

# THE NEW MATH IN B2B ONLINE REVIEWS: WHEN ARE NEGATIVELY-RATED SUPPLIERS OF INTEREST?

*Michelle D. Steward, Wake Forest University*

*James A. Narus, Wake Forest University*

*Michelle L. Roehm, Wake Forest University*

*Kenneth C. Herbst, Wake Forest University*

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## ABSTRACT

*Risk is an important factor when B2B customers consider an alternative supplier. Negative online ratings are thought to provide a heuristic tool to avoid a supplier and thus to reduce risk. However, we find a more complex pattern of response. Our research identifies counterintuitive conditions under which B2B customers consider an online negatively-rated supplier when an available incumbent supplier is available and can do the job. We find that when a B2B customer is worried about the current supplier's relationship being too close with an internal customer, the B2B customer will consider a negatively-rated supplier. Through two experiments with B2B purchasing professionals, this research examines a particular clash between negativity bias theory and social exchange theory, as applied to both intra- and inter-organizational relationships that are critical to B2B marketing.*

**Keywords:** B2B online decisions, supplier consideration, business to business marketing, internal customers, online ratings

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## INTRODUCTION

Recent research found that B2B customers do not immediately dismiss from consideration a supplier that has received negative online ratings (Steward, Narus, & Roehm, 2018). This finding is interesting given that B2B professionals, when at home as consumers, react strikingly differently to negative ratings, with 94 percent of individual consumers stating that a negative online assessment of a business has convinced them to avoid a business completely (ReviewTrackers, 2018). Why, then, would a B2B purchasing professional, in a much more magnified situation of business risk, even consider a negatively-rated supplier? This question is especially relevant, given the strategic importance of reducing risk and uncertainty, when ultimately selecting a supplier (Narasimhan & Talluri, 2009), and when in B2B “the cost or risk of purchasing the wrong item looms larger” (Thomas et al., 2022, p. 32). In addition to the potential risks to the company of using a negatively-rated supplier, there are costs of additional time needed to vet such suppliers in an environment in which there already is an emphasis on the critical nature of supplier selection (Sarkis & Talluri, 2002) and the need to shorten the time for new supplier searches (Crane, 2020).

User-generated content, such as online ratings, often is examined in B2C contexts (Purnawirawan et al., 2015). However, research suggests that user-generated content is an important source of feedback in B2B (Tóth et al., 2022). We do not suggest that B2B user-generated content has a stronger effect on decision-making than that which may exist in B2C (Liu, 2020). However, recent research suggests that online technology is of growing importance for B2B firms for their customers to communicate about the firm and to read firm-sponsored communication (Herhausen et al., 2020). With the increased availability and usage of online ratings of suppliers, and with the interest in reducing costs of site visits by pre-screening suppliers early in the process, the question of how B2B customers handle negative information about a potential supplier is surprisingly lacking.

We examine the risk of considering a negatively-rated potential supplier with another risk faced by B2B customers -- that of their internal departments becoming “too close” with the current supplier. Research has warned companies to be cautious of any behavior that results in a company getting “too close to a supplier” (O'Brien, 2014, p. 332). The guidance has been clear that research indicates, “It is all too easy for relationships between companies and their suppliers to become too chummy and for essential checks and balances to get less attention than they require” (Villena,

Choi, & Revilla, 2015, p. 50). A rich history of relationship marketing (Dwyer, Schurr, & Oh, 1987) suggests that healthy B2B relationships have significant benefits to the firm. However, the warning looms that, “[c]lose relationships are not always synonymous with good relationships” (Anderson & Jap, 2005, p. 75). B2B customers recognize this dark side of some close relationships. B2B customers recognize a relationship with a supplier could tip beyond healthy to a point at which, “complacency, closed-mindedness, shortcuts, and ‘group-think’ set in (Villena, et al., 2015, p. 51), thus a situation in which a supplier is “too close” with the internal customer.

Internal customers are the division or group within the buying firm who use the products/services that the B2B purchasing professional purchases (Finn et al., 1996). B2B purchasing professionals continuously monitor relationships across internal customers and suppliers as they assess alternatives -- seeking to take any preemptive measures needed on the part of the firm before problems arise (Stanley & Wisner, 1998). Once a company finds itself in this concerning position of a relationship with a current supplier that is “too close,” a search for alternatives may commence. Our focus is on how an existing relationship that is deemed too close may prompt a B2B purchasing professional to consider a negatively-rated supplier as an alternative. This sheds light on a novel area of B2B decision-making, and it adds to our understanding of how B2B purchasing professionals navigate information from external sources in light of information from internal sources. We focus exclusively on the B2B setting and on the situation in which the purchasing professional is comparing a negatively-rated potential new supplier to an incumbent.

In conducting our examination, our theoretical grounding contributes to the marketing literature by examining the different perspectives of the two different relevant theoretical lenses. Through one lens, negativity bias theory suggests that negative information breeds aversion because of the diagnosticity of the negative information and the interest in risk-reduction (Chakravarty, Liu, & Mazumdar, 2010; Hennig-Thurau, Wiertz, & Feldhaus, 2015). For the selection of a supplier, this would mean that a negatively-rated supplier would not be considered, regardless of the B2B purchasing professional’s concerns that the current supplier was too close to the internal customer. Negativity bias theory would suggest that the negative ratings would indicate too much risk to the B2B purchasing professional. This is especially the case when the firm, as in our setting, has a current supplier who could provide the necessary services needed. While some research has suggested that negative ratings do not always lead to negative consequences (Babić Rosario et al., 2016; Berger, Sorensen, & Rasmussen, 2010), those studies have been conducted solely in the consumer setting and limited to mature product categories that present little risk to the consumer. However, B2B customers, in stark contrast to consumers, are working with suppliers whose products and services, by their nature, can carry more expansive risks if a supplier fails.

Through another lens, social exchange theory may explain why a B2B purchasing professional may consider a negatively-rated supplier as an alternative to an incumbent. Social exchange theory recognizes that interactions of parties have a comparison component (Lambe, Wittmann, & Spekman, 2001). We suggest that it is a comparison of the economic benefits to the relational benefits that may explain why B2B purchasing professionals seemingly take on what at first seems like an additional risk, when in fact their actions may actually be a risk-reduction strategy. The purchasing professional begins to weigh the risks of using a negatively-rated new supplier with the risk of a relationship with an incumbent that may have reached its peak of competitive benefits. Our research helps to explain how B2B purchasing professionals evaluate alternatives in the supplier selection process.

Social exchange theory recognizes that interactions have both a relational component and an economic component (Lambe, et al., 2001). However, typically the impact of the relational and economic components is interpreted simultaneously. This severely limits the explanatory power. We decompose these two components to determine the effects on consideration of the negatively-rated alternative supplier. We suggest that it is exactly this comparison of the economic and relational components that may be critical in determining why B2B purchasing professionals may take on what at first seems like an additional risk (considering a negatively-rated alternative supplier), when, in fact, their actions may be actually a risk-reduction strategy (eliminating a relationship with a supplier that has become “too close”).

We adopt several novel features in our work and contribute to the literature on inter-organizational relationships and buying decision-making in several ways. First, we explicitly take a multi-stakeholder perspective of what drives a B2B purchasing professional to consider an alternative supplier. The multi-stakeholder perspective is essential for enriching our theoretical understanding of how B2B purchasing professionals seek and evaluate alternatives. While previous work has considered roles such as the firm’s buying center (Hutt, Johnston, & Ronchetto, 1985; Johnston & Lewin, 1996), research on supplier selection typically considers only firm-level factors. We include firm-level, division-level, and individual-level influences in our model – namely the B2B purchasing professional, the B2B purchasing professional’s internal customer (the user of the purchased items within the B2B purchasing professional’s company), both an incumbent supplier and a negatively-rated alternative supplier, and reviewers (companies who have previously purchased from the negatively-rated supplier and offered ratings). By focusing on the role of stakeholders (rather than on the content of supplier reviews), we isolate the influence of the relationship between an incumbent

supplier and an internal customer on decisions of risk assessment as B2B purchasing professionals evaluate possible alternatives.

A second novel contribution of this research is a focus on actions taken earlier in the B2B decision-making process. We focus on the point at which the purchasing professional has an interest in learning more about a supplier during the initial search. Research is limited on the earliest stages of supplier selection decisions in which the B2B purchasing professional is recognizing a potential problem and beginning to scope out a plan of action. Rather than focusing on which supplier a company ultimately selects, we focus on the earliest part of the sourcing process and the company's interest in learning more about a negatively-rated alternative supplier. In prior research on B2B supplier selection decisions, attention has focused primarily on overall attitudes about suppliers and ultimate selection of a supplier (Sarkis & Talluri, 2002). The process in B2B (versus B2C) decision-making is often longer and more costly. Our focus on earlier exploration of an alternative supplier (rather than on the ultimate outcome of selection) can yield insights on the thought process and on the influences on decision-making. This is critical because the earliest stages of decision-making can save (or cost) future efforts by scoping the needs of the internal customer. Efforts may be wasted later in the B2B sourcing decision-making process, if these early stages are not carefully conducted.

Third, we explicitly include the influence of affect within the B2B decision-making process. Often, B2B decision-making literature frames B2B purchasing professionals as rather clinical decision makers, nearly void of emotional motivators. However, B2B purchasing professionals, like all professionals, bring to work a full person with fears and hopes of job performance (Peterson & Byron, 2008; Sonnentag & Fritz, 2015). We incorporate these elements from psychology and organizational behavior research to enrich our understanding of drivers of the buying process. In the metric-heavy world in which big data and artificial intelligence dominate current headlines, the inclusion of elements of affect in business decision-making reinforces the importance of understanding the ever-present human element in supplier consideration and vetting.

In this paper, we present two experiments, with hypothetical scenarios and actual B2B purchasing professionals, to investigate a series of hypotheses. In the first experiment, we examine how the concern of relational closeness of a current supplier and internal customer influences the B2B purchasing professional to be willing to learn more about an alternative, negatively-rated supplier. We also examine the type of evidence that the B2B purchasing professional seeks about the negatively-rated supplier to determine how the purchasing professional approaches the decision-making. In the second experiment, we tease apart two of the typically-coupled elements of social exchange theory—financial and relational benefits. We pinpoint the conditions under which the B2B purchasing professional worries about the current relationship, but has hope about an alternative, though negatively-rated supplier.

## *STUDY 1*

### **Impact of Concern on Interest in Learning More and Content Type**

Internal customers are a key focus of a B2B purchasing professional. For example, a plant manager in a quick coupling factory might require threaded sockets to manufacture output valves for sale. Or, a company's vice president of information technology might require the purchase of a consultant's time to help with a computer system upgrade effort to increase order-processing efficiency. Or, an engineering group for a beverage company might need a new type of packaging that is both durable and fully biodegradable. These internal customers are key employees that the B2B purchasing professional must consider in making the best sourcing decisions for the firm.

However, B2B purchasing professionals have a delicate balance to maintain. First and foremost, the B2B purchasing professional is responsible for effective strategic sourcing of the resources that the firm uses to perform its business. In fulfilling this obligation, the B2B purchasing professional is often acutely aware of the benefits that each current supplier provides to internal customers. These benefits may stretch well beyond the functional utility of the supplied product or service and may come in the form of additional consulting offered by the supplier, ongoing assurance of dependability, risk-sharing, social engagement, new product line suggestions, etc. For complex products, these benefits may be substantial. The reality, or even just the promise of such advantages, may lead an internal customer to have a strong preference for a particular incumbent supplier.

Yet, in cases in which the relationship between an internal customer and an incumbent supplier is extremely close, the internal customer may undervalue the benefits of a free market and thus may express an unwillingness to consider an alternative. In some situations, the internal customer may even have the positional power to refuse the change of supplier. Such circumstances can lead to negative consequences, such as maverick and fragmented spending by the internal customer (Lonsdale & Watson, 2005). Internal customers do not disregard the financial well-being of the company. Rather, the internal customer may view the path to success through the known characteristics of an incumbent supplier who is performing well and deem the switching costs to a new supplier to be greater than the rewards.

Further, if switching suppliers were to disrupt the service that had been provided by the incumbent supplier, then this may damage the professional relationship between the B2B purchasing professional and the internal customer. At the same time, there may be strong economic value to the firm that diverts business to a new supplier. Competitive market pressures can also provide useful “external pressure that encourages companies to innovate and progress” (Anderson & Jap, 2005, p. 77).

These circumstances of a “too close” relationship between an internal customer and an incumbent supplier may result in great concern to the B2B purchasing professional. Research in B2B has found that “emotions are important determinants of judgments and decisions” (Polyviou et al., 2018, p. 10). We examine the B2B purchasing professional’s concern or worry about an incumbent supplier’s relationship with an internal customer. When this relationship is perceived as unhealthily close, a B2B purchasing professional may worry about growing opportunism, complacency, and a reduction of innovative efforts by the incumbent supplier.

When a B2B purchasing professional begins to search for an alternative, a supplier that has been negatively rated may surface in this early stage of building a set of alternatives. Negativity bias theory (Chakravarty, et al., 2010; Hennig-Thurau, et al., 2015) suggests that negative information about a supplier will result in the B2B purchasing professional avoiding that particular negatively-rated supplier. However, in cases in which a B2B purchasing professional believes that the relationship between an incumbent supplier and an internal customer is too close, this also represents a risk. The B2B purchasing professional must weigh the two risks and to determine appropriate action. We suggest that social exchange theory may explain why the B2B purchasing professional assumes the additional search costs associated with learning more about a negatively-rated supplier as an alternative. We suggest that the comparison effect of the “too close” existing relationship with the negatively-rated supplier prompts the B2B purchasing professional to be interested in learning more about the negatively-rated supplier as a possible alternative to consider. Thus, a supplier that would typically be dismissed quickly becomes of interest compared to the potentially concerning reduced benefits that the firm receives from the incumbent supplier, even in the face of a satisfied internal customer.

For B2B purchasing professionals who have concern over an incumbent supplier-internal customer relationship, there may be a motivation to learn more about a supplier, even one that has been negatively rated in order to build a competitive mix of alternatives and to leverage these against the incumbent. Facing the risk that comes with a relationship that is “too close,” the B2B purchasing professional may weigh this risk against consideration of a negatively-rated supplier. Thus, we hypothesize:

**H1:** When the B2B purchasing professional has a high (versus low) level of concern and the internal customer-incumbent supplier relationship is too close, the B2B purchasing professional will have more interest in learning about a negatively-rated alternative supplier.

### **Content Type Sought**

If, as Hypothesis 1 suggests, the level of concern with the closeness of an incumbent supplier and internal customer prompts interest in learning more about a negatively-rated supplier, then this begs another question; namely, what do B2B purchasing professionals want to know about the negatively-rated supplier? Specifically, toward what type of information would B2B purchasing professionals gravitate? During a process to learn more about a negatively-rated supplier, a B2B purchasing professional may seek to confirm or to disconfirm the evidence in the negative ratings. Prior evidence suggests that, in general, human beings will often seek confirming, rather than disconfirming, evidence for intuitive hypotheses (Snyder & Swann, 1978). This tendency arises because people are predisposed to seek evidence that is consistent with their expectations (Darley & Gross, 1983).

In the case of a B2B purchasing professional who has concerns about a relationship between an internal customer and a current supplier, this tendency may be amplified because any changes to a new supplier must be executed with high levels of care. When seeking to introduce new options to the internal customer who has a close relationship with a current supplier, it is critical that the alternative supplier be defensible as superior to the internal customer’s current preference. Thus, we hypothesize that when examining negative ratings of a supplier, the B2B purchasing professional who is concerned about an existing internal relationship will be particularly motivated to engage in the effort to seek additional information to confirm that the alternative supplier indeed performed poorly.

**H2:** When the B2B purchasing professional has a high (versus low) level of concern and the internal customer-incumbent supplier relationship is too close, the B2B purchasing professional will seek to learn more confirming evidence about a negatively-rated alternative supplier.

### ***METHODOLOGY: STUDY 1***

We specifically selected an experimental design to test our hypotheses so that we could pinpoint the effects of the variables of interest. In particular, we altered levels of the B2B purchasing professional's concern about the relationship between an incumbent supplier and an internal customer to determine if there were any resulting effects on the B2B purchasing professional's interest in learning more about an alternative and negatively-rated supplier. The experiments offered the opportunity for insights into sourcing decisions.

### **Scenarios and Measures**

We employed four hypothetical scenarios in this experiment. We crafted the language of the scenarios to reflect the actual sourcing environment faced by B2B purchasing professionals. Importantly, we shared the scenarios with a group of B2B purchasing professionals for feedback and adjusted the language accordingly to enhance the experiment's external validity.

The scenarios placed the respondents (all B2B purchasing professionals) in an active role of being responsible for evaluating a particular supplier. All scenarios in our study focused on negative ratings written by companies that were dissimilar to the B2B purchasing professional's company. This dissimilarity of firms was an important element of the design, given that attribution for similar outcomes would be expected by the B2B purchasing professional when reviewing firms that were similar (please see Appendix A for the scenarios and measures used).

The scenarios differed based on whether or not there was high concern ("you have serious concerns about how close the current supplier's relationship is with your internal customer") or low concern (the current relationship is "professional and appropriate") about the internal customer's relationship with the existing supplier. To test the robustness of our results, we also varied whether the negative rating related to a supplier of a strategic product that directly affected the quality of a product manufactured by the B2B purchasing professional's company (a "special prototype of a plastic component that will be inserted into a new product that your company is considering launching") or a non-strategic product that was only used behind the scenes as a general office supply and was not directly incorporated into products which the B2B purchasing professional's company's manufactured ("janitorial supplies for the entire company"). A preliminary test revealed no differences across product conditions ( $\lambda = .97$ ,  $F(3,117) = 1.42$ ,  $p = .24$ ), and thus we have collapsed across product type to streamline our reporting.

### **Sample**

Our experiment involved individuals in real-world roles of searching for and vetting a supplier for their companies. Research has demonstrated that B2B purchasing professionals have the strongest influence in supplier selection (Lilien & Wong, 1984). We invited a list of B2B purchasing professionals to participate in the research, with an incentive to receive a summary of the insights from the research and to be entered into a drawing for four \$150 donations to be given to the four winners' charities of choice. We sent a link to the survey, with one of the four scenarios randomly shown, to the B2B purchasing professionals. We sent three reminders. The final sample included 123 B2B purchasing professionals (with 61 cases in the "too close" condition and 62 cases in the "professional and appropriate" condition). The B2B purchasing professionals had an average of 21 years in the profession, ranging from 1 year to 49 years, across industries from services to manufacturing.

### **Manipulation Checks**

All the ratings were negative and from companies dissimilar to the prospective customer's company. Manipulation checks confirmed that the scenarios were appropriately viewed as such, with no distinct perceptions of negativity across scenarios ( $M = 5.27$ ) or of dissimilarity of the reviewers ( $M = 5.87$ ; note that higher scores on this measure indicate more dissimilarity). Additionally, the manipulation of closeness of the internal customer-incumbent supplier relationship was effective ( $M_{\text{highconcern}} = 5.79$ ,  $M_{\text{lowconcern}} = 2.97$ ,  $F(1,125) = 114.64$ ,  $p < .001$ ).

## ***RESULTS: STUDY 1***

We used a MANOVA to test Hypotheses 1 and 2. Overall, there was a main effect of the concern of the existing internal customer-supplier relationship ( $\lambda=.92$ ,  $F(2,120) = 5.10$ ,  $p \leq .01$ ; Levene's test indicated that equal error variances across groups could be assumed for both interest in learning more ( $1,121) = 1.87$ ,  $p = .174$  and confirming evidence ( $1,121) = .61$ ,  $p = .437$ ).

We found support for Hypothesis 1, such that B2B purchasing professionals with a high level of concern of the closeness of the existing internal customer-incumbent supplier relationship had more of an interest in learning more about a negatively-rated alternative supplier than did a B2B purchasing professional with a low concern of the existing relationship ( $F(1,121) = 4.48$ ,  $p \leq .05$ ,  $M_{\text{highconcern}} = 5.63$ ,  $M_{\text{lowconcern}} = 5.23$ ,  $t = 2.12$ ,  $p \leq .05$ ).

We also found support for Hypothesis 2 with B2B purchasing professionals with a high level of concern about the closeness of the existing internal customer-incumbent supplier relationship seeking more confirming evidence of the poor performance of a negatively-rated alternative supplier than did those B2B purchasing professionals with low concern ( $F(1,121) = 4.93, p \leq .05, M_{\text{highconcern}} = 2.82, M_{\text{lowconcern}} = 2.42, t = 2.2, p \leq .05$ ).

The findings in Study 1 indicate that rather than abandon interest in an alternative supplier who has been negatively rated by other firms, B2B purchasing professionals have an interest in learning more about such firms when they are worried about the closeness of the incumbent supplier's relationship with the internal customer. This occurred across both strategic and non-strategic purchases. This suggests that contrary to negativity bias theory, the purchasing professional considered the risks of the dark side of close relationships as potentially more damaging than the risks of a negatively-rated supplier, at least in the initial exploration of options. This assessment could have been made because the risks of the close relationship are more known to the purchasing professional, given direct knowledge and experience of the relationship, as compared to the ratings of unknown others.

Next, in Study 2, we further examine the relational aspects of the incumbent supplier and the internal customer by teasing apart into distinct components the relational and financial benefits of an incumbent supplier. We then determine if different patterns of relational and financial benefits lead to the B2B purchasing professional having more interest in learning about the negatively-rated alternative supplier.

## STUDY 2

### Impact of Two Components of Social Exchange Theory

Certainly, B2B purchasing professionals are aware of the positive outcomes that can result from a good relationship between the internal customer and a supplier. At the same time, B2B purchasing professionals are responsible for managing the financial terms with suppliers. B2B purchasing professionals continually assess separately the relational and economic status of each internal customer-supplier partnership. They recognize that the value of a supplier is accrued at the firm level and at the internal customer level, with a supplier offering economic value to the firm and relational value to the internal customer.

When the dimensions of the partnership are out-of-balance, B2B purchasing professionals recognize the risks to the firm. The B2B purchasing professional's concern is particularly heightened when the imbalance comes at the cost of the financial benefits of the partnership. When the imbalance favors relational benefits over economic benefits, the purchasing professional's worry is heightened. Worry can stimulate action to prevent or to resolve a problem (Baron, Hershey, & Kunreuther, 2000; Peters et al., 2006). We suggest that worrying about a current supplier prompts a B2B purchasing professional to explore alternative suppliers who may be positioned as substitutes for the current supplier, or who may be used as leverage to craft better financial terms in the future with the current supplier. The threat of an imbalance of relational to financial benefits is such that B2B purchasing professionals are even prompted to consider negatively-rated alternative suppliers. Formally, we hypothesize:

**H3:** B2B purchasing professionals worry more when a current supplier offers a high level of relational benefits to the internal customer, but a low level of financial benefits to the firm, as compared to all other combinations.

**H4:** The B2B purchasing professional's worry about the current supplier positively influences his/her interest in learning more about a negatively online-rated alternative supplier.

While purchasing professionals are typically described as rather clinical and nearly devoid of emotion, significant research in workplace affect suggests that this is a limiting viewpoint (Bolton, 2004). Purchasing professionals worry about the suppliers with whom the firm partners, and professionals have varying degrees of hope for the possible performance of alternative suppliers. Hope is the feeling and expectation that a desired outcome will happen in the future, which is independent of the thought process of exactly how the desired outcome will surface (Wisman & Heflick, 2016). We suggest that when B2B purchasing professionals begin to search for alternative suppliers, they have greater hope that a negatively-rated alternative supplier may perform better for their firm; especially in cases in which the reviewing firms are more different than the purchasing professional's firm. The differences between firms suggest that the circumstances that lead to a negative rating may not be present or be a factor in the purchasing professional's firm.

**H5:** B2B purchasing professionals have more hope about an online negatively-rated alternative supplier performing better for their firm when the reviewers' companies are dissimilar (versus similar) to the B2B purchasing professional's company.

## METHODOLOGY: STUDY 2

## Scenarios and Measures

We employed eight hypothetical scenarios in this experiment. All scenarios focused on negative ratings about a supplier given by companies that were either similar (or dissimilar) to the prospective buying company. In addition, across the scenarios, we told the respondent that the existing relationship between the incumbent supplier and the internal customer was very close relationally (or transactional), and it was producing favorable (or unfavorable) financial benefits. Thus, the elements of the 2 x 2 x 2 design were: reviewing company similarity (similar versus dissimilar), relational benefits (very close versus transactional) and financial benefits (favorable versus unfavorable).

The complete scenarios and measures used are provided in Appendix B. We used measures from the first experiment to assess the manipulations and the B2B purchasing professional's interest in learning more about a negatively-rated alternative supplier. In addition, we used items to capture the degree of worry about the current supplier (five items) and hope about the alternative supplier (five items). As control variables, we also measured dispositional worry (three items) and dispositional hope (four items).

## Sample

The final sample of 247 respondents came from two sources. One source consisted of a list of B2B purchasing professionals that was created over the years from the authors' research in this area. The list consisted of B2B purchasing professionals who are members of a major purchasing trade association, as well as B2B purchasing professionals who had attended business conferences on purchasing. (Respondents were roughly equally spread across the scenarios, with 63 in the High-High condition, 62 in the High-Low, 61 in the Low-High, and 61 in the Low-Low). The B2B purchasing professionals were invited to participate in the research, with an incentive to receive a summary of the research insights and to be entered into a drawing for a donation (\$500, \$250, \$150, \$100) to be given to the four winners' charities of choice. We sent a link to the survey, with one of the eight scenarios shown at random, to the B2B purchasing professionals. We sent two reminders which resulted in 101 completed responses from B2B purchasing professionals, fairly equally spread across our eight scenarios. The second source was B2B purchasing professionals recruited by Qualtrics. These B2B purchasing professionals had expressed a willingness to be involved in research pertaining to B2B decision-making. These 146 respondents were also spread across the eight scenarios. All the B2B purchasing professionals were US-based and had an average of 17 years in the profession, ranging from 1 year to 46 years -- across industries from services to manufacturing.

## Manipulation Checks

All manipulations were successful. All the scenarios involved negative ratings of an alternative supplier and were appropriately regarded as such, with no differences in the perception of negativity across the scenarios ( $M = 6.08$ ,  $p = .676$ ). The financial benefits from the current supplier were perceived significantly different across scenarios ( $M_{\text{highF}} = 6.42$ ,  $M_{\text{lowF}} = 1.85$ ,  $F(1,245) = 1296.29$ ,  $p < .001$ ), as were the relational benefits ( $M_{\text{highR}} = 6.50$ ,  $M_{\text{lowR}} = 1.61$ ,  $F(1,245) = 1901.48$ ,  $p < .001$ ). Additionally, understanding of the degree of similarity of the reviewers' companies to their own company was significantly different ( $M_{\text{similar}} = 1.65$ ,  $M_{\text{dissimilar}} = 6.36$ ,  $F(1,245) = 1495.34$ ,  $p < .001$ ).

## RESULTS: STUDY 2

An ANOVA testing the extent of the B2B purchasing professional's worry across scenarios revealed that the highest level of worry occurred when a current supplier offers a high level of relational benefits to the internal customer, but a low level of financial benefits to the firm ( $F(3,242) = 66.23$ ,  $p \leq .001$ ;  $M_{\text{lowFhighR}} = 5.99$ ; Levene's test indicated that equal error variances across groups could be not be assumed ( $3, 243) = 13.72$ ,  $p < .001$ ). This supported Hypothesis 3. We included the B2B purchasing professional's dispositional worry as a covariate in the model to account for the fact that some professionals may simply worry more than others. All means for the four scenarios were significantly different from one another, with the hierarchy of worry about the current supplier ranging from the highest level of worry (as described above) of high relational benefits and low financial benefits, to a supplier who provided both low financial and low relational benefits ( $M_{\text{lowFlowR}} = 5.43$ ), to a supplier who provided both high financial and high relational benefits ( $M_{\text{highFhighR}} = 3.95$ ), and finally to the lowest level of worry for a supplier who provided high economic benefits but low relational benefits ( $M_{\text{highFlowR}} = 3.47$ ).

Two points are of particular note. First, the highest level of worry occurred when the low financial benefits were paired with a "very close" relationship between the incumbent and internal customer (Low-High), rather than when the low financial benefits were paired with a relationship that was considered "quite transactional and basic" (Low-Low). This suggests that the "very close" relationship is more concerning to the B2B purchasing professional than is a transactional relationship. Second, the point is amplified by the B2B purchasing professional's lowest level of worry occurring when the financial benefits are high, but the incumbent supplier and internal customer relationship is "quite

transactional and basic” (High-Low) rather than “very close” (High-High). This is striking. The results suggest that B2B purchasing professionals are quite attuned to the ramifications of the relationship that a supplier has with an internal customer.

Regression results illustrated a significant and positive relationship between worrying about the current supplier and an interest in learning about a negatively-rated alternative supplier ( $F(2,244) = 19.23, p \leq .001, \beta = .369, t = 6.20; p < .001; \text{Adj}R^2 = .129$ ). As before, we included dispositional worry as a covariate. Hypothesis 4 was supported.

B2B purchasing professionals had significantly more hope that a negatively-rated alternative supplier might perform better when the reviewing companies of the negatively-rated alternative supplier were dissimilar rather than similar ( $M_{\text{dissimilar}} = 4.24, M_{\text{similar}} = 3.67; F(1,244) = 11.17, p \leq .001$ ; Levene’s test indicated that equal error variances across groups ( $1, 245) = .209, p = .648$ ). We included dispositional hope as a covariate. Hypothesis 5 was supported.

As post-hoc analysis, we tested whether hope mediated the relationship between worry about an incumbent supplier and interest in learning more about a negatively-rated supplier. To test this, we employed mediation analysis using PROCESS (Hayes, 2018). We found that hope is a partial mediator of the relationship between worry about an incumbent supplier and interest in learning more about a negatively-rated alternative supplier (indirect effect = .203, 95% confidence interval = .126 to .285; worry when controlling for hope  $\beta = .221, t = 3.59, p \leq .001$ ). The results indicate that two purchasing professionals who differ one unit in their worry about an incumbent supplier relationship are estimated to differ by .203 units in their interest in learning more about a negatively-rated alternative supplier. This result suggests that B2B purchasing professionals who worried more about an incumbent supplier are more hopeful about a negatively-rated alternative supplier which, in turn, translates into an increased interest in learning more.

These results offer a novel inclusion of what is happening in the mind of the B2B purchasing professional. It is interesting to note that dispositional worry and dispositional hope are negatively correlated, as would be expected (-.241); yet, situational worry about an incumbent supplier and situational hope about a negatively-rated alternative supplier are positively correlated (.337). While this relationship certainly does not suggest causation, it does reflect the complexity of the interplay between a B2B purchasing professional’s worry and hope in the buying process.

## ***DISCUSSION***

As B2B customers begin to seek and to use similar digital tools as those that create convenience in our consumer lives, new questions arise in research about the supplier selection process. The usage of digital technology allows B2B customers widespread access to varying experiences of other firms with suppliers through online, peer-to-peer professional networks. This study focuses on a specific touchpoint along the B2B customer’s decision-making process—the influence of ratings of a supplier by other firms. A call has been made for research in this area to understand how customers may be influenced by each point of contact along the customer journey (Lemon & Verhoef, 2016). We explore the influence of this negative information by investigating when and why negative information does not lead to supplier elimination. Our results suggest that the B2B purchasing professional conducts an internal calculus between considering benefits to the firm and benefits to the internal customer for decisions about suppliers, even in cases such as ours in which the current supplier was said to be able to do the job.

We find that, rather than dismiss a negatively-rated supplier as a part of a risk management strategy, B2B purchasing professionals examine the relationship between an incumbent supplier and an internal customer. B2B purchasing professionals are influenced by concerns over the closeness of existing suppliers’ relationships with internal customers. When concerns of relational closeness exist, the B2B purchasing professional wants to learn more about a negatively-rated alternative supplier, and seeks more evidence confirming the alternative supplier’s poor performance. This suggests that social exchange theory, rather than negativity bias theory, better explains the sourcing decision-making process of B2B purchasing professionals.

### **Implications**

Nearly 85 percent of business customers have said that they use third-party sites, review sites, online trade association forums or other social media to conduct online research about a prospective supplier during the search process (Accenture Interactive, 2014). Given the scale of the risk and time needed for further exploration, it is interesting that any efforts would be taken to learn more about a negatively-rated supplier. This may reflect the often-limited options of suppliers and the adaptability of firms to partner effectively with a host of suppliers. Suppliers would benefit from encouraging firms to provide frank assessments on these sites without concerns of being negative or critical.

Review sites should be encouraged to include a comprehensive set of company characteristics to accompany ratings, so that B2B purchasing professionals may be able to make similarity comparisons of their company with



reviewers' companies. Additionally, review sites could include designated areas within the review screen for the reviewer to add relevant information about the internal customer of the products and services.

For a negatively-rated supplier, our research suggests that accentuating legitimate differences between a prospective firm and other firms may prompt the B2B purchasing professional to explore the supplier further, rather than to dismiss the supplier. However, for suppliers who were negatively rated by companies that are similar to the prospective customer firm, the supplier should focus on improvement of the problems that occurred in the engagement. Further, negatively-rated suppliers should continue to emphasize differentiating market strengths, rather than focus solely on challenges and solutions to those challenges that occurred in past engagements.

### **Limitations and Further Research**

Experiments offer the great advantage that the variables of influence can be pinpointed in an otherwise complex environment. Yet, experiments are contrived and stylized. Additionally, we only examined a negatively-rated supplier against an incumbent supplier. While this was intentional, future research would be useful to compare a continuum of ratings of suppliers under possible consideration. Further, our focus was solely on a company's interest in learning more about a negatively-rated supplier, not on whether or not the company then purchased from the supplier. While the interest in learning more about a negatively-rated supplier is surprising in B2B decision-making, future research should consider the next steps in the consideration process.

More broadly, guidance is lacking in terms of how to create the most effective online forum for professional peers to communicate openly about a supplier. First, it is unclear how to obtain a comprehensive perspective, reflecting all divisions of a company that may interact with and be affected by a supplier. Second, assessment dimensions that are relevant for one company may not be as pertinent for another company. For the R&D department, for example, the supplier's ability to deliver a prototype quickly may be the primary performance determinant, but for engineering, the ability to deliver a flawless, high-quality final product may be the essential factor. Suppliers likely differ in their performance on these two different dimensions. Thus, it is unclear how a forum might best encourage cross-functional viewpoints on a supplier. Further, the functional power of purchasing and decision-making style of the organization may differ across organizations, and thus these influences could be examined. These issues warrant further investigation.

### **CONCLUSION**

The results of the B2B purchasing professional's hierarchy of worry indicate that close relationships between an incumbent supplier and internal customer are a signal of potential risk. This is underscored by the fact that the B2B purchasing professional's highest level of worry was not in the condition in which both relational and financial benefits were low, but instead in the condition in which financial benefits were low but relational benefits were high. Rather than defer to the internal customer, B2B purchasing professionals assess suppliers in terms of benefits to the internal customer and to the firm. This assessment, when imbalanced, leads the B2B purchasing professional to consider options typically believed to be dismissed in the spirit of risk reduction. However, we find that B2B purchasing professionals consider close relationships between an incumbent supplier and internal customer to be potentially risky, and thus are willing to expend resources to investigate a negatively-rated supplier as an alternative.

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## APPENDIX A

### Scenarios and Measures, Study 1

(Italicized wording in parentheses indicates the different condition presented at random.)

**Imagine that you are a procurement manager for Settater Corporation, a manufacturer of consumer products.** (For strategic) Your company wants to purchase a special prototype of a plastic component that will be inserted into a new product that your company is considering launching. The prototype is very important to the company to help attract new investors. There are several suppliers who can build the prototype. Your company has purchased prototypes before.

(For non-strategic) *Your company wants to purchase janitorial supplies for the entire company. There are several suppliers offering the janitorial supplies. Your company has purchased these types of products before.*

(For high concern about internal customer-supplier relationship) While you have a current supplier who could do the job, you have serious concerns about how close the current supplier's relationship is with your internal customer (*your engineers/your facility managers*). You worry that you are not getting the most from this supplier because of the cozy relationship between the supplier and the internal customer.

(For low concern about internal customer-supplier relationship) *While you have a current supplier who could do the job, you would like to introduce some options for consideration. The current supplier's relationship with your internal customer (your engineers/your facility managers) is professional and appropriate.*

You went online to a **private online community forum** limited to purchasing peers in your industry in which people share ideas with one another. You started to read reviews of suppliers for this type of purchase.

**The reviews for a supplier you looked at were negative, scoring a 3 out of 10 across reviews.**

You then read the negative reviews, and it seemed the reviewers worked for companies **very different** from your company. You decided to look into the reviews further.

Based on this scenario, please answer the following questions as if you were the procurement manager in this situation. While you only have limited information at this point, please answer the questions based on the information that you have in the scenario.

**Interest in learning more about the supplier** ( $\alpha = .90$ )

1. In this situation, I would be very likely to go learn more about the supplier.
2. Based on the information in the scenario, I would search for more about the supplier.
3. If I were in this situation, I would be interested in learning more about the supplier.

**Disconfirming/Confirming search for evidence** (sum of number of pieces of evidence sought that were confirming, higher scores indicate more confirming evidence sought)

Given that you are a time-pressed procurement manager, if more information were available about this supplier, which would you want to access if you could only select **one**?

- 1a. Evidence that identified how the reviews were wrong about the supplier's poor performance.
- 1b. Evidence that identified what was true about the reviews of the supplier's poor performance.
- 2a. A report that showed the reviewers were actually fair in their review.
- 2b. A report that showed flaws in the review.
- 3a. Evidence that showed that the supplier wasn't as bad as the reviews suggested.
- 3b. Evidence that confirmed that the supplier is as bad as the reviews suggested.
- 4a. A report from a current customer that explained the details of how the supplier excelled.
- 4b. A report from a current customer that explained the details of how the supplier performed poorly.

## APPENDIX B

### Scenarios and Measures, Study 2

(Italicized wording in parentheses indicates the different condition presented at random.)

**Imagine that you are a procurement manager for Saztron Corporation.** Your company is considering a new purchase. You have a **current** supplier who could do the job.

The **financial benefits** to your firm of working with this current supplier are **very good**. You are quite pleased with the economics of the relationship. (*The **financial benefits** to your firm of working with this current supplier are **not good**. You are **not pleased** with the economics of the relationship.*)

This current supplier has a **very close relationship** with **your internal customer**. The relationship between the supplier and the internal customer of your firm is quite cozy. (*This current supplier **does not** have a very close relationship with **your internal customer**. The relationship between the supplier and the internal customer of your firm is **quite transactional and basic**.*)

You went to a private online supplier review site limited to purchasing professionals, and searched for other suppliers. You read about one particular potential supplier. **The reviews for this supplier** (not your current supplier) were **negative**, scoring a **3 out of 10 across reviews**.

The reviews were by companies that are **very similar** to your company. (*The reviews were by companies that are **very different** from your company.*)

Based on this scenario, please answer the following questions as if you were in this situation. While you only have limited information, please respond based on the facts that you have in the scenario.

**Interest in Learning More about the Supplier** Same measures as Study 1 ( $\alpha = .95$ )

**Situational Worry** (1–7, strongly disagree/strongly agree;  $\alpha = .90$ ; inspired by Borkovec et al., 1983)

1. In this situation, I would worry that my company is not getting all the financial benefits possible from the current supplier who we are using.
2. I would worry that in this case that our internal customer might be too close to the current supplier such that we are not getting the supplier's top performance.
3. In this situation, I would be concerned that the current supplier might be getting complacent and a bit too relaxed with our firm.
4. I would be concerned that this current supplier isn't giving us their best efforts all the time.
5. I would worry that the current supplier might be taking us for granted at times.

**Situational Hope** (1–7, strongly disagree/strongly agree;  $\alpha = .92$ ; inspired by Snyder et al., 1996)

1. Based on the situation, I would have some hope that the supplier who I read the reviews about would perform better for us than they did for the customers who reviewed them.
2. In this context, I would be hopeful that our company would have a different outcome with the supplier reviewed than did previous customers.
3. In this setting, I think that my firm could expect better results with the reviewed supplier.
4. I think that my company would have a better experience with this reviewed supplier than the customers who wrote the reviews of the supplier.
5. I would be hopeful in this case that if my firm used this particular supplier reviewed that we would have a good experience.

**Dispositional Worry** (1–7, strongly disagree/strongly agree;  $\alpha = .89$ ; inspired by Borkovec et al., 1983)

1. In general, I worry a lot.
2. My worries about the world in general are pretty high.
3. Overall, I agonize about many things.

**Dispositional Hope** (1–7, strongly disagree/strongly agree;  $\alpha=.85$ ; inspired by Snyder et al., 1996)

1. I believe that there are lots of ways around any problem.
2. I can think of many ways to get out of a jam.
3. I can think of many ways to get the things in life that are important to me.
4. Even when others get discouraged, I know I can find a way to solve the problem.