

Bachelor's thesis

Business Administration

2019

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THE COMMON CHALLENGES FOR NON-INTERNATIONAL COMPANIES TO WIN A BID



BACHELOR'S THESIS | ABSTRACT

TURKU UNIVERSITY OF APPLIED SCIENCES

Business Administration

2019 | 39 pages

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THE MOST COMMON CHALLENGES FOR NON-INTERNATIONAL COMPANIES TO WIN A BID

For years competition between businesses around the world has been increasing and there are hundreds of companies providing same or very similar products or services. As the competition between local and international companies is increasing, smaller and non-international companies may find it difficult to make themselves known or even get the chance to participate in tenderings. Winning new businesses is crucial for survival and success which is why it is important to acknowledge the most common challenges to winning a bid in order for companies to be able to adjust their strategy.

This thesis was written to provide insights to the most common challenges for non-international companies to win a bid. The focus is on organizational buying behavior, business-to-business marketing communication tools as well as the challenges non-international companies face during these processes when trying to win a bid. It is important for seller organizations to understand the value which comes from planned and structured purchasing as well as the process that goes into it in order to create successful strategies and winning sales proposals.

The primary data for this thesis was collected via expert interviews by using qualitative research method. The research focused on finding out the most effective B2B marketing communication tools related to organizational purchase decision process, how internal factors can affect organizational buying decisions and identifying main factors why SME's may not win biddings. The research findings were rich details and offered different ideas and concepts to further support observations collected through literature and theories. Building long lasting and trusted relationships along with creating clear and personalized marketing messages to reach buyer organizations were among the most important findings of this thesis.

KEYWORDS:

B2B Marketing, Purchasing, Procurement, Organizational Purchasing Process, Organizational Buying Behavior, Tendering

Lotta Laamanen

YLEISIMMÄT HAASTEET EI-KANSAINVÄLISILLE YRITYKSILLE TARJOUSKILPAILUN VOITTAMISESSA

Vuosien ajan yritysten välinen kilpailu ympäri maailmaa on kiristynyt ja samoja tai hyvin samanlaisia tuotteita myyviä yrityksiä on satoja. Kun kilpailu paikallisten ja kansainvälisten yritysten välillä tiivistyy, pienemmille ja ei-kansainvälisille yrityksille saattaa olla vaikeaa tulla tunnetuiksi tai edes saada mahdollisuus osallistua kilpailutuksiin. Uusien liiketalousalueiden voittaminen kilpailutusten kautta on elintärkeää selviytymisen ja menestymisen kannalta, minkä vuoksi on tärkeää tiedostaa yleisimmät haasteet kilpailutusten voittamisessa, jotta yritykset voivat hienosäätää strategiaansa.

Tämä opinnäytetyö on kirjoitettu tuomaan oivalluksia tärkeimmistä haasteista ei-kansainvälisille yrityksille tarjouskilpailun voittamisessa. Painopiste on organisaatioiden ostokäyttäytymisessä, yritysten välisessä markkinoinnissa käytettävissä markkinointivälineissä sekä haasteissa, joita ei-kansainväliset yritykset kohtaavat yrittäessään voittaa tarjouskilpailutuksia. Myyjä organisaation on tärkeää ymmärtää se arvo, joka tulee suunnitellusta ja strukturoidusta ostamisesta sekä niihin liittyvistä prosesseista, jotta myyjä organisaatio voi luoda menestyksekkään strategian ja toimittaa voittavan tarjouksen.

Ensisijainen data tätä opinnäytetyötä varten on kerätty haastatteluiden avulla käyttämällä laadullista tutkimusmenetelmää. Tutkimus keskittyy selvittämään tehokkaimmat yritysten välisen markkinoinnin välineet, jotka ovat tärkeitä organisaation ostoprosessin kannalta, miten sisäiset tekijät vaikuttavat organisaation ostopäätöksen tekoon sekä tunnistamaan päätekijät, miksi pienet ja keskisuuret yritykset eivät voita tarjouskilpaluja. Tutkimustulokset olivat yksityiskohtaisia ja tarjosivat erilaisia ideoita ja konsepteja tukemaan kirjallisuuden ja teorian kautta kerättyä tietopohjaa. Rakentamalla pitkäkestoisia ja luotettavia suhteita sekä luomalla selkeitä ja henkilökohtaisia markkinointiviestejä ostajien saavuttamiseksi olivat tämän opinnäytetyön tutkimuksen kautta tärkeimpiä löydöksiä.

ASIASANAT:

B2B Markkinointi, Osto, Hankinta, Organisaation Ostoprosessi, Organisaation Ostokäyttäytyminen, Kilpailutus.

CONTENT

LIST OF ABBREVIATIONS	6
1 INTRODUCTION	6
1.1 Research objectives and questions	6
2 LITERATURE AND THEORIES	8
2.1 Organizational Buying Behavior	8
2.1.1 Organizational Decision-Making Process	14
2.1.2 Internal Influences on Decision-Making	15
2.2 Sales Proposals	17
2.2.1 Intangible Factors and Added Value	20
2.3 The Tools of B2B Marketing Communications	22
2.3.1 Advertising	23
2.3.2 Sales Promotion	25
2.3.3 Personal Selling	26
2.3.4 Direct Marketing	27
2.3.5 Public Relations	27
3 RESEARCH METHODOLOGY	29
3.1 Research Design	29
3.1.1 Type of Research Methodology	29
3.1.2 Research Strategy	30
3.1.3 Reliability and Validity	31
3.1.4 Analyzing Data	32
3.2 Empirical Findings	33
3.2.1 The most effective B2B marketing communication tools related to organizational purchase decision process	33
3.2.2 How internal factors affect organizational buying decisions	34
3.2.3 Main factors why many SME's may not win the bids	36
4 CONCLUSION	38
REFERENCES	40

FIGURES

Figure 1 The organizational decision making process. Jobber, 2007, 157.	12
Figure 2 Six-Step Sales Six-Step Sales Proposal Process. Meredith Turits 2018.	20
Figure 3 Most Valuable Content Viewed During Decision-Making Process. Demand Gen Report 2016.	25

LIST OF ABBREVIATIONS

B2B	Business-to-Business
RFP	Request for Purchase
RFQ	Request for Quotation
SME	Small and Medium-Sized Enterprises

1 INTRODUCTION

The author has been working at one of the world's most sustainable company for nearly two years. During that time the author has gained a lot of insight on how a large, multinational company works and what exactly goes in to the processes' of it's procurement department. Seeing how the purchasing process works from the beginning to the end from a purchaser's point of view sparked the idea to look into the challenges which suppliers face when participating in tenderings.

This thesis was written to provide insights to the most common challenges for non-international companies to win a bid. The focus is on organizational buying behavior, Business to Business (B2B) marketing communication tools as well as the challenges non-international companies face during these processes when trying to win a bid. By utilizing the information on how the purchasing process works and how organizational purchase decisions are made is beneficial knowledge for the supplier during the bidding process.

As globalization increases, more and more businesses enter the market, which means that there's more competition between businesses' around the world. There are most likely dozens to hundreds of other businesses that provide similar products or services. (BusinessBlogs, 2017). Globalisation is growing the competition between local and foreign companies. Smaller and non-international companies may have a harder time to make themselves known or even get their company to participate in certain tenderings, which is why it is important to find out the most significant challenges in winning a bid for suppliers to be able to acknowledge and adjust their strategy.

1.1 Research objectives and questions

According to Fill and E.Fill (2005, 21), the concept of value and the importance of providing it for customers has become an increasingly significant aspect of business and marketing strategy. It is important for suppliers to understand the value which comes from planned and structured purchasing as well as the process that goes into it in order to make better and more suitable quotations to fit the needs of an organization - and at the end to be selected by the purchaser.

This thesis focuses on three main questions in order to find out the most relevant information regarding the challenges for non-international companies to win a bid.

Research Question 1: Which are the most effective B2B marketing communication tools related to organizational purchase decision process?

Research Question 2: How internal factors can affect organizational buying decisions?

Research Question 3: Identify main factors why many SME's may not win the bids.

2 LITERATURE AND THEORIES

Multiple reasons lie behind the fact that a company wants to win a bid. First off, it brings revenue to the company but other than that it can create endless opportunities, partnerships and even bring some publicity. There isn't a better way to demonstrate competence and achievement than by winning over new business through a bid. A company's future and growth is likely to depend on winning 25-40 percent of formal bidding competitions (Frey, 2012, 349).

Offering products or services through participating in tenderings is considered highly relevant. However, there are many challenges and various matters that need to be taken into consideration when trying to win a bid. A company needs to understand the process that goes into organizational purchasing and decision making before offering any products or services via sales proposals. The next chapters are going to go through organizational purchasing behavior, processes and decision-making as well as drafting sales proposals and relevant B2B marketing communication tools.

2.1 Organizational Buying Behavior

Cost and sales are the two key factors driving the bottom line of every business, and organizational purchasing has a direct impact on these key factors (Ahmed, 2018). The importance of organizational buying is high mainly due to the volume and value of B2B purchases. Businesses often require a large volume of various supplies and services that contribute i.e to developing and manufacturing products or services, maintaining equipments and supporting operations. Compared to consumers, organizations tend to buy fewer but larger quantities which add up in high value (Kotler and Keller, 2009, 222). The high value of organizational purchases does not come only from high spend needed in order to buy larger volumes, but the value also comes from other factors such as quality and delivery. It is important to develop business relationships with well performing suppliers' who are able to react quickly to deviations and guarantee to deliver products or services on time with the required quality. Continuous delays in delivery or delivering inferior quality all contribute to the buying organization's final product or service. All this in hand can affect to the end customers who may start slowly disappearing due to

decreased quality and delayed or continuously sold out products. (Rohini 2019; Ahmed 2018).

Organizational purchasing can help in keeping up and developing competitiveness, which are among the core activities of every business. It is hard to keep a company competitive if the cost of using outside resources is continuously higher than fellow competitors. It is not enough to have great suppliers and supply chain at the very moment, but in the future they need to be better, more efficient and more competitive - meaning they must improve continuously. (Iloranta and Pajunen-Muhonen, 2012, 33). Considering the importance of organizational purchasing, seller organizations must be aware of the processes and certain aspects of organizational buying behavior and how suppliers' performance affects the purchasing organization's operations as well as the final product.

According to Monczka et. al. (30, 2005), the traditional role of organizational purchasing is to perform several activities in order to satisfy operational requirements of internal customers who are often the end users within the organization. Organizational buying behavior is a process with various stages but ultimately buyers' decisions aim to achieve corporate objectives. The value of organizational purchase orders is often high and the buying frequency is low. Analyzing this process can help businesses to design a more accurate marketing strategy. (Fill and Fill, 2005, 113-114.)

Organisations tend to have a formal approach towards purchasing. The process usually includes comparing prices, suppliers and goods or services before making a final decision to buy. It depends on the company, which steps they take on the purchasing process. While other companies take the time to go through each step carefully, other businesses might eliminate some steps all together. (Weedmark, 2018)

According to David Weedmark (2018), "The purchasing process does not begin until someone identifies a problem within the organization, which can be solved by purchasing a good or service". Most Business to Business purchases can be divided into seven traditional steps shown in Figure 1. However, the exact process depends on the buying situation where some steps can be omitted (Jobber, 2007, 157-158). All of these steps are usually taken in case of a new buy but non-complex, modified rebuys and rebuys often leave out some of the steps mentioned below.

Recognition of a problem is the identification of a gap in an organization's functions. Recognizing a need or a problem that has to be solved in order for an organization to

benefit. In this stage a need is recognized and a gap identified. (Fill and Fill, 2005, 121). According to David Jobber (2007, 158), the problem, or need, can be identified through internal or external factors. Internal factors can be for example realizing issues with undercapacity which leads to *active* behavior. However, sometimes problems that are internally recognized are not proceeded with which in terms is a *passive* condition. In some cases, problems might not be recognized internally but the problems are noticed due to external suggestions where even the marketer can create these cues. (Jobber, 2007, 158-159).

Looking in to how these problems arise, can potentially benefit seller organizations in their sales and marketing activities. An opportunity for the seller organization can present itself in the *passive*, internal problem identification phase. The purchasing organization needs to view the problem as a pressing situation in need of an immediate solution, wherein lies the chance to stress the problem through i.e cost inefficiencies and other indications. However, in the *active* internal situation, the selling organization has to make sure to indicate its differential advantages against the competitors. (Jobber, 2007, 159).

Determination of specification and quantity of needed item has to be created. This is especially important with new and modified buys. Description of the need is commonly created to define what is expected from a product or service to be purchased (Weedmark, 2018). Influencers and users commonly define the desired characteristics of the product or service specification (Fill and Fill, 2005, 122). Seller organizations are able to create an advantage by influencing the specification. It is possible to convince the purchasing organization to specify features that only the seller organization's product or service has by utilizing the power of persuasion via marketing. (Jobber, 2007, 159).

Search for and qualification of potential sources is needed in order to seek organizations that can potentially supply the necessary product or service (Fill and Fill, 2005, 123). The amount of time that is spent towards researching potential suppliers varies heavily. It often takes less time for the buyer to search for potential suppliers if the purchase is low in value and existing information that the purchaser already has is high. In order for seller organizations to be amongst the potential suppliers, certain marketing activities can be of benefit. For example, building awareness and positioning products or services effectively via advertising can bring the seller company in to the sights of the purchaser. (Jobber, 2007, 159). Since the case company of this thesis is one of the largest organizations in Finland, it has its own function within the Procurement department for searching for new and potential suppliers and checking whether they

meet the organization's requirements. However, that often applies to larger and more costly purchases. As Jobber mentioned, it might take less time to search for potential suppliers when purchasing low value. When the case company already has existing information and the purchase is low value, it does not take much effort and time to find a supplier for the purchase. Sometimes even the technical personnel can do the search for potential supplier and present it to the buyer if the value is low.

Acquisition and analysis of proposals is made after the request for proposal has closed (Jobber, 2007, 159). Companies can have various tools to help the analysis process and the case company utilizes i.e. supplier scorecards which can indicate factors such as past performances. Organizations usually analyze proposals in a technical and commercial aspect. Purchasers make the commercial analysis and received proposals are compared with each other mostly based on the price. Technical personnel, such as engineers, can be responsible for analyzing the proposals technical aspects.

Evaluation of proposals and selection of suppliers is an important part of the purchasing process. Proposals are reviewed against purchasing organization's criterias, requirements and an evaluation of the seller organization is often made. This is done after analyzing suppliers and all the proposals received from a request for proposal (Fill and Fill, 2005, 123-124). Purchasing organizations often review proposals against various criterias and proposals can be evaluated through selection criterias defined before request for proposal. Depending on the buying situation, the level of involvement of other members of the decision making unit can vary. For example, in simple rebuy situations, decision can be made by only one person.

In some situations a few or only one proposal passes all criterias and is chosen for further negotiations, and often a quick analysis in the earlier stage can tell which proposals are worth looking more into. There have been cases where it is already clear who will be the chosen supplier, however the organization must hold a bidding contest according to company policies. This kind of cases may compress the analysis and evaluation phase together by eyeing through all the proposals very briefly. Even if this is not the case, the evaluation and selection process can be very clear and short in non-complex and low value purchases. High value purchases take more careful evaluation and organizations might have standardized process of how the suppliers should be evaluated and the decision making process is being documented.

Selection of an order routine is the stage where details of delivery, payment and terms are drafted (Jobber, 2007, 159). Within this stage a purchase order is created with the agreed details and final order document is delivered to the winning supplier of the specific product or service (Weedmark, 2018).

Performance evaluation is important and it is made after the product has been received or service completed to see if the purchase met acceptable standards (Weedmark 2018). Depending on the purchasing organization, performance evaluations are different. Where other businesses prefer to use a possibly standardized, formal evaluation forms to conduct a complete assessment, other organizations may approach the evaluation in a more informal way.

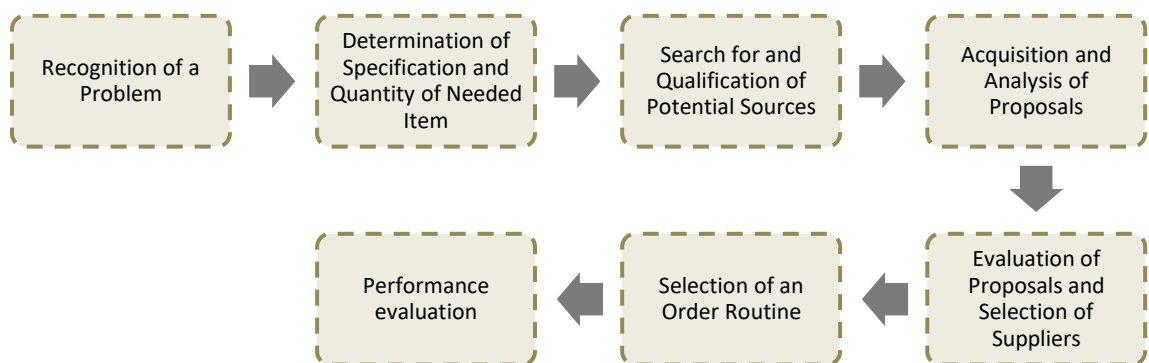


Figure 1 The organizational decision making process. Jobber, 2007, 157.

The organizational decision making process presented by Jobber is a simple way to view the decision making process and the steps that are often considered to be important. However, the process does not always follow the same pattern and it might have completely different steps.

Recognition of a problem is a basic step which is most likely taken in every purchasing process but there can be cases where the specification is impossible to make or it is unknown, and this applies especially to services purchasing. What is needed is often defined somehow, but a specific description can not always be drafted and the scope of work might change several times before the work is completed.

Big organizations tend to have an existing, large supplier base which they want to utilize and avoid bringing in more new suppliers. This can make it hard for some companies to get to participate in tenderings. Searching for potential suppliers might be omitted in

many cases because of an existing supplier base from which the suppliers are chosen for a bidding contest.

Jobber's framework presents analysis and evaluation of proposals as two different processes, however these can often be done as one single phase. After analyzing and evaluating proposals there can be further negotiations with multiple suppliers after which a winning supplier is selected. Jobber does not mention negotiations in his framework which can be a very important step in the process. Sometimes it can completely change the expected outcome where suppliers can utilize sales people in their advantage and update the proposal in order to climb over the top of the competition.

Nature of a product or service and buying frequency have an impact on the way purchasing decisions are made. Other factors such as the relative value of purchasers, their strategic impact and the relationship type with suppliers etc. contribute to the decision making process. However, there are three main types of buying situations that are characterized. Buying situations, or also referred as buying classes, are new buy, modified rebuy and rebuy. (Fill and Fill, 2005, 119). These buying situations depend on whether the product or service is already familiar and whether it is categorized as a high risk or high value purchase.

New buy is a high risk situation where an organization is faced with a first-time purchasing situation. In most cases there is not enough experience of the product or service or of potential suppliers. This decision making situation often involves a relatively large number of participants in the decision making unit. (Fill and Fill, 2005, 120). High risk involved with a new buy can come from the high cost, the complexity of the product or service or the large effect it will have to the purchasing organizations processes. By considering all the risks involved in a new buy, the decision process can easily take a large amount of time (Kotler and Keller, 2009, 225).

Modified rebuy often involve less participants in the process than new buys. It is a situation where purchased item or service is not new but it needs to be modified for future purchases as requirements or situation may differ from previous (Fill and Fill, 2005, 120). In this case the product specifications, prices, delivery requirements or other terms may vary. This is an opportunity for suppliers to propose a better offer than previous suppliers who delivered the product or service in question. Through modified rebuy seller organizations that have not been selected as the supplier, can grab the opportunity to gain more business. (Kotler and Keller, 2009, 225).

Rebuy is a situation where a product or service is re-ordered on a routine basis and often from a list of approved suppliers. Other people are not involved in this buying situation unless different suppliers try to change the decision making environment. Rebuy may turn in to a modified rebuy if a new supplier interrupts the process with a better offer. (Fill and Fill, 2005, 121). Suppliers may attempt to offer something new or take advantage of a situation where the purchasing organization is dissatisfied with the current supplier. Seller organization's goal can be to take their share with the strategy of first gaining a small order and then keep expanding their purchase share. (Kotler and Keller, 2009, 222). However, sometimes it may be difficult for suppliers to interrupt the rebuy process from a certain supplier. Often times contracts are formed between two organizations in order to ease the rebuy process and to build strong supplier relationships to advantage both parties.

2.1.1 Organizational Decision-Making Process

Purchasing and decision-making are both processes that often are clearly defined by organizations. Measurement systems, analyzing models and scorecards are a way of ensuring appropriately and fairly managed supplier relationships. Even though internal factors can be a highly moderating factor, seller organisations are left to be dealing with predictable outcomes that are based on purchasing organisations own parameters. To succeed, selling organisations need to understand the purchasing strategy and processes. (Rogers, 2007, 50.)

The decision-making process can have one or multiple selection criterias for the product or service that is being purchased. The case company utilizes selection criterias such as price, delivery time, quality or safety. It is often up to the purchaser if they choose to share their selection criterias with the suppliers in each request for quotation. The selection criteria is defined to help buyers to make the final decision among all proposals and these selection criterias can often reflect the goals and objectives of the buyer organization. Furthermore, it often depends on the type of purchase whereas complex and strategically more important products or services may have more strict selection criterias which are more focused on other elements than the lowest price mark.

2.1.2 Internal Influences on Decision-Making

A number of factors affect the way organizations make purchase decisions. The environment in which organizational buying behavior takes place can change rapidly and dynamically. It is important to understand the nature of changes to be able to anticipate or react in appropriate matter. (Fill and Fill, 2005, 125). Decision-making can be a complex process depending on the organization and its processes. Organizational decision-making often involves multiple people depending on the purchase and its value monetarily as well as complexity and strategic importance to the organization.

There are four main areas of influence that can be identified. However, internal influences often affect the buying behavior the most since the way purchasing is structured is defined internally. (Fill and Fill, 2005, 125). Since purchase decisions at the end are made internally within an organization, it should be noted as the most influential part of the decision-making process.

Managing purchasing from a central point allows more control and greater consistency which is why it is often preferred by organizations. By purchasing on behalf of all operations has potential to improve integration and reduce costs. (Fill and Fill, 2005, 125.)

Purchasing within an organization can be facilitated to meet local needs or to enable flexibility which are created by decentralizing buying to divisions or geographically divided purchasing departments. Management's lack of higher control and influence builds pressure to move towards centralized approach mentioned earlier. Declining trading performance and attacks by stock market or competitors can often make organizations to move towards centralized approach. (Fill and Fill, 2005, 125.)

The case company is a large multinational organization and it has decentralized its purchasing by dividing it into multiple divisions within the countries of operation. This affects the decision making within the organization as it is divided into smaller sections or departments that have clearly specified guidelines on what they purchase. Furthermore, these different divisions may have set completely different goals and objectives.

According to Fill and Fill (2005), decentralized purchasing lacks higher control and influence from management. The case company has clear guidelines for every

purchasing department in which team and category leaders are responsible for keeping different divisions purchasing according to company policies. The higher management is only involved in strategically important and highly valuable contracts.

Organization's goals and objectives define how and what an organization will purchase. If an organization has the desire to attain a larger percentage of the market by selling goods on low prices, it should seek for suppliers who are able to deliver larger volumes at a lower cost. On the other hand, purchasing organization will focus more on quality issues rather than the average cost if the goal is to deliver quality products or services to customers (Sidharth, 2019). In today's competitive business environment most organizations have a need to reduce costs and keep expenses as low as possible but still need to deliver quality products in order to keep up with the competition. The case company attempts to purchase certain products or services with the lowest price possible and possibly lower quality as long as the minimum requirements match. Critical products or services that affect the quality of the final product may be bought with a higher price and better quality. However, risks need to be taken into consideration when purchasing low quality services or products. For example, purchasing a low quality service with the lowest price can actually become costly if the work is not done properly, defaults occur and repairs need to be done. (Cross 2014).

Organization's goals and objectives can be different within divisions and departments as mentioned above. The case company has different teams within the procurement department and these teams have different set of goals and objectives they try to reach while performing their tasks. However, these different objectives between departments and teams can be hard for seller organization's to acknowledge.

Organizational structure defines the internal set up, authority and responsibilities. Hierarchy and management structures often differ between organizations. Some organizations may have well-established procurement departments and clear guidelines on which management level a purchase can be made. (Sidharth 2019). Large organizations tend to have higher hierarchy and bureaucracy when it comes to purchasing decisions. The case company has set multiple limits regarding the value of the purchase. The higher the value, the more strict policies and procedures are undertaken in order to reach a decision and for the supplier to be approved. Clear guidelines are followed, however decisions for smaller purchases do not need to follow the strict guidelines since the value and importance is low. Even sometimes the monetary value of a purchase can be somewhat high, but the importance of the purchase is low,

the case is familiar and supplier well known, these guidelines are not always followed to the exact.

Other internal influences that affect purchasing decisions come from organizations' purchasing policies, changes in authority and responsibility levels for purchasing activities, systems and technology upgrades or changes and organizational changes i.e restructuring. (Fill and Fill, 2005, 125-126.)

2.2 Sales Proposals

A proposal is a sales document and it is the tangible result of knowledge building process, supported by hard and directed work. Proposals are made for business customers including information on product or service offered. The decision of a winning contractor is based on proposals provided to the purchasing organization in a bidding situation. A company's reputation can possibly be damaged when a proposal is poorly presented and carelessly written. (Frey, 2012, 33-34;168-170.)

Proposals include some marketing and may contain other relevant information such as technical, institutional, pricing and certifications. Proposal is meant to sell capabilities or specified products of a company to accomplish all required tasks on time and at a reasonable price according to the purchasing organizations' RFP specifications and requirements. In addition to tangible elements, proposals should express intangible values and benefits. (Frey, 2012, 33-34.)

Transferring relevant marketing information, learned lessons from previous contracts and suitable technical and programmatic practices are crucial in creating a successful proposal. This information should be interpreted, assigned value and translated into knowledge that will be presented in the proposal documents. (Frey, 2012, 35.)

SME's are more likely to have several constraints regarding proposal design, development and preparation. Small businesses may have challenges with a limited amount of opportunities, limited funds and financial challenges, lack of depth in human resources, small business base and market presence and lack of name recognition in the market place. However, small businesses can have a competitive advantages such as lean administration, positioning to fit in a market niche and possibility to give out superior customer service. Fewer layers of management allow SME's the potential to

respond rapidly to emerging business opportunities and policies can quickly be modified to meet purchasing organizations' requests and requirements. (Frey, 2012, 13-15.)

Honest understanding of what is important to the purchasing organization and how the seller organization is rated is the starting point for creating value. Reducing costs is useful but in the long run identifying solutions that will continue to deliver benefits to the purchasing organization are a better way to create real value. Even generic products or services can be turned into value creating solutions to solve purchaser organisations problems. Although costs can build up when creating value, but total cost of ownership for the buyer organization may often be reduced. (Rogers, 2007, 83;93.)

Proposal documents are scored by purchasing organization's formalized, specific standards (Frey, 2012, 34). Proposals that get through to a shortlist often indicate that the proposal is professional, matched set requirements and has strong customer references. Sales proposals need to cover a large amount of information and should concentrate on the buying organisations' needs. Expressing value to different stakeholders within the decision making unit is an important factor. Many proposals may be disregarded if they have not been prepared with the expected care (Rogers, 2007, 105;107).

Companies have different ways of drafting proposals and some organizations may even have guidelines and templates for writing proposals. The author has personally come across proposals that are incomplete or lacking important details even though these details have been requested in the RFQ. For seller organizations it is important to consider which are the main elements in a sales proposal and what has been requested by the purchasing organization. According to B. Rogers (2007, 105-106), proposals often require these main elements:

- Covering letter
- Executive summary
- Understanding of needs and challenges
- Demonstration of value creation
- Financial information
- Trust establishing i.e customer references
- Conformance to legal or industry standards presented
- Risk management approach
- Business relationship management

- Responding to specific questions presented

Even after a bidding competition is over, it is important for sales and marketing to conduct follow-ups to learn from success and failure. With follow-ups, valuable insight of the seller organisations' strengths and weaknesses can be covered. Even when a bid is won, monitoring and measuring needs to be done. (Rogers, 2007, 108).

However, Turits (2018) points out a *six step process* (Figure 2) on writing successful business proposals. Turits process begins similarly with **introduction** and **executive summary** as to what B. Rogers (2007) has mentioned in the main elements of a proposal. In Turits' opinion, introduction should provide a short overview of what the seller organizations does, what sets it apart from competitors and why it is suitable to be selected as a supplier. After the introduction should always be an executive summary that answers the questions who, what, where, when, why and how. (Turits 2018).

Step three of Turits process is about **project details**. In this part of the proposal seller organizations should uncover the solution and recommendations for the customer's project and describe the scope of the work. In this part it is crucial to bring out the value and differentiate from the competition. (Turits 2018).

Deliverables and milestones are important to bring out in step four. The focus of this step is to go in to the project details in-depth. Deliverables need to be clearly outlined and precisely described as well as terms and milestones related to the project should be clearly communicated. The more details the better, in order to avoid misunderstandings. (Turits 2018).

Turits fifth step is **budgeting**. Pricing projects can be tricky since purchasing organizations are often expecting to gain savings by purchasing the cheapest option. (Turits 2018). Pricing correctly is important since it may impact the selling volume and the organizations overall profit performance (Fill and Fill, 2005, 102). This can be considered one of the most crucial parts in organizational purchases, since price seems to be one of the most important factors in the decision-making process.

The last step of Turits sales proposal process is the **conclusion**. This step should wrap the whole understanding of the project together in a clear cut way. Seller organizations should conclude the main parts related to the purchase and recite reasons as to why it is better than the competitors proposals. (Turits 2018).

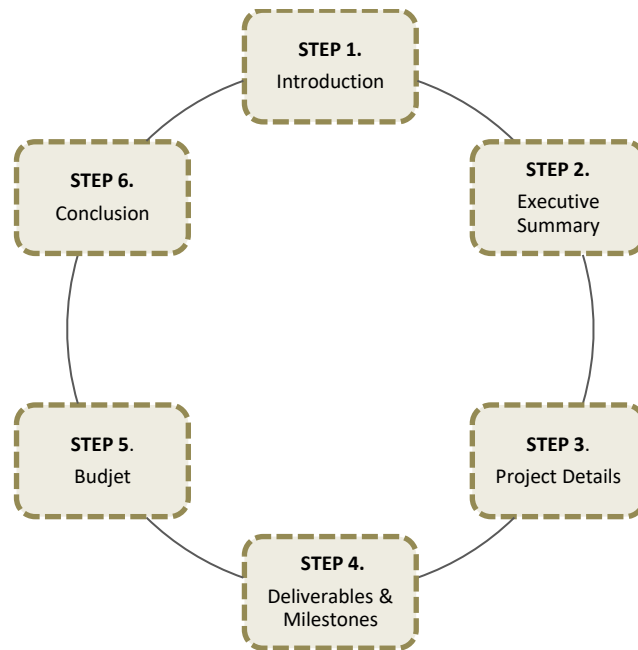


Figure 2 Six-Step Sales Six-Step Sales Proposal Process. Meredith Turits 2018.

It is important to note that all organizations do not take the same steps to writing a sales proposal. The steps that are taken depend often on the RFQ and what is requested by the purchasing organization. Drafting a proposal for a complex service is different than a sales proposal for a product since the elements and information needed are often somewhat different. However, it is always important to include main elements of what is offered, with what price and what kind of schedule. As seen in the case company, some organizations seem to have standardized processes and document templates for drafting proposals and others deliver the sales proposal details via a simple email message. In some cases some steps can be left out or all of the steps and elements might be compressed due to the lack of details. Furthermore, the length of a proposal and steps taken to draft it also depend on the type of purchase. The scope for products and services often include different details. For example a business proposal for a 6 to 12 month maintenance project is more likely to be more complex and detailed than a proposal for a few hundred pieces of office chairs.

2.2.1 Intangible Factors and Added Value

When price is not an issue, other factors have an increasingly significant role in the supplier selection (Pugh and Bacon, 26).

As the markets have developed, it has led to the growth of supply, more options and at the same time buyer's markets' have been growing stronger. Competition between the suppliers has become more fierce and the selling organization has to carefully justify the tangible and intangible advantages of their product or service to the purchaser. (Iloranta, Pajunen-Muhonen, 2012, 246)

Quality customer service, technical support and process excellence are often seen as a minimum expectation from suppliers. Problems with standard products or services are not tolerated, especially when dealing with customer-specific products or services. These kind of problems may even raise questions about corporate competency. Furthermore, since there often are several alternative sources of supply, a product or service must keep pace with market standards and it should not have any performance problems, or otherwise the purchasing organization will select another supplier. (Rogers, 2007, 156.)

Honest understanding of what is important to the purchasing organization and how the seller organization is rated is the starting point for creating value. Reducing costs is useful but in the long run identifying solutions that will continue to deliver benefits to the purchasing organization are a better way to create real value. Even generic products or services can be turned into value creating solutions to solve purchaser organisations problems. Although costs can build up when creating value, but total cost of ownership for the buyer organization may often be reduced. (Rogers, 2007, 83;93.)

The value elements decision makers take into account when evaluating proposals are offered value, how the solution fits to the specification and supplier's ability to fulfill promises. The idea of purchasing and decision-making process is to minimize the risks for the buying organization. (Rogers, 2007, 29-30)

Seller organisations are expected to meet the same core expectations regarding product or service quality and delivery accuracy for a reasonable price, which means that intangible factors are highly important in the decision making process. Soft factors can often times be the ones that distinguish them from competitors, such accessibility of key staff or problem solving abilities. Buyers are more likely to be favorable toward seller organisations with impeccable reputation and capable personnel who are able to develop business relationships. Other intangible factors that matter to purchasing decision makers are seller organisations longevity, financial stability, corporate responsibility as well as technological capabilities. (Rogers, 2007, 24;45-46.)

Communication is the key, so to say. Seller organization should always let the customer know in advance if there is any sort of problematic scenario, such as missing a deadline or promised delivery time. Lapses in communications can lead to huge dissatisfaction and demotivation, which will affect the relationship between two organisations in the future. (Rogers, 2007, 157.)

In some cases, a change in seller organization's key contacts can cause problems. In buyer's perspective a new salesperson may seem less skilled or less responsive than the previous one. (Rogers, 2007, 161-162.) In the middle of tendering process a change in key personnel can cause huge communication problems. Amidst of a highly important tendering, key salesperson is switched for a certain period of time. Purchasing organization can feel as if the replacing salesperson is not aware of what has been discussed before and seems to be lacking in authority and skills. After a certain period of time the original salesperson comes back and takes over the process. Situations like this can cause frustration in the decision making unit when things that have been agreed on with the replacing salesperson have not clearly communicated to the original salesperson and vice versa. Miscommunications and unclear situations can cause frustration and loss of time for both parties. This can cause seller organization to have an unadvantage in a tendering situation or possibly even to lose the whole bid.

2.3 The Tools of B2B Marketing Communications

Via marketing businesses can demonstrate how they can help meet B2B customer's requirements and performance thresholds, provide solutions, and minimize risks associated in i.e technical, contractual and schedule factors. Successful marketing involves developing a deep understanding of clients' business strategies and cultures, organizational structure and dynamics as well as purchasing decision making process and buying influences. B2B marketing should make customers appreciate the value and seeing the purchase more as a solution. (Frey, 2012, 63-64).

The way organisations communicate with each other has changed as new technologies and the internet have developed. The influence of traditional offline communication tools however has not necessarily decreased but it has definitely seen a change. (Fill and Fill 2005, 300-301). According to L. Saunders (2017), the importance of customer experience and strategic nature of marketing has been increasing in the B2B field, which indicates the fact that the traditional marketing roles are being redefined.

In the past, B2C and B2B marketing have been two clearly different concepts. However, the differences between B2C and B2B marketing seems to have narrowed down as B2B marketing is becoming more customer experience eccentric. Developed technology, convenient online environment and tools have all contributed in the fact that creating customer experiences and targeted marketing digitally seems fairly easy. However, as there are multiple channels in use, sellers have to make sure to deliver consistent content across all channels since organizations that are consistent in their marketing efforts through all channels are roughly 4,5 times more likely to make the sale (Bryan 2019).

Advertising, sales promotion, direct marketing, personal selling and public relations are the five main marketing communications tools used in the B2B market. Combined together in various ways, these tools help organizations achieve certain marketing goals. (Fill and Fill, 2005, 300-301). Most marketing tools can, and should, utilize digital marketing channels. Research conducted by Gartner found that 83% of surveyed customers accessed digital channels even when they were in the late stages of purchasing. This information highlights the fact a digital marketing strategy designed to help purchasers through all stages of the purchasing process is needed. (Bryan 2018).

2.3.1 Advertising

In the B2B markets, most important role of advertising has been to merely inform and remind and it is considered as a non-personal form of mass communications. The effect of advertising on sales is often hard to measure and the ability to persuade target audience to think or behave in a certain way is suspect. The credibility of advertising is low which means that target audiences are more likely to believe messages delivered through other tools than advertising itself. (Fill and Fill, 2005, 302-303). As the role of advertising is used mostly to just inform and remind, mere advertising by itself does not play a large role. Advertising has not had a real effect on winning bidding competitions at the case company and there has not been a case where it clearly has affected an outcome of a tendering.

In the B2B market the capability to reach mass audience and communicate with specialized segment is not often as important as compared to B2C marketing. Furthermore, the costs associated with advertising seem to be extremely high. These are some of the reasons why advertising is not seen as the most effective B2B marketing communication tool related to organizational purchase decision process. (Fill and Fill,

2005, 302). However, combining advertising with personal selling can increase sales more than using personal selling without advertising. In the business market, advertising can improve reputation and sales force's chances of getting a favorable first hearing. In addition, products or a particular product line can be positioned or repositioned better with the right advertising. (Kotler and Keller, 2009, 530).

In B2B advertising emphasis is mostly on the informational aspect (Fill and Fill, 2005, 303). SME's would be better off focusing on building their brand image and awareness with advertising in order for purchasers to discover potential suppliers and possibly involve them in a bidding competition. As competition is rigid, SME's need to create awareness and stand out amongst competitors with targeted advertising campaigns combined with other marketing tools i.e personal selling.

Digitalisation has increased the amount of digital advertising in the B2B markets as well as the difficulty to stand out from all the clutter (Saunders, 2017). Providing consistent, high-quality customer interactions and content can be a competitive differentiator in the B2B field. Companies can increase sales by 8 percent by using advanced analytics to help gain insights as to how digital marketing efforts can be targeted more effectively. (Catlin et. al., 2016).

Today businesses chase the trend of digitalization by providing purchasers with simple and highly convenient digital marketplaces (Catlin et. al., 2016). Up until the point of purchase more than 30 percent of B2B purchasers utilize the online environment before any interaction with a sales person, which highlights the fact that more focus should be put on online advertising and digital channels (Toton, 2018). Online channels are important as more than 30 percent of business customers expect seller's website to be the most helpful channel (Saunders, 2017). As advertising's role in the B2B markets has mostly been informative, businesses should focus on their efforts towards creating informative advertising which is easily accessible to purchasers via online channels i.e suppliers' websites.

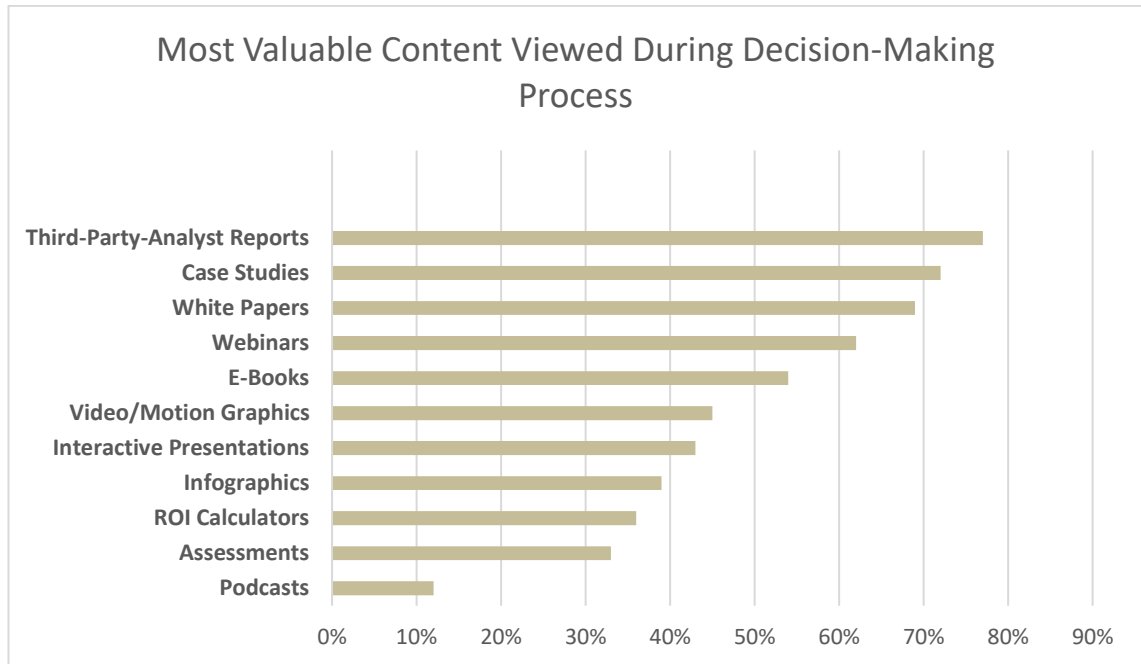


Figure 3 Most Valuable Content Viewed During Decision-Making Process. Demand Gen Report 2016.

2.3.2 Sales Promotion

According to Fill and Fill (2005, 304), “Sales promotion seeks to offer buyers additional value, as an inducement to generate action, often to make an immediate sale”. Accelerating sales or generating a change in attitude are the two main reasons for sales promotion to be used. For organisations supplying low unit value products and high purchase frequency items, sales promotions is especially important B2B marketing tool. (Fill and Fill, 2005, 304).

The purpose of sales acceleration is to shorten the time in which a transaction is completed. In other words, B2B sales promotion is meant to move buyers along the purchasing process rather than completing a sale. In the hopes of reciprocal action, free merchandise, gifts or premiums are often used. These items can be used at exhibitors to attract buyers, they can trigger name recall and act as a form of residual value. (Fill and Fill, 2005, 304).

There are several different methods of B2B sales promotion. The main type of sales promotion is allowance, which is meant to motivate intermediaries and to achieve a short-term increase in sales. Allowances can be found in various different forms but the most commonly used are promotional and merchandising allowances, buy-back, count and recount as well as buying allowances. To achieve sales promotion objectives, other types

of methods such as dealer contests, trade or price-based promotions, and online trade promotion activity are often used as well. (Fill and Fill, 2005, 304-305)

2.3.3 Personal Selling

The most expensive, but the most important B2B marketing communications tool is personal selling. It is an interpersonal tool in which individuals, or so called sales people, represent an organization and aim to persuade, remind or inform a buyer or a group to take action. Personal selling is important not only because of the ability to form relationships with members involved in the purchasing process but the ability to demonstrate and explain in greater detail the products or services being marketed. (Fill and Fill I, 2005, 315-316). Digital and one-on-one interactions with business customers should not be seen as a sequential process. Online interaction should not end because in-person communication begins, but both should be viewed as parallel experiences supporting purchaser's journey. (Bryan 2018).

Bryan (2019) argues, that in today's B2B field, millennials who are increasingly joining buying groups and holding more influence, are generally skeptical of sales representatives. Millennials within the decision making unit are more likely to conduct their own research as they are generally skeptical of sales people's claims and prefer data-backed evidence. (Bryan 2019).

In the past, salespeople made immediate contact to a new business prospect but today most decisions are made before the salesperson makes the first contact, and this is mostly due to the increase of online channels providing purchasing organizations with vast amount of information (Agrawal, 2016). Today, business customers have access to a broad pool filled with high-quality and trustworthy information which in hand represents a challenge delaying direct interactions with suppliers. As the pool of information is large, purchasers spend about 15 percent of the buying cycle time deconflicting data. (Bryan 2019).

Sales people need to understand the needs of a purchasing organization and offer suitable solutions that bring value in order to make successful sales. Personal selling can be highly useful in situations where the purchasing organization pose objections. In these situations sales people can utilize their power of persuasion in the hopes of convincing the resisting party. (Linton 2019). However, personal selling is not only about

convincing business customers to make a one time purchase, but to create long lasting relationships between two organizations that can benefit both sides creating a win-win situation.

2.3.4 Direct Marketing

Direct marketing can be used to complement personal selling. Using direct marketing can be seen as a strategic approach or a tactical tool. The attempt of direct marketing is to actively remove channel intermediaries, cut costs and increase the quality and service. Generally, direct marketing is considered to be one of the most important B2B marketing communication tool with various benefits such as personalization through marketing messages. (Fill and Fill, 2005, 311-312)

Two main types of direct marketing are direct mail and telemarketing. Direct mail is personally addressed marketing material sent via email. Direct mail is an important part of the B2B communications mix since it can be personalized and targeted with accuracy and the results can be precisely measured. It can be coordinated to support personal selling, enhancing image and strengthen credibility. (Fill and Fill, 2005, 311-312)

Telemarketing on the other hand is used to facilitate customer enquiries, establish leads, make appointments, collect low value orders and provide a direct sales channel. In some cases telemarketing tasks can provide assistance to sales force and save time for sales force to concentrate on more profitable tasks. (Fill and Fill, 2005, 313)

2.3.5 Public Relations

According to Public Relations Society of America (2012), "Public relations is a strategic communication process that builds mutually beneficial relationships between organizations and their publics". This form of non-personal communication offers organizations a way to communicate not only with customers but also with other stakeholders, such as members of the supply chain and intermediates. (Fill and Fill, 2005, 308)

Publicity is about delivering messages through third-party media, such as magazines or news programmes. Those in charge of managing the media resource are responsible for the decisions whether an organisation's public relations messages are delivered to the

public. Undoubtedly it is difficult to control the messages placed in media channels. However, endorsements offered by third parties can be highly influential as it grants greater perceived credibility than paid media marketing messages. Public relations used as a B2B marketing communications tool is important since it can reduce buyers' perceived risk because of the trust and confidence it creates. (Fill and Fill, 2005, 308-309.)

3 RESEARCH METHODOLOGY

Research methods are tools which are used to gather information in an effective way to support, illustrate and further analyze certain observations. The most common research methods can be broadly classified in quantitative and qualitative methods. Quantitative aims to count things in an attempt to explain what is observed whereas qualitative seeks to gain an understanding of the motivations and reasons behind actions. (MacDonald and Headlam, 2011, 8).

3.1 Research Design

Research design may be referred as the general plan of one's research process and the way to answering appointed research questions. Research design is a vital part in understanding what one wants to achieve and how, and it gives direction to the whole process. (Saunders, Lewis and Thornhill, 2012, 159;161). Main elements of this research design are covered below.

3.1.1 Type of Research Methodology

The author has chosen to use mixed methods research by utilizing both qualitative and quantitative methods to complement each other. Using mixed methods is seen as the most suitable approach for this thesis in order to provide insights and further understanding of various perspectives as well as numerical data.

According to Gorman and Clayton (2005, 4), in qualitative research the information is drawn from a context or an environment in which events occur. This method is used to understand people's beliefs, feelings and how they interpret events. With qualitative research it is possible to develop a more wholesome and rich understanding of the issue by focusing on the entire process instead of only one component. (Gorman and Clayton 2005, 6).

The results that qualitative research provides are often rich in details and offer different ideas and concepts to further support observations. (MacDonald and Headlam, 2011, 35). It is essential for the participants' perspectives to be reported fully in order to

accurately conclude the full meaning from a context. Data must be analyzed in a meaningful and coherent way for the researcher to be able to utilize this method successfully. (Gorman and Clayton 2005, 6).

Perhaps the most significant reason for choosing to utilize qualitative method was the possibility to dive into *why* organizations, or individuals, behave in a certain way and with qualitative research it is impossible to achieve such results. (Gorman and Clayton 2005, 125).

However, quantitative research method has its advantages and the results will lead to a more statistic perspective of the issue, hence it is chosen as a second research method to be combined with qualitative method.

3.1.2 Research Strategy

Interview is the most common and frequently used method of gathering information for a qualitative research (MacDonald and Headlam, 2011, 39). The purpose of the interview is to help obtain valid and reliable information relevant to the research topic and objectives (Saunders, Lewis and Thornhill, 2012, 372).

Utilizing interview as the method to conduct a qualitative research is advantageous because of the possibility of immediate data collection which allows the researcher to receive instant responses to posed questions. Furthermore, interviewing allows for the meaning of the questions to be explored further, as open-ended questions may lead to unexpected insights, and ambiguities can be resolved on the spot. (Gorman and Clayton 2005, 125).

There are various different types of interviews that are used in research. It is important to clearly define the type of the interview in order to be consistent through out the research. The three basic types of interviews are structured, semi-structured and unstructured interview. Structured interview uses questions that are predefined unlike those found in unstructured interviews. Semi-structured interviews often have a predefined list of themes or key questions. (Saunders, Lewis and Thornhill, 2012, 372;374).

In this thesis the author will utilize semi-structured interview as one of the methods to acquire research data from procurement department employees. A list of themes and

open-ended questions are prepared before interviewing the participants. Semi-structured, open-end questions will provide extensive, in-depth and descriptive answers to the posed research questions (Saunders, Lewis and Thornhill, 2012, 391). Relevant individuals are interviewed in order to obtain quintessential and in-depth data about significant challenges regarding organization's purchasing and bidding processes. Wanted results include factual information with individual perceptions and feelings related to the main topic.

For the quantitative part of this research a structured survey will be drafted as the method of data collection. An anonymous questionnaire will be administered through an online platform and a link to the survey will be sent by email. It is essential for this survey to be sent to members of a procurement department who will be able to provide reliable answers based on their knowledge of the field. The participants for this survey come from various ages with both female and male respondents who are currently working in one of Finland's largest Procurement departments.

3.1.3 Reliability and Validity

In order for a research to have reliability it should produce consistent findings if repeated. Some threats to reliability are i.e. factors leading to a false response and factors that alter researcher's interpretation. To present reliability, the research must be reported in a fully transparent way. (Saunders, Lewis and Thornhill, 2012, 192-193.)

Validity, on the other hand, refers to the accuracy and truthfulness of the results and it is harder to assure in qualitative research. However, strategies to ensure validity can be i.e. choosing participants from the right segment in order to lead to valid results, utilizing triangulation, respondent validation or deep saturation. (Statistic Solutions 2019.)

The interviewer's questioning must be nondirective without ever suggesting a right answer or a direction for the answer. In addition, the interviewer should be nonjudgmental and supportive. If further information is needed, the interviewer should utilize value neutral, non-directive probes in order to gain additional information. (Gorman and Clayton 2005, 130.)

In order to provide validity for the quantitative part, the survey should be able to collect accurate data with which to specific concepts can be measured. As for reliability, the data for the questionnaire should be collected consistently. (Saunders, Lewis and

Thornhill, 2012, 428-429). For the survey to be able to provide reliability and validity, it will be only sent to members of Procurement department who possess the right knowledge and expertise to deliver valid responses to predefined questions.

3.1.4 Analyzing Data

Various meanings and perspectives within qualitative data need to be explored and clarified. Qualitative data is often complex in nature and large in volume where data needs to be condensed and categorized in order to understand it. (Saunders, Lewis and Thornhill, 2012, 546-548). In order to make analyzing qualitative data for this research easier, transcript and document summaries will be utilized.

Prior to analyzing the data acquired, a transcription must be made after which deductive approach will be used to further analyze the research. Theory that has been collected prior to the research will be utilized to create a framework in order to organize and direct analysis of the data. The advantage of using deductive approach is that the research will be linked to the framework of knowledge which has been collected (Saunders, Lewis and Thornhill, 2012, 545-48). The deductive approach will be used to initiate and guide the analysis of the qualitative research part.

The purpose for analyzing data gathered for this research is to comprehend large and disparate amounts of information, identify key patterns and develop theories based on them as well as draw and demonstrate certain conclusions. According to Saunders, Lewis and Thornhill (2012, 557), there are five main points for a generic analysis for qualitative data:

- Identify categories or codes for a better comprehension
- Integrate data by attaching it from disparate sources to specific categories
- Develop analytical categories to identify patterns
- Develop testable propositions
- Draw and verify conclusions

Qualitative data gathered from this research will be analyzed by following the generic approach presented by Saunders, Lewis and Thornhill.

Quantitative data can be grouped to categorial or numerical data. Values which are measured or counted numerically as quantities are referred as numerical data and they

present more precise results for analysis (Saunders, Lewis and Thornhill, 2012, 474-475). This research will utilize mostly numerical data for the quantitative method since the results are seen as more precise.

As the survey is administered through an online platform Webropol, gathered data will be analyzed by utilizing analysis tools provided by the survey platform. After analyzing quantitative data it will be presented through i.e. charts or tables. The data will be summarized and presented to show or compare specific values, trends, proportions or distribution of values (Saunders, Lewis and Thornhill, 2012, 488-495).

As this research utilizes mixed methods it is important to integrate the results properly. The three most suitable ways to integrate qualitative and quantitative information in this research is by corroboration, elaboration or complementarity analysis. For example, findings from qualitative research data can be confirmed by the results of the quantitative survey, or the survey results contribute to the understanding gained through the interview, or all data together can give out a comprehensive understanding of the issue. (Leavy, 2017, 181)

3.2 Empirical Findings

The result of this mixed method research was to answer to the three questions stated in Chapter 1. The outcome of this research was based on interviews conducted with Ilkka Koski, Sourcing Manager and Mikko Tammi, Purchaser. However the complimentary online survey was not conducted due to limited time. All of the participants are familiar with this subject and are experts in the field.

3.2.1 The most effective B2B marketing communication tools related to organizational purchase decision process

B2B marketing can be effective but according to Koski sometimes the message that a seller organization is trying to convey is a total contradictory of the reality and this does not give a good image to the seller organization. This might happen due to false beliefs of seller organization's own abilities and performance, or the seller organization wants to deliver a better image in order to succeed but in reality it does not deliver products or services as expected. Koski mentioned that it can also have a negative impact during

tendering and can affect on how the seller organization's sales proposal is perceived because how a seller organization promotes itself is a total opposite of reality.

Via direct marketing a seller organization has the possibility to affect the purchasing process and decision making. The more personal direct marketing is, the more it will affect the decision of a buyer organization. According to Koski, it is important to get more personal with the decision makers of the buyer organization and it can have a huge impact in favor of the seller organization in future biddings. Tammi mentioned that direct marketing via phone can have a positive impact if there has already been built a trusted relationship between seller and buyer. Furthermore, Koski and Tammi both agree that direct email marketing is decent in order to deliver news about new products or services but that does not necessarily have any effect in winning a bid and Tammi adds that these newsletters may very well be left completely unseen.

Personal selling has a huge effect on the purchase decision process. According to Koski, especially on lower value contracts it has a seemingly large effect. However it also has a great affect on high value tenderings not only because of the ability to form relationships with members involved in the purchasing process but the ability to demonstrate and explain in greater detail the products or services being sold (Fill and Fill I, 2005, 315-316). But Koski mentioned that sales personnel can not always be trusted which can lead to seller organization losing a bid and buyer organization being cautious. Sales personnel who can be trusted are more successful according to Koski.

Important marketing content that seller organization can utilize is a clear and simple website with accurate information. Trusted content that the seller organization can create and use through marketing has to be based on facts and it should also detail why a product or service is good. According to Koski, B2B marketing should be kept clear, simple and based on facts. Tammi sees seller organization's website as a trusted source of information about services and products including important contact information hence website should always be updated with the latest and accurate information.

3.2.2 How internal factors affect organizational buying decisions

According to Koski and Tammi, internal purchasing process policies affect on buying decisions because the decisions are made together by multiple people within a company instead of just one sole decision maker. As mentioned by Sidhart (2019), some

organizations have well-established procurement departments and clear guidelines on which management level a purchase can be made (Sidharth 2019). The higher the value, the more strict policies and procedures are undertaken in order to reach a decision and for a supplier to be approved. Clear guidelines are often followed, however as mentioned before, decisions for smaller purchases do not always follow strict guidelines since the value and importance is low.

Koski mentioned that sometimes personnel within a company might have different approaches or different methods on how to make decisions. Tammi emphasizes the important fact that internal policies should affect on how the decisions are being made in order to have more standardized processes instead of hundreds of employees making their own decisions in various different ways. Decisions should be based on some degree of standard instead of decision makers saying they don't want to work with a certain seller organization because of personal or unjust reasons.

Organization structure affects purchasing decisions especially if the structure is complex. According to Koski, the organization structure may considerably slow down the decision making process. Organization structure can impact on the decision making negatively if the responsibilities of each member is not clearly stated. As Koski stated, there can be cases where the final decision maker is not fully aware of the matter but they still actively take a stand on the decision making without proper knowledge. In cases where technical personnel is needed and they have concluded the most suitable option from all the quotations but the final decision maker is against it even without full knowledge of the matter can be a difficult situation within the organization. The more fragmented the organization is the harder it can be to make decisions.

Koski and Tammi agree that buyer organization's own objectives and goals affect the decision making process. However according to Koski, goals and objectives do not always come through the decision making process even though they are clear to each member of the organization. On the other hand, Tammi points out that the total effect depends on how concrete buyer organization's goals and objectives are and how well they are brought into the decision making process. Koski mentioned that there are cases where the lowest cost will overpower the real goals and objectives that an organization has while choosing contractor. Even though clear selection criterias and importance of total cost is clear to each member but these objectives do not always make it to reality and which quotation is chosen during tendering. Koski highlights the fact that these

criteria and objectives should have a larger impact and they should not be forgotten during the final decision making.

According to Koski, the price and trustworthiness of the seller and their quotation are important factors in the decision making. Ilkka listed time, technique and safety as some of the most important aspects that affect decision making in a tendering competition. Some organizations have standardized point systems to see which of the received quotations are the most suitable. Koski sees a standardized point system as a good way to determine some of the best quotations among large amount of offers.

The most important members of the buyer organization that the seller should try to influence in order to win a bid are the ones that are often mentioned in a RFQ and they should be contacted during the bidding process for more information. According to Koski, trying to influence members of the organization that are not mentioned in the RFQ can in some cases work however if it does not work it can have a negative effect on the seller organization and their chances to win.

3.2.3 Main factors why many SME's may not win the bids

Previous experiences can have a large effect on winning or losing future biddings and previous negative experiences may weaken the chances for a company to win a bid according to Koski and Tammi. The effect of past experiences affect not only to the decision of the buyers but also to the preferred decision of technical and other related personnel. Mistakes or faulty products from previous cases can impose a negative effect on winning a bid. However Koski points out that one mistake should not be considered as a "life sentence" to the point that a contractor is never hired or even considered for a tendering. In addition to that Tammi points out that as previous experiences do have an effect but in some cases it might not be relevant enough change the outcome of a bidding competition.

According to Ilkka a seller organization may seem unprofessional if the personnel seems not well aware of the products or services they are selling. Furthermore, the attitude of the personnel of the seller organization is important. If the sales personnel is not listening to the customer and keeps repeating oneself over and over again, it doesn't give out a good image to the decision makers of the buyer organization. If the sales personnel is unaware of something that needs to be discussed about their product or service, they

have to admit it and actively pursue to figure out the discussed matter in order to give out correct information to the buyer organization later on. If the sales personnel can not answer technical questions they should be accompanied by a technical personnel from the seller organization so that important questions posed by the buyer organization can be answered correctly and in detail.

The most important aspects of a well drafted and successful offer should be clear and it should answer to what is being asked for. Both Koski and Tammi agree that at the very least every question posed in the RFQ should be answered even if it is just a preliminary answer. However Ilkka points out that if the seller organization wants to stand out among other competitors the quotation can have additional options which the seller thinks might be in the benefit of the buyer organization. The additional options should also include details of what are the benefits of the additional options or what would be the total savings. The worst offer a seller organization can give is the kind that doesn't detail what is has and only presents a total price. Pointing out additional value in a sales proposal can be an important factor in order to win a bid. Tammi thinks that a sales proposal with additional value is more important in today's biddings than what it was before since the selection criterias are wider and the decision is not only based on the price mark.

Customer service or flexibility of the seller organization can improve the image of the seller organization during a bidding process. According to Ilkka, sometimes companies do not reply or their reply is past an asked deadline if they are asked to deliver a simple answer and this might have a negative impact on how the seller organization is viewed. Reacting quickly during a tendering is highly appreciated and will give out a positive and professional image of the seller organization.

4 CONCLUSION

The importance of winning a bid is highly relevant since it not only brings revenue to a company but it can also create new opportunities and partnerships. By winning over a new business through tendering is a way to demonstrate competence and achievement.

The importance of procurement is high to any company which means that offering products or services through participating in a tendering is considered as an important part of any successful business. However, there are many challenges and various matters that need to be taken into consideration when trying to win a bid and the process that goes into organizational purchasing and decision making needs to be understood before offering any product or service successfully through a proposal.

Research Question 1: Which are the most effective B2B marketing communication tools related to organizational purchase decision process?

Since B2B marketing should make customers appreciate the value and see the purchase more as a solution, SME's should focus on making their marketing efforts in creating clear content with facts and personalize their marketing efforts in order to be able to affect the purchasing decision during a bidding. Based on the research of this thesis, personal selling seems to be one of the most important tools in B2B marketing and with that seller organization can truly have a large impact on winning a bid. Trustworthy and solution-oriented sales personnel is an important investment for any SME trying to successfully win a bid. To better the chances of winning a bid SMEs' need to start focusing on creating personal relationships with buyers and delivering marketing content that is personalized to each buyer organization and their needs.

Research Question 2: How internal factors can affect organizational buying decisions?

Various internal factors affect organizational buying decisions and the end result of a bidding competition. Complex organization structure can have a clear impact and it can remarkably slow down the decision-making process. In addition to that, organizations all have goals and objectives which they are trying to achieve and these often have a large impact on the decision-making. However, for most companies it is important to cut costs as much as possible and because of that there are times where an offer with the lowest price will overpower the real goals and objectives that an organization has while choosing

contractor. Even though selection criterias and importance of total cost are clear but even so these objectives do not always make it to reality and which quotation is chosen during tenderings.

Research Question 3: Identify main factors why SME's may not win the bids.

SME's may not win bids if they are not able to create personal and trusted relationships with buyers and key personnel. Unprofessionalism, lack of knowledge about products or services being sold and not listening to the customer and their needs can all contribute to the result of SME's not winning bids. Furthermore, if the seller organization does not deliver any real or added value to the buyer organization it will have a hard time standing out amongst competition.

As pointed out before there many challenges are present in trying to win a bid but in addition to creating personal relationships and personalized content, seller organization should focus on conducting all communication clearly with buyer organization. Sales personnel needs to listen to the customer and provide solutions to the buyer organization's problems that also add value. Related details need to be clearly communicated and if any problems arise matters should be openly and solution oriently discussed. If mistakes have occurred in the past seller organization needs to show it has truly learned from their mistakes and show that they have actively seeked out solutions, as past mistakes can negatively affect seller organizations reputation and the possibility of winning.

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