servitization (Chowdhury et al., 2022). During recent times, there are opportunities for the Bangladesh apparel industry with many retailers’ de-risking other locations along with managing the increased demand of fashion products at competitive prices.

Further research will be undertaken through primary research of apparel manufacturers and retailer/distributors for a better understanding of the apparel manufacturers readiness to shift into service orientation through their implementation of marketing strategies based on building long-term relationships and designing customer journeys through value co-creation.
5. References


