Achieving Channel Leadership Through B2B Digital Loyalty Programs

Ammarah Marjan, Charles Graham, and Rana Tajvidi
London South Bank University, United Kingdom

Abstract

Digital loyalty programs are an emerging tool for B2B brand marketers hoping to increase end-user repeat purchase rates. Pull strategies like this are typical in consumer markets, but in supply chains, push tactics are more usually deployed to promote brands against rivals and manage channel relationships. Advances in data science have made B2B user loyalty programs viable for manufacturers; their benefits include data transparency and hence greater channel power to leverage downstream, upstream partnerships or both. Nevertheless, their digital transformation potential in industrial relationship marketing is not yet well understood. The purpose of this study was thus a) to identify perceived barriers to adoption and b) to evaluate the potential and scope for channel leadership offered by the tool. Senior channel-marketing professionals working for national and international brands gave semi-structured in-depth interviews. From content analysis, similarities and differences in managerial experience were categorised across Industrial, Fashion and CPG markets and from different channel partner perspectives. We find that adopting loyalty programs within supply chains is unlikely to become universal. In CPG and Fashion, where costly pull investments drive consumer demand, digital loyalty programs offer only a slight advantage while adding incremental costs. However, the schemes would be effective in industrial goods categories where they would increase the channel power of manufacturers in several ways. The implications of these findings for industrial marketing theory and practice are discussed, and a program of future descriptive research is set out.

Keywords: channel marketing, loyalty programs, B2B, marketing channels, digital marketing.

1. Introduction

Following the COVID-19 disruptions, business-to-business (B2B) marketers face increased competition, declining demand, and global supply chain crises (Kang et al., 2020). Businesses are strengthening supply chain processes and investing in Customer Relationship Management (CRM) to retain channel partners and maximise profits. Establishing a digital loyalty program is a common emerging channel response (Palmatier, Sivadas, Stern, & El-Ansary, 2019).

Loyalty programs generate customer demand by rewarding repeat purchases, a pull strategy common in B2C (business-to-consumer) but uncommon in B2B, where push tactics have traditionally been used. Because of technological advances, loyalty programs are now more affordable and practical to implement. However, B2B managers may not yet understand their benefits (Chen, Mandler, & Meyer-Waarden, 2021), creating a barrier to adoption. When many businesses examine their supply chain and CRM processes, this paper investigates how those barriers are perceived and identify opportunities for manufacturer channel leadership through digital loyalty schemes.

B2C and B2B customers have different purchasing habits. Professional buyers and sellers make decisions where parties have a close relationship, favouring contractual binding and customer retention (Dorotic, Bijmolt, & Verhoef, 2012). However, loyalty programs in the B2B market are underutilised compared to the B2C market, and little prior research has investigated this (recent exceptions are (Kwiatek & Thanasi-Boçe, 2019; Viswanathan, Sese, & Krafft, 2017).

A qualitative study investigated adoption barriers among senior channel-marketing professionals in national and international firms in the Industrial, Fashion, and Consumer Packaged Goods (CPG) markets. This is motivated by the current competitive environment, technological advancements, and a recent call for additional research (Chen et al., 2021).

We examine three concepts in particular: (1) perceptions and attitudes to the data mining opportunities in digital loyalty schemes (Lacey & Morgan, 2008); (2) evaluations of potential loyalty program benefits by managers at different channel levels and from different industries (Chowdhury, Barker, Trinh, & Lockshin, 2022) and (3) the estimated potential in such reward schemes to enhance channel power (Kim & Lee, 2017).

Our preliminary findings report significant barriers to adoption in the B2B context, making loyalty programs unlikely to spread across all categories. Digital loyalty programs would provide only a marginal advantage in

CPG and Fashion, where costly pull investments drive consumer demand while adding incremental costs. In industrial categories, however, they may increase manufacturer channel power.

In the following sections, we review the literature to frame the research questions and then describe the data and analysis before summarising and discussing the findings.

2. *Literature Review*

2.1 Channel marketing

Most industrial manufacturers do not sell their products directly to end customers. Businesses rely on intermediaries such as distributors and retailers to facilitate the flow of manufactured output into the market (Brocato, 2010) - known as channel marketing. Intermediaries act as a bridge between consumers and manufacturers, boosting marketing efforts. They represent the manufacturer and its brands in the marketplace and may provide pre-and post-sales services and logistical support (Fayaz & Azizinia, 2016).

Because intermediaries collaborate with multiple competing partners (Aman, 2017), competing suppliers advance their products through the channel [Fig. 1] by incentivising intermediaries through the promotion mix. This is referred to as a "push" strategy, and its primary goal is to increase repeat business at the expense of channel competitors (Dibb, Simkin, Pride, M, & Ferrell, 2012) while also developing positive relationships with channel partners.

2.2 Problems with traditional push strategies

Research shows that push strategies can be counterproductive. Manufacturers' reliance on intermediaries can cause partnership conflicts, including lower prices, margin autonomy (Romero & Tejada, 2020), and a shift in market power to intermediaries. Or, intermediaries fear disintermediation if they share end-user information (Gielens & Steenkamp, 2019). A vast network of intermediaries producing marketing content raises brand and compliance risks. Inconsistency hurts B2B brand reputation (Gustafson & Pomirleanu, 2021).

Due to their distance from end-users, manufacturers employing push strategies find it challenging to acquire actionable and insight-driven data. According to Bovaird (2007), manufacturing firms lose touch with the marketplace due to a lack of interaction with end-users. Consequently, neither the manufacturer nor the intermediaries can accurately assess the potential for efficiencies or demand trends. Limited data visibility impacts critical production decisions and category growth opportunities (Wilkinson, Trinh, Lee, & Brown, 2016).

Manufacturers may believe that push marketing builds strong channel relationships that lead to loyalty and mutual profitability (Manser Payne, Peltier, & Barger, 2017). However, because of the competing promotions available to intermediaries, they are more likely to be the biggest winners. Manufacturers must invest consistently and continuously in promotions, and there is little evidence that they have any positive and long-term effect on sales (Nijs, Dekimpe, Steenkamp, & Hanssens, 2001). Worse, they may encourage intermediaries to become deal-prone (Scriven, Bound, & Graham, 2017).

2.3 Channel leadership

Such conflict is common when channel members operate as separate, independent, and competing forces. According to Sharma et al. (2021), the channel leader - a member who can dictate marketing policies to others and directly controls some or all parties - can manage channel conflict (Zhang, Tang, Zaccour, & Zhang, 2019). A leader's role is to encourage channel members to collaborate and perform more effectively while maintaining system-wide harmony, and some evidence suggests that channel leaders can improve overall channel performance by reducing intra-channel conflict (M. Kim & Stepchenkova, 2018).

But who is likely to take this role? Consumer welfare and individual and channel profits were used by Jørgensen et al. (2001) to evaluate leadership potential. Their findings support the manufacturer's leading position because it reduces channel inefficiency, benefiting the channel and the consumer.

To achieve leadership, a manufacturer may invest in superior CRM-based tools that generate demand-pull [see Fig. 1] through advertising, reward schemes, and online interactions (Marjan, Graham, Bruce, & Mitchell, 2020). End-user demand may reduce the front-end distributor's negotiating power, giving the manufacturer more leadership opportunities and encouraging collaboration.

2.4 Do B2B end-user loyalty programs offer a solution?

Relationship marketing focuses on building long-term customer relationships to increase sales (Caceres & Paparoidamis, 2007). Similarly, the supply chain discipline considers the length of B2B relationships a key to firm success. Thus, marketers use loyalty programs to keep their most valuable customers. Previous studies that compared repeat purchase rates before and after a loyalty program found little "excess" loyalty when measured against stationary market models of buying norms (Sharp & Sharp, 1997).

Research suggests that rivals will undermine successful interventions. Loyalty programs attract heavy buyers in markets with low switching barriers, like grocery retail. Since customers use multiple brands in the category, they often join multiple schemes. If Meyer-Waarden & Benavent (2006) conclude that loyalty programs appeal more to heavy users, they become a cost of doing business if they do not attract lighter consumers.

B2B and B2C buying differ significantly. B2B companies rarely make impulsive purchases; instead, they buy raw materials to meet demand. Professional buyers and sellers make purchasing decisions (Oakley, Bush, Moncrief, Sherrill, & Babakus, 2021); orders are typically larger and less frequent, sometimes scheduled using specialised software, and the initial sales process is often time-consuming. The channel then emphasises customer retention (Matilda Dorotic, Bijmolt, & Verhoef, 2012); thus, its effectiveness is contingent upon leveraging relationships.

Few have attempted to implement a loyalty program due to the small number of B2B end-users. However, some research exists: Daams et al. (2008) discovered that such programs attract many heavy B2B buyers. According to Kwiatek & Thanasi-Boçe (2019), the frequency of rewards has the greatest impact on sales, whereas Viswanathan, Sese, & Krafft (2017) found that as the proportion of highest status B2B members increases, so does the likelihood of non-members joining.

Adopting end-user loyalty programs in channel marketing is still uncommon, but they could provide a novel solution to several of the challenges identified, such as:

- would operate continuously, unlike short-term campaign-based promotions
- would offer a barrier against rival channel promotions
- would add value and interest for end-user members, building relationships
- could improve information flows based on the data collected

3. *Research Aim and Questions*

A manufacturer's leadership in the distribution channel increases profits and benefits the entire network (Jørgensen et al., 2001). Thus, this study examines how manufacturers can enable digital technologies through B2B pull marketing to determine if such strategies can help industrial marketers achieve firm goals and identify the scheme's channel leadership potential. Such knowledge would contribute to our understanding of B2B marketing.

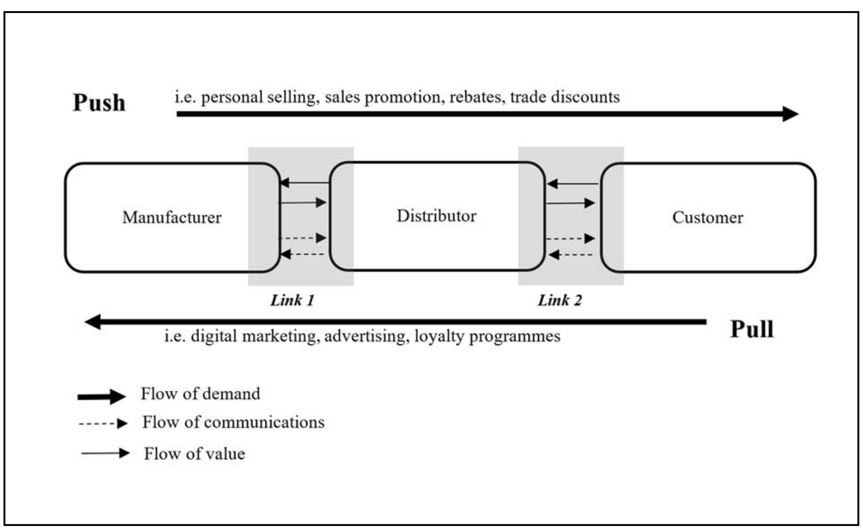

Figure 1: Example of a push versus pull strategy in channel marketing
(Source: The authors)

To understand the gap, consider Fig. 1, which depicts a typical distribution channel with a manufacturer, distributor, and end-users. Under both push and pull strategies, communication and value can flow in both directions at each channel stage. The difference is in the demand flow, which in push strategy is generated by the company's sales force and trade promotion activities. Pull strategies focus on attracting end-users to the brand through advertising or paid promotions and market demand that pulls products through the links more cost-effectively for channel partners.

To overcome issues with traditional push marketing [noted in section 2.2], digital loyalty programs in the B2B channel would influence value and information exchanges from one link to the next (i.e. manufacturer to end-user) and facilitate information flows at one or more levels removed from the program owner. The program owner becomes partners in the channel's value and information exchange.

This study aims to understand the value of additional B2B demand and information flows. To accomplish this, we required respondents with decision-making authority over intermediate exchanges both as buyers and sellers, as highlighted in links 1 and 2 [Fig. 1].

To achieve this, three questions are posed. First, loyalty programs offer companies' data mining and knowledge base opportunities to develop new offerings, reducing defection and increasing customer lifetime value (Wansink, 2003). Campbell (2003) suggests that a company can gain a competitive advantage using customer-specific information systems. Complex channel partner relationships lead to limited and unilateral market insights. Not all channel partners know the benefits of a manufacturer/end-user loyalty program administered through a distributor network (Lacey & Morgan, 2008). Lack of perceived benefits may hinder program adoption. We ask:

RQ1. What are the perceptions and attitudes of channel managers regarding data mining opportunities in digital loyalty schemes?

Chowdhury et al. (2022) state that marketing and distribution work differently for different categories and supply chain levels, so one strategy may not fit all. Industrial and fashion lead times are long, but CPG lead times are measured in days. Fashion retailers face higher demand uncertainty than other industries (de Leeuw & Fransoo, 2009). As a result, digital B2B loyalty programs may not provide equal value to all. It is important to determine if loyalty program adoption will be universal or category/industry-specific. One industry or channel level may benefit more from an end-user loyalty solution due to product category differences. Therefore:

RQ2. How do managers evaluate the benefits of loyalty programs across various channel levels and industries?

Push-based manufacturers rely on intermediaries to generate sales and conduct business activities (Chung, Chatterjee, & Sengupta, 2012). This dependence shift power from manufacturers to retailers. Profits and customer welfare suffer when a retailer or distributor leads the channel, but they thrive when a manufacturer does (Jørgensen et al., 2001). To reclaim its position as a market leader, the manufacturer requires intervention. Yoo & Lee (2011) proposed adding an Internet channel to a manufacturer's bilateral monopoly to increase manufacturer power. We ask channel managers if a digital intervention, such as a loyalty program, would help the manufacturer regain power. Hence:

RQ3. Does the manufacturer-administered loyalty program have the potential to increase channel power?

The following section describes the method adopted to address these research questions. This is followed by a discussion of the findings and their implications for theory and practice.

4. *Method*

In-depth managerial interviews were used to answer three research questions. Qualitative research investigates new topics to understand phenomena and their causes (Silverman, 2011). Here, qualitative analysis answered "how" and "why" questions, such as how a loyalty program can help a manufacturer regain leadership or why channel members can benefit from B2B program adoption. These answers provide a foundation for further descriptive studies on B2B loyalty programs. Emerging market researchers favour an exploratory approach in contexts with little literature (London & Hart, 2004). Since the digital B2B loyalty program literature is in the theory development stage, it is a suitable approach for this study (Jaiswal & Gupta, 2015).

The suitability of the loyalty program for all channel partners cannot be looked at from only the buyer's perspective (Johnston, McCutcheon, Stuart, & Kerwood, 2004). Few studies have included information from both partners in a dyadic relationship (Wasti, Kozan, & Kuman, 2006). The research consists of the perspectives of manufacturers, distributors, retailers, and suppliers from international businesses.

A representative group of eight senior channel-marketing professionals were chosen through purposive sampling in the semi-structured interview. Purposive sampling is appropriate for studies where there is more to learn from certain subjects than others (Daymon & Holloway, 2010). Table 1 provides an overview of the sample.

Table 1: Description of the research sample analysed in this study

Industry	Role of interviewees and channel position	
	Link 1	*Link 2*
Industrial	Energy automation manufacturer (e-commerce key account manager) in Canada	International indenting agent (industrial sales manager) in China
Fashion	Global luxury fashion manufacturer (account manager) in the UK	Local fashion retailer (marketing consultant) in the UAE
Consumer packaged goods	Marketing and sales agency (director) in the UK	Global food manufacturer and distributors (key account manager) in Pakistan
	Local food manufacturer (head of trade marketing) in Pakistan	Toy manufacturer and retailer (Senior loyalty proposition manager) in the UK

One-hour online semi-structured interviews allowed for greater flexibility in addressing complex issues in a less formal setting (Bryman, 2015); and to have a free-flowing discussion to elicit interesting responses. The researcher was a loyalty program expert. Therefore, this collaborative effort between the interviewer and interviewee helped construct knowledge. The interviews were transcribed in Otter.ai and analysed in NVivo in search of themes, comparing managerial experience across Industrial, Fashion, and CPG markets and channel partner perspectives. The findings are reported in the next section.

5. *Results*

The main themes established in the interviews are now set out and described.

5.1 Perceptions of digital loyalty data mining

The first enquiry focused on the perception and attitudes of channel marketers towards data mining opportunities provided by loyalty programs. Professionals from all three industries identified data sharing as a major challenge with push strategies, describing it as "*a real big issue right now*".

Historically, intermediaries have been wary of disclosing end-customer information for fear of disintermediation. This sample also lacked trust. At one fashion manufacturer, a brand representative noted that franchisees collect data on customers who visit their store but do so under their own name and do not share the information downstream with the brand.

All three industries we researched had data visibility issues. In the industrial goods setting, distributors did not share data from their sub-distributors and retailers; as one industrial manufacturer stated, "*we have a difficult time getting the data (from distributors) to make analysis and projections.*" and this means they cannot determine who buys their products and how often, with any granularity.

CPG manufacturers, on the other hand, operate quite differently. The CPG companies obtained data at the distributor *and* retailer/end-user levels through contractual agreements that required each intermediary to disclose all transaction-level data. According to a CPG regional manager:

> "*We include a clause in the contract that requires intermediaries to share customer data so we can analyse which categories are performing well and whether our brand/SKU is growing within them, so we can find a solution and devise a strategy to elevate that brand/SKU*".

In this manner, the CPG brand owner receives data about their own brand from retailers. However, retailers do not share data on category performance within the distributor or the marketplace.

There was little disagreement about customer data's value and potential uses at all supply chain stages. Managers in links 1 and 2 saw great potential in loyalty programs recognising that they would encourage the flow of communication with end-users; According to one: "*data plays a big role in achieving targets; having access to customer data will save time and energy*".

It was noted that adopting a digital loyalty scheme would enable manufacturers to engage directly with customers and motivate their behaviour. They could use membership data to implement multi-channel communication strategies to encourage participation and retention. One saw the potential for *"improving the entire innovation process for our organisation*". Loyalty programs creative customer engagement opportunities also drew interest. An industrial manufacturer showed ambition to challenge competition and build a stronger brand by creating a training platform with personalised rewards.

With push tactics, the manufacturer's ability to interact with customers and make critical decisions is limited, hindering category growth, R&D capabilities, and knowledge transfer (Pathak, Ashok, & Tan, 2020). Adopting a loyalty program could make this level of information available - as the interview also noted: "*If you don't have a program that sits across those partners, then you don't know why different customers leave us that way*".

5.2 Evaluations of loyalty program benefits by channel managers

The second enquiry focused on the benefits of digital schemes in various industries and supply chain roles. Industrial practitioners see potential in a pull-based marketing strategy, but CPG and Fashion practitioners disagree.

Firstly, from a CPG standpoint, it was noted that rolling out a loyalty program stretching from manufacturer to end-user would be impractical because *"it is complicated to track individuals across multiple stores, and what their buying behaviours are"*. For example, end-users can be rewarded for using a Tesco Clubcard to buy a product. It would be difficult to reward convenience store shoppers as a CPG brand manufacturer.

Instead of tracking individuals across stores, trade promotions or data-sharing agreements (DSAs) with retailers are suggested. The incentives based on store KPI achievement were more effective considering CPG company business structures, given the complexities and scale of a consumer program; therefore, a loyalty program solution that encompassed all levels of the supply chain would not be appropriate for the CPG industry.

Second, Fashion brands invest in pull strategies that create images of desire to gain and retain market share. Price premiums allow fashion brands to maintain extensive advertising, promo, and product development budgets. Further, loyalty programs are based on discounts and rewards, considered to be inappropriate even in the channel:

> *"In the luxury environment, "discount" is a word we try to avoid. We offer a flat wholesale rate to our distributors and franchisers… probably negotiate it every five years when the contract renews, but we stay away from promotion, rebate, (and) discounts"*.

Brands excel in the luxury fashion industry by attracting and retaining aspirational customers. Trade discounts, rebates, and promotions are not offered to intermediaries; instead, marketing funds are invested in brand-building initiatives. For this reason, loyalty programs were not considered suitable tools for luxury fashion marketers either.

Finally, by contrast, the Industrial managers believed that digital B2B loyalty programs would be an appropriate tool to meet the industry's current needs. Several advantages were mentioned, such as it would improve marketing practices, allowing them to capitalise on digital technology benefits. Artificial intelligence and machine learning can enhance propositions and train channel partners (Kim & Ahn, 2017). "*Buy now, pay later*" feature could be added to digital loyalty programs.

Thus, loyalty program adoption may not become universal across categories and is more suited to industrial goods sectors that focus on one-to-one relationship building rather than one-to-many brand building.

5.3 Potential to enhance channel power

The third analysis was based on identifying the potential in B2B loyalty programs to move the balance in channel power towards the manufacturer. This potential was found to vary significantly by industry.

First, manufacturers often grant exclusive territory rights to a single distributor in industrial goods settings. It, therefore, emerged that manufacturers of industrial goods wield additional power over their local distributors.

> "*….they operate under legal terms and conditions, with a contractual agreement stating that we will provide them with a certain benchmark agreed-upon margin and that they will not sell our competitors' products*".

As a result, under these conditions, the industrial goods manufacturer holds the levers of channel power.

In CPG, the reverse is true because retailers are critical in giving access to end-user consumers. There are two challenges. The buying power of the largest retailers (those with the greatest market penetration) who control the channel often without contractual agreements, and the smallest's complex, fragmentary and heterogeneous nature. This market power plays out financially:

> *"Retailers are a particular challenge; they have an agreement for a 21-day credit limit, but the interest rate is currently at 60 days… so you can feel my pain. I can't stop their shipping. Big retailers have high bargaining power, so I must send those stocks"*.

Big retailers (e.g., Walmart, Tesco) dominate administered channels without formal ownership or contractual structure. Large retailers have more power over manufacturers in the CPG industry than smaller retailers, but manufacturers have power in manufacturer-distributor relationships. This is done with business review meetings, quarterly and annual sales goals, and rewarding performance – "*We have a solid relationship with our distributor… we work as a business partner and mutually align towards a common goal to grow every year*".

A B2B loyalty program would offer little value in either case: in the first because the balance of power already precludes it, in the second because it would be an unnecessary expense.

For fashion brand owners, the power is assumed to rest in the brand demand and limited distribution. However, it emerged that in franchising channels, franchisees run their own business marketing the franchised brand and may sometimes become non-compliant, primarily where few sanctions exist, and here intermediaries occasionally exert power in several areas:

> "*The first (issue) is around the recommended retail price and everything regarding markdown because we can't dictate (price), we have to be quite careful, especially in luxury, so I can be a little bit cheaper with the expectation that it is aligned*".

This is unexpected and could hurt the consumer and distributor brand image. One possible explanation is that internal organisational goals are not aligned, which confuses stakeholders and leads to losing control over intermediaries. Evidence suggests that increasing power balance causes asymmetrical channel relationships that are unstable and less profitable for one party (Anderson & Weitz, 1992). However, changing a partnership's power dynamic can lead to more collaboration.

Creating a loyalty scheme solution that facilitates operational and economic value through channel partner knowledge transfer would be restrictive in Fashion due to data sharing concerns, as one interview notes: "*when you work with a distributor, you cannot give them all the information… you still have to protect the confidentiality of your business"*. Consequently, organising digital efforts will be ineffective if channel partners do not collaborate and share data outside the firm's boundaries. This may also lead to a lack of capabilities for rigorous analysis of available data to determine how it should be exploited (Teece, 2016).

In summary, an online B2B loyalty program may not return manufacturer power in all channels. In CPG channel marketing, they may not be appropriate, the perceived benefits in fashion markets are damaging to brand value, and industrial goods manufacturers already exert power over their intermediaries.

Nonetheless, data-driven insights from a digital loyalty program can boost sales directly and improve a manufacturer's ability to manage sales performance across the entire channel. Then, distributor relationships could be based on end-user performance rewards and digitally generated, and managed information flows.

6. Discussion

This study investigated the potential for a novel B2B channel strategy, the manufacturer-end user loyalty scheme, facilitated by advances in digital marketing; we sought answers to three research questions [noted in section 3]. We conducted in-depth interviews were conducted with eight B2B channel marketers.

We found end-user performance data difficult to obtain due to complex channel relationships. A manufacturer/end-user loyalty program operated through distributors may be able to solve this problem. Second, it is unlikely that all B2B categories will adopt loyalty programs in supply chains, so adoption may not be universal. Third, while a digital B2B loyalty program may not give the manufacturer complete channel leadership over channel partners, it may improve its ability to manage sales performance and channel partner relationships.

Various digital tools have enhanced marketers' ability to access, collect, analyse, and report data (Pauwels et al., 2009). A digital loyalty program delivered via the distributor network may benefit all parties. In the CPG and Fashion industries, such programs provide only a marginal advantage and add costs. Schemes would succeed in industrial categories where firms are eager to adopt them to demonstrate strong channel governance, contractual binding, training, and facilitating value co-creation to capitalise on digital technologies (Teece, 2016).

Loyalty programs may not return channel power to the manufacturer in all three categories studied, but they can improve sales performance across all channels, foster valuable relationships with intermediaries, and provide a competitive advantage across the distribution channel. Any competitive advantage gained by launching the first B2B loyalty program may be lost over time, but a continuous flow of digitally managed end-customer behaviour information would be valuable (Palmer, McMahon-Beattie, & Beggs, 2000), providing leverage with distributors.

Preliminary research shows the importance of digital loyalty programs for B2B marketers. Their true value is in identifying commercially advantageous patterns in big data that provide competitive information (Raman et al., 2018). This will help industrial manufacturers connect with distributor customers and boost B2B demand. B2B managers should implement loyalty programs to increase channel marketing effectiveness and enable a technology-enabled dialogue between the manufacturer and end-user (Marjan, Graham, Bruce, & Mitchell, 2021).

Managers must have clear goals, adaptable internal systems, and be willing to learn. This is crucial because manufacturers unable to adapt to technological advances will lose market share to born-in-the-cloud rivals and their channel partners who are proficient in the latest technology (Park, Srivastava, & Gnyawali, 2014).

The first knowledge contribution states that not all B2B product categories are suitable for loyalty programs and that only industrial goods companies can benefit from channel partnerships. We found that B2B industries across all categories view data access as a roadblock to channel marketing. When possible, digital loyalty programs can be used to address this issue. Digital advancements boost manufacturer productivity and support value co-creation through innovation-based growth agenda (Teece, 2016). This knowledge from qualitative research strengthens theory development in the emerging field of B2B loyalty programs.

We used a small but representative sample of eight participants. The focus on three B2B categories— Industrial, Fashion and CPG—limits our research. Future studies could include additional categories and use transactional data to evaluate B2B schemes' sales and loyalty over time. Empirical generalisations or simple models can predict the likely outcome of a given level of program investment if recurring patterns are known (Driesener & Rungie, 2022).

Acknowledgement

We gratefully acknowledge the support of all participants for discussing the B2B channel marketing strategy during the interviews.

References

Aman, A. (2017). Understanding and managing "internal" and "external" channel conflict in African markets: Learnings from Pakistan. *Abasyn Journal of Social Sciences*, *10*(1), 163–177.

Anderson, E., & Weitz, B. (1992). The Use of Pledges to Build and Sustain Commitment in Distribution Channels. *Journal of Marketing Research*, *29*(1), 18. https://doi.org/10.2307/3172490

Bovaird, T. (2007). Beyond engagement and participation: User and community coproduction of public services. *Public Administration Review*, *67*(5), 846–860. https://doi.org/10.1111/j.1540-6210.2007.00773.x

Brocato, D. (2010). Push and Pull Marketing Strategies. In *Wiley International Encyclopedia of Marketing*. https://doi.org/10.1002/9781444316568.wiem01053

Bryman, A. (2015). Social Research Methods (4th Edition) by Alan Bryman. *Abhigyan VO - 32*, (4).

Caceres, R. C., & Paparoidamis, N. G. (2007). Service quality, relationship satisfaction, trust, commitment and business-to-business loyalty. *European Journal of Marketing*, *41*(7), 836–867.

Campbell, A. J. (2003). Creating customer knowledge competence: Managing customer relationship management programs strategically. *Industrial Marketing Management*, *32*(5), 375–383. https://doi.org/10.1016/S0019-8501(03)00011-7

Chen, Y., Mandler, T., & Meyer-Waarden, L. (2021). Three decades of research on loyalty programs: A literature review and future research agenda. *Journal of Business Research*, *124*(November 2020), 179–197. https://doi.org/10.1016/j.jbusres.2020.11.057

Chowdhury, S., Barker, A., Trinh, G., & Lockshin, L. (2022). Using the Dirichlet model to predict how fashion brands compete and grow on eBay. *Journal of Consumer Behaviour*, *21*(1), 63–79. https://doi.org/10.1002/cb.2006

Chung, C., Chatterjee, S. C., & Sengupta, S. (2012). Manufacturers' reliance on channel intermediaries: Value drivers in the presence of a direct web channel. *Industrial Marketing Management*, *41*(1), 40–53. https://doi.org/10.1016/j.indmarman.2011.11.010

Daams, P., Gelderman, K., & Schijns, J. (2008). The impact of loyalty programmes in a B-to-B context: Results of an experimental design. *Journal of Targeting, Measurement and Analysis for Marketing*, *16*(4), 274–284. https://doi.org/10.1057/jt.2008.21

Daymon, C., & Holloway, I. (2010). Qualitative research methods in public relations and marketing communications:

Second edition. In *Qualitative Research Methods in Public Relations and Marketing Communications: Second Edition* (Vol. 9780203846). https://doi.org/10.4324/9780203846544

de Leeuw, S., & Fransoo, J. (2009). Drivers of close supply chain collaboration: One size fits all? *International Journal of Operations and Production Management*, *29*(7), 720–739. https://doi.org/10.1108/01443570910971397

Dibb, S., Simkin, L., Pride, M, W., & Ferrell, O. . (2012). *Markating Concepts and Strategies*. Cengage.

Dorotic, M, Bijmolt, T. H., & Verhoef, P. C. (2012). *Loyalty programmes: Current knowledge and research directions. International Journal of Management Reviews*. *14*(3), 217–237.

Driesener, C., & Rungie, C. (2022). The Dirichlet model in marketing. *Journal of Consumer Behaviour*, *21*(1), 7–18. https://doi.org/10.1002/cb.1975

Fayaz, R., & Azizinia, M. (2016). Current challenges in distribution channels of cultural goods and services. *Marketing and Branding Research*, *3*(1), 75–85. https://doi.org/10.33844/mbr.2016.60219

Gielens, K., & Steenkamp, J. B. E. M. (2019). Branding in the era of digital (dis)intermediation. *International Journal of Research in Marketing*, *36*(3), 367–384. https://doi.org/10.1016/j.ijresmar.2019.01.005

Gustafson, B. M., & Pomirleanu, N. (2021). A discursive framework of B2B brand legitimacy. *Industrial Marketing Management*, *93*, 22–31. https://doi.org/10.1016/j.indmarman.2020.12.009

Jaiswal, A. K., & Gupta, S. (2015). The influence of marketing on consumption behavior at the bottom of the pyramid. *Journal of Consumer Marketing*, *32*(2). https://doi.org/10.1108/JCM-05-2014-0996

Johnston, D. A., McCutcheon, D. M., Stuart, F. I., & Kerwood, H. (2004). Erratum: Effects of supplier trust on performance of cooperative supplier relationships (Journal of Operations Management (2004) 22 (23-28) DOI: 10.1016/j.jom.2003.12.001). *Journal of Operations Management*, *22*(5), 525. https://doi.org/10.1016/j.jom.2004.06.001

Jørgensen, S., Sigué, S.-P., & Zaccour, G. (2001). Stackelberg Leadership in a Marketing Channel. *International Game Theory Review*, *03*(01), 13–26. https://doi.org/10.1142/s0219198901000282

Kim, K., & Ahn, S. J. G. (2017). Rewards that undermine customer loyalty? A motivational approach to loyalty programs. *Psychology and Marketing*, *34*(9), 842–852. https://doi.org/10.1002/mar.21026

Kim, M., & Stepchenkova, S. (2018). Does environmental leadership affect market and eco performance? Evidence from Korean franchise firms. *Journal of Business and Industrial Marketing*, *33*(4). https://doi.org/10.1108/JBIM-02-2017-0046

Kim, S. K., & Lee, Y. (2017). Making channel incentives work: A discriminating match framework. *Industrial Marketing Management*, *65*(June), 1–14. https://doi.org/10.1016/j.indmarman.2017.06.006

Kwiatek, P., & Thanasi-Boçe, M. (2019). Loyalty program activity: make B2B customers buy more. *Marketing Intelligence and Planning*, *37*(5), 542–554. https://doi.org/10.1108/MIP-06-2018-0193

Lacey, R., & Morgan, R. M. (2008). Customer advocacy and the impact of B2B loyalty programs. *Journal of Business & Industrial Marketing*, *24*(1), 3–13. https://doi.org/10.1108/08858620910923658

London, T., & Hart, S. L. (2004). Reinventing strategies for emerging markets: Beyond the transnational model. *Journal of International Business Studies*, *35*(5), 350–370. https://doi.org/10.1057/palgrave.jibs.8400099

Manser Payne, E., Peltier, J. W., & Barger, V. A. (2017). Omni-channel marketing, integrated marketing communications and consumer engagement: A research agenda. *Journal of Research in Interactive Marketing*, *11*(2), 185–197. https://doi.org/10.1108/JRIM-08-2016-0091

Marjan, A., Graham, C., Bruce, M., & Mitchell, A. (2020). Dark social: The biggest missed opportunity in digital marketing. *Journal of Digital and Social Media Marketing*, *8*(3), 261–276.

Marjan, A., Graham, C., Bruce, M., & Mitchell, A. (2021). Digital loyalty programmes: Pull strategies in B2B channel marketing. In *Advanced Digital Marketing Strategies in a Data-Driven Era* (pp. 51–79). https://doi.org/10.4018/978-1-7998-8003-5.ch004

Meyer-Waarden, L., & Benavent, C. (2006). The Impact of Loyalty Programmes on Repeat Purchase Behaviour. *Journal of Marketing Management*, *22*(1–2), 61–88. https://doi.org/10.1362/026725706776022308

Nijs, V. R., Dekimpe, M. G., Steenkamp, J. B. E. M., & Hanssens, D. M. (2001). The category-demand effects of price promotions. *Marketing Science*, *20*(1), 1–22. https://doi.org/10.1287/mksc.20.1.1.10197

Oakley, J., Bush, A. J., Moncrief, W. C., Sherrill, D., & Babakus, E. (2021). The role of customer entertainment in B2B sales strategy: Comparative insights from professional buyers and salespeople. *Industrial Marketing Management*, *92*, 190–201. https://doi.org/10.1016/j.indmarman.2020.11.009

Palmatier, R. W., Sivadas, E., Stern, L. W., & El-Ansary, A. I. (2019). Marketing Channel Strategy: An Omni-Channel Approach, Ninth Edition. *Marketing Channel Strategy: An Omni-Channel Approach, Ninth Edition*, 1–374. https://doi.org/10.4324/9780429291999

Palmer, A., McMahon-Beattie, U., & Beggs, R. (2000). Influences on loyalty programme effectiveness: A conceptual framework and case study investigation. *Journal of Strategic Marketing*, *8*(1), 47–66. https://doi.org/10.1080/096525400346303

Park, B. J. R., Srivastava, M. K., & Gnyawali, D. R. (2014). Walking the tight rope of coopetition: Impact of competition and cooperation intensities and balance on firm innovation performance. *Industrial Marketing Management*, *43*(2), 210–221. https://doi.org/10.1016/j.indmarman.2013.11.003

Pathak, B., Ashok, M., & Tan, Y. L. (2020). Value co-destruction: Exploring the role of actors' opportunism in the B2B context. *International Journal of Information Management*, *52*(10209), 3. https://doi.org/10.1016/j.ijinfomgt.2020.102093

Pauwels, K., Ambler, T., Clark, B. H., LaPointe, P., Reibstein, D., Skiera, B., … Wiesel, T. (2009). Dashboards as a service: Why, what, how, and what research is needed? *Journal of Service Research*, *12*(2), 175–189. https://doi.org/10.1177/1094670509344213

Raman, S., Patwa, N., Niranjan, I., Ranjan, U., Moorthy, K., & Mehta, A. (2018). Impact of big data on supply chain management. *International Journal of Logistics Research and Applications*, *21*(6), 579–596. https://doi.org/10.1080/13675567.2018.1459523

Romero, I., & Tejada, P. (2020). Tourism intermediaries and innovation in the hotel industry. *Current Issues in Tourism*, *23*(5), 641–653. https://doi.org/10.1080/13683500.2019.1572717

Scriven, J., Bound, J., & Graham, C. (2017). Making sense of common Dirichlet deviations. *Australasian Marketing Journal*, *25*(4), 294–308. https://doi.org/10.1016/j.ausmj.2017.10.007

Sharma, D., Patel, S. S., & Pandey, S. K. (2021). Exploring the influence of channel leadership style on channel commitment in a franchising context. *Journal of Business and Industrial Marketing*, *36*(8), 1415–1434. https://doi.org/10.1108/JBIM-02-2019-0089

Sharp, B., & Sharp, A. (1997). Loyalty programs and their impact on repeat-purchase loyalty patterns. *International Journal of Research in Marketing*, *14*(5), 473–486. https://doi.org/10.1016/s0167-8116(97)00022-0

Silverman, D. (2011). Interviews. In: Interpreting qualitative data. In *World* (Vol. 44).

Teece, D. J. (2016). Profiting from Innovation in the Digital Economy Profiting from Innovation Framework (PFI) Observations : *And Licensing Models in the Wireless World*, *47*(8), 1367–1387.

Viswanathan, V., Sese, F. J., & Krafft, M. (2017). Social influence in the adoption of a B2B loyalty program: The role of elite status members. *International Journal of Research in Marketing*, *34*(4), 901–918. https://doi.org/10.1016/j.ijresmar.2017.08.003

Wansink, B. (2003). Developing a cost-effective brand loyalty program. *Journal of Advertising Research*, *43*(3), 301–309. https://doi.org/10.1017/S0021849903030290

Wasti, S. N., Kozan, M. K., & Kuman, A. (2006). Buyer-supplier relationships in the Turkish automotive industry. *International Journal of Operations and Production Management*, *26*(9). https://doi.org/10.1108/01443570610682580

Wilkinson, J. W., Trinh, G., Lee, R., & Brown, N. (2016). Can the negative binomial distribution predict industrial purchases? *Journal of Business and Industrial Marketing*, *31*(4), 543–552. https://doi.org/10.1108/JBIM-05-2014-0105

Yoo, W. S., & Lee, E. (2011). Internet channel entry: A strategic analysis of mixed channel structures. *Marketing Science*, *30*(1), 29–41. https://doi.org/10.1287/mksc.1100.0586

Zhang, Q., Tang, W., Zaccour, G., & Zhang, J. (2019). Should a manufacturer give up pricing power in a vertical information-sharing channel? *European Journal of Operational Research*, *276*(3), 910–928. https://doi.org/10.1016/j.ejor.2019.01.054